2. What We Currently Know About Private Support of Public Education

Although the research literature has grown in recent years, most of what we know about private support of public education comes from anecdotal reports generated by the news media. Over the past decade, newspapers across the country have documented volunteer efforts and covered stories on districts forming independent local education foundations. Most of this coverage consists of reports on the various activities that take place at certain schools or districts and their successful efforts.¹ The recent research literature, on the other hand, has focused primarily on monetary support raised by local education foundations and other school-based organizations.

In this chapter, we highlight what the literature has told us about private support for public education. We first discuss some of the historical and recent trends that are creating the current impetus for private support. We then discuss theories on why people and organizations give. Next, we describe the literature related to the three general questions surrounding our research: (1) *Who* are the givers; (2) *how* do they attract private support; and (3) *what* do they give and for what purpose? These three questions serve to describe the flow of gift-giving from donors to the end users of gifts, and serve as the basis for the analyses discussed in later chapters of this report.

**Historical Trends**

Private support of public schools is not a new development. Schools and school districts have long relied on private monetary and in-kind support, in addition to federal, state, and local tax revenues. PTAs, classroom volunteers, booster clubs, and school-business relationships, for example, have traditionally been associated with public schools. Yet, recent media accounts and a handful of research studies suggest that the schools and school districts are pursuing private support with increased sophistication and aggressiveness.

The impetus for greater levels of private support comes largely from the convergence of changes in the states’ school finance systems and changes in school

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¹See, for example, Anderson (1997), Helman (2000), Benning (1999), and Mount (1993).
governance models. Since the 1970s, more than 34 states have faced legal challenges to their school funding systems (Dayton, 2000). These challenges have been based on language contained in state constitutions regarding equitable educational opportunities for all students. In response to these challenges, to achieve greater equity in the use of dollars for education, school funding in many states has moved away from its traditional dependence on local property taxes toward greater dependence on state support.

As shown in Table 2.1, as of 1997, states represent the largest portion of public education funding, at 48 percent, with local school districts providing 45.5 percent of funding. Many states have experienced taxpayer revolts of varying magnitude in the form of tax rollback initiatives, tax-limitation measures, and spending caps (Mullins and Joyce, 1996). And, although support for education has shifted to the states, difficult economic times of varying intensity in some states have meant lower state revenues and tight budgets for education.

California is a case in point. In a landmark 1971 case, *Serrano v. Priest*, the California State Supreme Court ruled that the substantial per-pupil revenue differences that resulted from reliance on property taxes were unconstitutional. Later, in 1978, the residents of California passed Proposition 13, which limited the ability of local school districts to tax residents to raise revenues for support of schools. The combined effects of court-imposed school finance equalization and the local property tax limitation measure have led to a centralized state system of school finance in California. Critics have argued that, together, these decisions

<table>
<thead>
<tr>
<th>Year</th>
<th>Federal</th>
<th>State</th>
<th>Local</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Amount</td>
<td>Amount</td>
</tr>
<tr>
<td></td>
<td>($M)</td>
<td>($M)</td>
<td>($M)</td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>Percentage</td>
<td>Percentage</td>
</tr>
<tr>
<td>1920</td>
<td>2</td>
<td>160</td>
<td>808</td>
</tr>
<tr>
<td>1930</td>
<td>7</td>
<td>354</td>
<td>1,728</td>
</tr>
<tr>
<td>1940</td>
<td>40</td>
<td>684</td>
<td>1,536</td>
</tr>
<tr>
<td>1950</td>
<td>156</td>
<td>2,166</td>
<td>3,116</td>
</tr>
<tr>
<td>1960</td>
<td>652</td>
<td>5,768</td>
<td>8,327</td>
</tr>
<tr>
<td>1970</td>
<td>3,220</td>
<td>16,063</td>
<td>29,895</td>
</tr>
<tr>
<td>1980</td>
<td>6,504</td>
<td>45,349</td>
<td>42,029</td>
</tr>
<tr>
<td>1990</td>
<td>12,701</td>
<td>98,239</td>
<td>97,608</td>
</tr>
<tr>
<td>1997</td>
<td>20,081</td>
<td>146,434</td>
<td>138,537</td>
</tr>
</tbody>
</table>

Source: National Center for Education Statistics (1999), Table 154.
have caused California to go from being one of the highest per-pupil spending states to one of the lowest. When a recession hit California in the early 1990s, the real effects of state-controlled school finance began to be felt, with per-pupil spending for schools dropping from the fifth highest in the nation in the mid-1980s to the forty-second highest in 1995.

Why People Give

Private support to public schools has been a steadfast tradition throughout the history of public schooling in the United States. As with other forms of charitable giving, it raises the question, why are people willing to donate both their time and their money? From a benefit-cost perspective, it is sometimes difficult to understand the incentives of givers of private support, especially when the support is monetary. Because this question goes beyond just giving to public schools, it has led economists and other researchers to explore the reasons why people and organizations engage in altruistic behavior.

Two prevailing economic theories on why individuals give consist of a public-good model and a private-consumption model (Duncan, 1999).

The public-good model suggests that individuals give in order to increase the provision of a public good. However, this explanation begs a second question: Why would a person give to a cause if the individual contribution, which is generally relatively small, might not significantly affect the total provision of the public good? Some researchers have answered this question by suggesting that penalties exist for being a “free-rider.” For example, if a person is a member of an

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2 A number of research papers have linked equity reform to the decline in spending per pupil. Fischel (1989, 1992, and 1993) argues that the elimination of local control over spending may lead to a reduction in popular support for education and translate into reduced total spending for education. Theobald and Ficus (1991) argue that centralizing funding will force education to compete with other state expenditures for funds and, as a result, the growth rate of spending per pupil will decrease over time. Silva and Sonstelie (1993) offer a hypothesis linking reform to the decline in spending per pupil. Fernandez and Rogerson (1995) provide a related theory. Despite this growing body of research that suggests centralized funding will slow the growth of educational expenditures and support for education, there is dissent from this view. Hickrod et al. (1992) and Manwaring and Sheffrin (1995) argue that the growth rate for educational expenditures may increase as a result of the movement toward centralized funding. Manwaring and Sheffrin argue that spending on education could increase because educational reform has given the issue greater prominence.

3 Whereas tax deductions are an important consideration for potential donors, they cannot fully explain the reasons behind charitable contributions. The benefits of a tax deduction, by definition, are less than the cost of the gift itself.

4 In this context, a “public good” can be thought of as any public service.

5 In many cases, the charitable contribution of an individual is treated unilaterally. In other words, an individual’s act of giving occurs without consideration of other people’s giving behavior. However, some researchers argue that givers do use social interaction in their decision process (Brunner and Sonstelle, 1999). Rather than taking the charitable behavior of others as a given, a contributor considers other givers’ behavior and a decision is based on that.
organization that is working toward a specific goal, there may be the expectation that each member will donate a specific amount of resources (that is, money or time) to reach that goal. If the person does not fully give his or her fair share there may be “social penalties” in that others would look down upon an individual who does not contribute what he or she can rightfully afford (Brunner and Sonstelie, 1999).6

The private-consumption model also suggests that the reasons why individuals give are not purely altruistic ones. In fact, this model argues that giving is a private good that does, in fact, provide benefits to the giver, such as a “warm glow” or added prestige (Becker, 1974; Andreoni, 1989; Glazer and Konrad, 1996; Harbaugh, 1998). Therefore, unlike with the public-good model, a person’s contribution is meaningful because it provides value to the giver whether or not the contribution has some kind of external effect (Duncan, 1999). In fact, Harbaugh (1998) noted that contributors might not even care if the money they give is having any social impact; rather, they care only if it provides personal satisfaction and recognition.7 In general, the private-consumption model suggests that contributions to charitable organizations can be considered similar to any other goods or services on which people spend their money. No matter their reasons, it is quite clear that many people and organizations give to a variety of causes and services, including public education.

Local businesses and major corporations also engage in altruistic behavior for a number of reasons. The Business for Social Responsibility (BSR) Web site (www.bsr.org) outlines several explanations for corporate involvement in giving, including “increased sales, improved employee morale, an enhanced ability to compete for valued employees in the local labor pool, and being seen as a ‘neighbor of choice’ in the community.” BSR also notes that, increasingly, a range of business stakeholders including investors, customers, employees, public-interest groups, and even government officials are putting pressure on businesses to become involved in their communities and to act as “good citizens.” Companies are also motivated by the recognition that they are sometimes in a better position to address certain social problems than are government agencies.

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6Brunner and Sonstelie (1999) suggest that fund-raising organizations, such as Parent-Teacher Organizations, use social interaction as a mechanism for inducing people to give. In other words, these organizations hold events in which interested parties (parents, for example) can observe other people’s giving behavior and then make decisions based on that observation.

7Harbaugh (1998) suggests that if gaining prestige for themselves motivates donors, organizations can increase donations by reporting categories of donations. Glazer and Konrad (1996) argue further that donations can be a signal of wealth and that people may gain social approval by giving beyond the average donation level.
Who Are the Givers?

In this section, we describe the givers of both in-kind and monetary contributions to schools. Parents have always been a key source of giving to public schools. Parental contributions include straight monetary donations or donations of materials and supplies, but may also include contributions of time for such things as fund-raisers or supporting teachers in the classroom.

As shown in Table 2.2, approximately 20 percent of households across the country contributed an average of about $300 to education in 1995. While a higher percentage of households contribute to several other charitable organizations, education receives a relatively high average annual amount per household.

Currently, the perception exists that money is tight and teachers are stretched thin, so parents are increasingly asked to take on added roles and do more than respond to the traditional school fund-raiser. Many schools are asking parents to have a stronger presence at their children’s schools and participate in everything

<table>
<thead>
<tr>
<th>Type of Charity</th>
<th>Percentage of Total Households Contributing</th>
<th>Average Annual Contribution</th>
<th>Per Contributing Household</th>
<th>Per Total Household</th>
</tr>
</thead>
<tbody>
<tr>
<td>Religious</td>
<td>48.0</td>
<td>$868</td>
<td>$417</td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td>27.3</td>
<td>$214</td>
<td>$58</td>
<td></td>
</tr>
<tr>
<td>Human services</td>
<td>25.1</td>
<td>$271</td>
<td>$68</td>
<td></td>
</tr>
<tr>
<td>Youth development</td>
<td>20.9</td>
<td>$137</td>
<td>$29</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>20.3</td>
<td>$318</td>
<td>$65</td>
<td></td>
</tr>
<tr>
<td>Environment</td>
<td>11.5</td>
<td>$106</td>
<td>$12</td>
<td></td>
</tr>
<tr>
<td>Public and societal benefit</td>
<td>10.3</td>
<td>$122</td>
<td>$13</td>
<td></td>
</tr>
<tr>
<td>Arts, culture, and humanities</td>
<td>9.4</td>
<td>$216</td>
<td>$20</td>
<td></td>
</tr>
<tr>
<td>Recreation, adults</td>
<td>7.0</td>
<td>$161</td>
<td>$11</td>
<td></td>
</tr>
<tr>
<td>Private and community foundations</td>
<td>6.1</td>
<td>$181</td>
<td>$11</td>
<td></td>
</tr>
<tr>
<td>International, foreign</td>
<td>6.1</td>
<td>$283</td>
<td>$17</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>2.1</td>
<td>$160</td>
<td>$3</td>
<td></td>
</tr>
</tbody>
</table>

Source: National Center for Education Statistics (1999), Table 30.

8“Households” do not necessarily include parents or parents of school-age children. In addition, “education” may include both public and private education.
from instructional support and school governance to school maintenance. However, this may put some districts and schools at a disadvantage. Table 2.3 suggests a positive relationship exists between family income and involvement in school activities.

To illustrate, 67 to 69 percent of families with incomes up to $25,000 report attending a school meeting, whereas approximately 81 to 88 percent of families with incomes of more than $40,000 report attending a school meeting. Similarly, whereas less than 30 percent of parents from relatively low-income households volunteer at their children’s school, around 50 percent of parents from relatively high-income households volunteer. In addition, single parents, parents who are employed outside the home, parents who live far from their children’s school, and fathers are involved to a lesser degree, on average, in activities that take place at the school building.

Table 2.3
Elementary and Secondary School Children Whose Parents Are Involved in School Activities

<table>
<thead>
<tr>
<th>Annual Family Income</th>
<th>Attended a General School Meeting</th>
<th>Attended a Parent-Teacher Conference</th>
<th>Attended a Class Event</th>
<th>Volunteered at School</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $5,000</td>
<td>67.0</td>
<td>68.3</td>
<td>49.8</td>
<td>27.0</td>
</tr>
<tr>
<td>$5,001–$10,000</td>
<td>63.8</td>
<td>67.4</td>
<td>49.6</td>
<td>24.4</td>
</tr>
<tr>
<td>$10,001–$15,000</td>
<td>67.4</td>
<td>66.9</td>
<td>60.3</td>
<td>29.9</td>
</tr>
<tr>
<td>$15,001–$20,000</td>
<td>69.1</td>
<td>67.4</td>
<td>55.8</td>
<td>26.8</td>
</tr>
<tr>
<td>$20,001–$25,000</td>
<td>69.0</td>
<td>68.7</td>
<td>58.5</td>
<td>29.2</td>
</tr>
<tr>
<td>$25,001–$30,000</td>
<td>72.0</td>
<td>69.2</td>
<td>61.7</td>
<td>33.0</td>
</tr>
<tr>
<td>$30,001–$35,000</td>
<td>79.0</td>
<td>69.1</td>
<td>68.8</td>
<td>41.6</td>
</tr>
<tr>
<td>$35,001–$40,000</td>
<td>78.9</td>
<td>72.8</td>
<td>69.6</td>
<td>41.7</td>
</tr>
<tr>
<td>$40,001–$50,000</td>
<td>80.7</td>
<td>73.9</td>
<td>72.8</td>
<td>45.3</td>
</tr>
<tr>
<td>$50,001–$75,000</td>
<td>83.9</td>
<td>72.2</td>
<td>75.0</td>
<td>49.1</td>
</tr>
<tr>
<td>More than $75,000</td>
<td>88.2</td>
<td>73.8</td>
<td>79.1</td>
<td>57.3</td>
</tr>
</tbody>
</table>

Source: National Center for Education Statistics (1999), Table 25.

---

9These efforts are being supported by state and district actions. For instance, following the California Family-School Partnership Act of 1995, the California State Board of Education now requires schools to push for parental involvement, even if it is simply encouraging parents to help students with homework. Furthermore, some school districts are providing support organizations to promote parent involvement. The San Francisco Unified School District, for example, opened a parent and community involvement office in the 1996–1997 school year to help its 112 schools support parent volunteer efforts (Schevitz, 1997).

10For research that reports patterns of involvement across school grades, on families with low and high socioeconomic status, one- and two-parent homes, and schools’ programs of partnership, see Dauber and Epstein (1993), Dornbusch and Ritter (1988), Eccles (1996), Epstein and Lee (1995), and Lareau (1989).
In addition to parents, local businesses provide important support to public schools. Local businesses tend to support schools in their own cities and within proximity to their business locations (Mamokhin, 2000). These businesses provide donations of items such as food, meeting spaces, and school supplies; serve as student mentors and tutors; and provide award and gift certificates to honor teachers and students.

Corporations are also key givers to public education. They have the resources to both help finance school programs and act as advocates for specific policies at the national and local levels. Corporate involvement dates back to the nineteenth century when business leaders were extensively involved with the movement to set up universal common schools, and encouraged public schools to adapt business principles in how they operate (Timpane and McNeill, 1991). This support waned over the middle of the twentieth century, but has rebounded with an increase in school-business partnerships in recent decades (McGuire, 1990).

In addition, large philanthropic foundations, such as the Carnegie Corporation and the Ford Foundation, have been contributing significantly to public education since the late-1950s and continue to provide financial contributions today (Meade, 1991). Other organizations such as community groups, colleges and universities, and alumni organizations have also been supported public schools in various ways.

A wide variety of community-based organizations, including YMCAs, boys clubs and girls clubs, chambers of commerce, the Boy Scouts and Girl Scouts, and rotary clubs, have provided time and in-kind resources to public schools. Colleagues and universities generally require education majors to spend time in schools and encourage younger students to visit college campuses. Service-learning, which involves integrating community service with academic curricula, has become more common on college campuses, and K–12 students and classrooms are the primary beneficiaries of college students’ service activities (Gray et al., 1999). The range of service activities includes tutoring, mentoring,

\[ \text{As we define it, the difference between local businesses and corporations is in the scope of their market: Local businesses serve the local market whereas corporations serve a much broader one.} \]

\[ \text{The largest single gift ever made to American public education is the Annenberg Challenge grant, funded by the Annenberg Foundation. Ambassador Walter Annenberg’s$500 million, five-year challenge grant is designed to energize, support, and replicate successful school reform programs throughout the country. Los Angeles Unified School district and districts in surrounding Los Angeles County are recipients of a$53 million Annenberg challenge grant, to be matched one-for-one.} \]

\[ \text{For example, the Los Angeles Educational Partnership (LAEP) is a nonprofit organization working to support public education in the Los Angeles area. Since 1984, LAEP has invested more than$50 million in teacher development, school reform, and community services in Los Angeles–area schools and communities.} \]
and other classroom support programs. Finally, school alumni associations have been forming across the nation to raise monetary support (Glass, 1995).

**Channeling Giving Through School-Based Organizations and Individuals**

Often, when a private individual or group gives to public education, it channels its contributions through a school or district-based organization. The prevalence of particular organizations in California schools and districts is displayed in Table 2.4. Of these, PTAs are the most popular, not only in California but nationwide. Today, the national PTA organization has more than 6.5 million members in more than 26,000 local chapters throughout the country.

While PTAs are the most common school-based organization, they are certainly not the only ones. Other groups include Parent Teacher Organizations (PTOs) and booster clubs, which are generally not affiliated with a national organization. Whereas PTAs typically focus on national or state education issues and are service organizations in addition to being fund-raising organizations, PTOs and booster clubs essentially are just fund-raising organizations. Booster clubs often target their efforts toward one particular activity, such as an athletic team or club (for example, a marching band or chorus). These organizations typically serve an individual school rather than an entire district. Some schools have more than

<table>
<thead>
<tr>
<th>Category</th>
<th>Total</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>PTAs</td>
<td>974</td>
<td>Teacher-parent groups that are members of the California Congress of Parents, Teachers, and Students, Inc.</td>
</tr>
<tr>
<td>Booster clubs</td>
<td>692</td>
<td>Groups that obtain private funding for school programs</td>
</tr>
<tr>
<td>LEFs</td>
<td>537</td>
<td>Community-based organizations, generally associated with districts, that raise private support</td>
</tr>
<tr>
<td>PTOs</td>
<td>328</td>
<td>Teacher-parent groups that are not members of the California Congress of Parents, Teachers, and Students, Inc.</td>
</tr>
</tbody>
</table>

Source: Brunner and Sonstelie, 1997.

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14As a point of reference, in 1997, California had 1,060 school districts and 7,913 schools. The counts of PTAs, booster clubs, LEFs, and PTOs in the Brunner and Sonstelie (1997) research are not totals for the state. The IRS data that their research relied upon include only nonprofit organizations with relatively high levels of total monetary contributions. Therefore, the totals for the state are likely to be considerably higher than those shown in Table 2.4.
one of these organizations in operation. All are also typically run for parents, and use a range of methods for raising support—from special events to bake sales to mail solicitations.

A fourth type of organization that has only recently come into prominence is the local education foundation, or LEF.\(^{15}\) LEFs are tax-exempt, nonprofit, community-based organizations; they can be started by active parents or by district staff who solicit parent or community member involvement to run the foundation.\(^{16}\)

As opposed to PTAs, PTOs, and booster clubs, LEFs typically operate at the district level, but they are independent of the school districts they serve. A common model for a LEF consists of a single foundation that serves all the schools in one district. On the other hand, some LEFs and the districts they serve allow individual schools to form their own foundations. Another model is a single foundation that serves several districts in a region.

Foundations are often sophisticated entities with board members and directors, and several steering committees that concentrate on such issues as advertising, public relations, and fund-raising strategies. Because of their structure and position outside the public school system, LEFs can write grants, secure donations of services or funds, mount programs, and make payments faster than other traditional organizations or the schools themselves.

Some foundations concern themselves mainly with fund-raising while others focus more heavily on bringing about systemic reform in schools, working in areas such as school governance, educational leadership, curriculum, and assessment of educational programs. Foundations tend to focus on bigger gifts than the PTAs or clubs; therefore, they pursue a smaller number of donors giving larger amounts of money (Addonizio, 1999).\(^{17}\) Thus, successful LEFs can raise a signifi-

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\(^{15}\) Although the largest growth of these foundations occurred after 1989, the boom started in the early 1980s in some states that had newly approved property tax limitation measures (Merz and Frankel, 1995; Brunner and Sonstelie, 1997; Addonizio, 1999). The growth of LEFs appears to be particularly prominent in states that have instituted tax limitation policies. Soon after the 1978 passage of Proposition 13 in California, for example, the number of LEFs doubled in the state—from 22 in 1978 to 46 in 1980. California is widely believed to have the most LEFs, with a total of 537 LEFs in 1995, up from 204 in 1985 and 30 in 1979 (Brunner and Sonstelie, 1997). The lack of a nationwide LEF clearinghouse makes it nearly impossible to ascertain an accurate national number of such foundations. However, de Luna (1998) estimates that there are more than 2,000 LEFs nationwide.

\(^{16}\) There are three primary advantages to qualifying as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code. First, such an organization is normally exempt from federal income taxes. Second, contributions to a 501(c)(3) organization usually result in a tax deduction for the donor. And, finally, such an organization is in a position to attract grants from other tax-exempt organizations (Merz and Frankel, 1995).

\(^{17}\) In response to the growth in LEFs, associations have formed in various states to assist foundations. In California, for example, the California Consortium of Education Foundations (CCEF) was formed as a way to share ideas among LEFs in the state and provide advice on forming and maintaining a foundation. The CCEF acts as a unified voice for the local education foundations across a state. In addition, 84 foundations in 26 states and the District of Columbia belong to the Public
cant amount of funds. For example, a Pasadena, California, LEF raised $1 million in donations and $6 million in grants in 2000 for Pasadena public schools (Fox, 2001).\footnote{The success of these foundations has raised issues regarding equity. In Los Angeles County, one school district raised as much as $400 per pupil, while other school districts raised nothing at all (Fox, 2001). Several recent research efforts (Merz and Frankel, 1995; Brunner and Sonstelie, 1997; Addonizio, 1999) conclude that foundation contributions constitute a small percentage of revenue in all but a handful of schools, and provide very small amounts of money compared when compared with school district budgets. Therefore, they have little effect on the per-pupil amounts available to districts. Other research (Crampton and Bauman, 1998) suggests that entrepreneurship did have a disequalizing impact on intradistrict and interdistrict fiscal equity.}

In addition to these organizations, there are individuals at both the school and district level who are instrumental in channeling private resources to public schools. Recent news articles suggest that the fund-raising role of school and district leaders has taken on greater importance over time. A good superintendent, much like a good university president, goes out and raises money for the district (Richardson, 1994). Similar stories are heard at the school level. The principal of a high school in Inglewood, California, for example, reported using personal contacts to obtain more than $200,000 in gifts and grants for her school over three years (Richardson, 1994).

**Mechanisms for Attracting Private Support**

Public schools and school district organizations and individuals use a variety of mechanisms to attract resources from private givers. Traditionally, the basis for attracting private monetary resources has been fund-raising events. Fund-raisers run the gamut from product sales to special events such as raffles, auctions, and dinner dances. Fund-raising is such a staple at public schools that it has spawned an entire industry that does nothing but supply products for fund-raisers (for example, wrapping paper and candy).

Two other popular methods of attracting private support are mass mailings and phone solicitations. At San Pedro High School in California, for example, the school librarian sent out more than 2,000 letters to companies and organizations asking them to donate their used computer equipment—the campaign resulted in the donation of 19 computers (Richardson, 1994). The Lake Oswego School District Foundation in Oregon relies primarily on “phonathons” to raise money. In the spring of 1995, the school district collected about $100,000 over a two-night effort during which 70 volunteers telephoned 5,000 households (de Luna, 1998). While fund-raising for schools is not a new idea, there is the sense that it has
become more intense, varied, widespread, and profitable over the past decade or so (Walker, 1999).

Although product sales, one-time events, and mail and phone solicitation fundraisers are important, the literature suggests that personal contacts and relationship building are key to raising support in a more meaningful and sustained way (Mamokhin, 2000). Personal contacts allow the person channeling the private resources an “in” with the prospective private giver. Relationship building can involve keeping the giver up to date on school activities and making the giver feel like a partner by ensuring that the relationship is mutually beneficial to both the giver and receiver.

Another more-recent trend involves districts and schools soliciting the services of paid consultants to help them establish local education foundations and advise them on innovative ways to raise private support (Mathews, 1995). This marks a growing intensity and sophistication with which schools and districts are approaching private giving.

Types of Private Giving

The fund-raising efforts described in the previous section lead to both in-kind and monetary private resources for public schools and districts. However, data on the type and quantity of giving are not systematically collected at either the school or district level. Furthermore, in-kind support is inherently harder to quantify than is monetary support—it is more difficult to assign value to someone’s time than to an amount written on a check. In this section, we highlight what is currently known about these two major types of support. Whereas one can find many examples of in-kind support in the literature, it is difficult to know the relative size of in-kind versus monetary support and the relative importance of each to public schools.

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19 One consulting firm that helps start up educational foundations reports having 300 public school clients. This is clearly a small percentage of the overall number of schools in the United States, but it will be interesting to see if the number of schools seeking help and the number of consultants increase over time.

20 Often, one kind of private support can lead to other kinds of private support. For example, Timpane and McNeill (1991) describe the unique stages of school-business relationships with different types of support at each stage. These relationships often begin as helping-hand relationships in which businesses provide tangible goods and services to schools (such as equipment, tutors, speakers, or special materials). After that, businesses may get involved in programmatic initiatives in an attempt to bring positive change to improve one particular school or program. Later on, businesses may form compacts and collaborative efforts that provide single community-wide umbrellas under which a wide range of school-business and school-community activities exist and, in one way or another, pressure for district-wide school reforms. At the final stage, business leaders and organizations get involved in policy changes and become active participants in developing a vast array of new policies, especially at the state level.
In-Kind Support

A variety of private givers—for example, parents, businesses, and community members—volunteer their time in public schools. Volunteer contributions cover a wide spectrum of support, such as volunteer time for tutoring, health services, office support, school governance, and fund-raising. Parent volunteer time in particular is critical to schools because parents have a stronger connection with schools than do other community members. Parents often volunteer in their own children’s classrooms, sit on governance councils, and help organize and run fund-raising activities. For example, when Orange County, California, had a budgetary crisis and declared bankruptcy, the schools asked parents to help meet the shortfall in the budget by volunteering their time (Loar and Bean, 1994). The president of the Irvine PTA in Orange Country estimated that during the 1994–1995 school year, more than 280,000 hours of personal time were volunteered by parents who cleaned, painted, stuffed envelopes, tutored, and even taught (Graham, 1995).

Businesspeople also frequently volunteer their time in addition to providing material donations (Mamokhin, 2000). By all indications, the most widespread and popular type of relationship between businesses and schools is the so-called helping-hand relationship. Businesses provide resources that the schools would have difficulty securing on their own, such as guest speakers, computers and other equipment, volunteer time given by their employees, and mini-grants to teachers.

Seventeen percent of the nation’s schools reported being part of business-school partnerships in 1984; this number grew to 40 percent in the early 1990s (Timpane and McNeill, 1991). In total, there are more than 140,000 partnerships in 30,000 public elementary and secondary schools across the nation. Small-business firms sponsor about 40 percent of the partnerships, while medium-size and larger firms each support roughly 30 percent.

A wide variety of business-school partnership models exists. A program in Prince Georges County, Maryland, for example, has been established to create partnerships between business leaders and school personnel. When county public school administrators needed help resolving some problems—from streamlining the bus system, to repairing aging buildings, to tracking down job candidates—school officials sought help from chief executives at successful businesses in the area. The businesses responded and created a program called Corporate Partnership on Managerial Excellence. Businesspeople paired with school administrators to teach the administrators skills that businesses routinely use to solve problems. For example, personnel experts worked with school
human resource workers, construction professionals worked with construction division managers, and transportation professionals worked with school administrators to help overhaul their transportation division (Thomas-Lester, 2000).

In another example of business-school partnerships, virtually all districts in the South Bay in Los Angeles County solicit and receive contributions from the area’s major aerospace, automobile, computer, and oil companies. For example, the Mattel Alumni Association offers a popular business education course at La Tijera School in Inglewood. The Inglewood Unified School District estimates that if it had to pay for the program, the district would need about $60,000 a year for the hours of labor and materials required for the class (Richardson, 1994).

Community-based organizations are also big givers of in-kind support, particularly in the areas of student and family support services, after-school programs, and enrichment programs. For example, some hospitals establish clinics at their local schools, providing nursing services, immunizations, and education programs to students and their families. Some community organizations provide family services such as parent education classes or English language classes. In addition, a variety of organizations, such as the YMCA and Boys Clubs and Girls Clubs, provide after-school programs. Further, community-based organizations often provide volunteer personnel for enrichment programs, along with related instructional materials.

**Monetary Support**

Private monetary support to public schools comes in many forms, including donations, percentages of product sales, scholarships, paid endorsements, user fees, and leasing of school facilities. Donations are a relatively straightforward type of support; they can be given to support a particular program or as flexible donations for use as the school sees fit. A wide variety of givers may make monetary donations to a school, including parents, corporations, philanthropic foundations, and city governments.

National and state databases generally do not detail the types and amounts of private monetary giving. When the data sets do account for financial donations, those donations are generally lumped together under a category called “other revenues.” For instance, California Department of Education (CDE) data include revenue sources by school district, including property taxes, supplemental taxes, valorem taxes, interest income, and a category called “all other local revenue.” The amount in the “all other” category is a lump-sum value with no description
of the sources. As a result, it is impossible to track financial donations, let alone in-kind gifts.

Other researchers, including Brunner and Sonstelie (1997), have sought IRS data along with other data sets, including the Registry of Charitable Trusts located in Sacramento, which tracks nonprofit organizations. Through an arduous process, these data sets can be used to identify particular organizations, such as PTAs and LEFs, that are associated with schools and districts. Again, the data offer very limited information about the scope and quantity of both monetary and in-kind contributions to schools.\(^{21}\)

Another type of monetary support worth noting results from schools receiving a percentage of sales from businesses. So-called *scrip* programs, for example, allow individuals to contribute to schools by purchasing scrip certificates for goods that they would normally buy. Scrip certificates are sold at a slight discount to schools and the schools make money by reselling the certificates at full value to parents and other supporters. Scrip is available from a variety of businesses selling everything from groceries, clothes, and restaurant meals, to toys, flowers, and airline tickets. Parents at Monterey Hills Elementary School in South Pasadena, California, for example, raised about $10,000 annually buying scrip from supermarkets and smaller retail chains. Businesses benefit because they attract customers, and also because they are paid in advance, providing ready cash before goods and services are delivered (Ellingwood and Hong, 1998).

Another area of private monetary support comes in the form of paid endorsements and advertising revenue. A Colorado Springs, Colorado, school district is believed to be the first in the nation to allow commercial advertising on school walls, athletic uniforms, newsletters, district reports, maps, stadium walls, and buses. In the past, securing corporate sponsors for state high school athletic tournaments was not unusual. Presently, school districts in several states are active in seeking corporate sponsorship for academic and extracurricular activities, in addition to athletic events.

Funds generated from advertising can be substantial. In Chula Vista, south of San Diego, California, the Sweetwater Union High School District signed an exclusive deal with the Pepsi-Cola Company that will bring in at least $4.45 million to the district’s 20 schools over the next ten years. The money will pay for technology, library books, intramural sports, music programs, and school-to-career programs (Groves, 1999).

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\(^{21}\)In our study, we do not analyze these data sets. However, we may do so in future projects to help identify private givers to public schools.
Schools generated an estimated $750 million in revenue from vending machines in 1997, according to the trade journal *Vending Times*. However, paid endorsements and advertising revenue in public schools are controversial. One district has taken a stand against commercialism in public schools, declaring that its city’s schoolchildren are “not for sale”—the San Francisco school board approved a trend-bucking policy seeking to limit commercial advertising and paid endorsements in the city’s public schools (Groves, 1999). Currently, 19 states have created statutes or regulations that address commercial activities within schools (GAO, 2000).

In addition, United States Senator Patrick Leahy of Vermont has announced that he will introduce legislation “that would allow the federal government to more tightly restrict soft drink sales in schools” (Kaufman, 2001). The Coca-Cola Company has acknowledged critics’ concerns and is planning to announce a new policy to discourage its bottlers from signing exclusivity agreements with schools (Kaufman, 2001). The new policy is a reaction to concerns about both the commercialization of schools and the health of school children. PepsiCo has said that it will follow Coca-Cola’s lead.

**Use of Private Monetary Giving**

Private monetary giving supports a wide range of activities that tend to fall into three main categories: current operations, technology, and capital improvements. Most monetary giving, except for the generally small amount of funds coming from percentages of product sales, tends to be targeted to particular functions or goals.

Private dollars devoted to current operations support a variety of activities that affect the day-to-day operation of a school or district. One use of private dollars is for the professional development of teachers and administrators. A recent study (Useem, 1999) found that professional development efforts were the activities most frequently targeted by LEFs. All 17 of the LEFs that Useem studied had programs that supported the training of teachers, administrators, or other school personnel. Learning opportunities provided to staff included training on particular content areas, such as mathematics or science; assistance with curriculum development; mini-grants for individual teacher enrichment; leadership development; new teacher workforce development; and technology training.

How private monies are spent on current operations varies from site to site and often depends on the amount each site is able to raise. Donations may be used to fund enrichment programs, such as a special arts program or a substance abuse prevention program, or the purchase of instructional materials, such as work-
books or curriculum guides, or school supplies and equipment, such as paper or VCRs. Private dollars frequently enable teachers to try out creative classroom teaching projects, especially at those schools and districts with smaller fund-raising capacities.

At the other end of the money-collecting spectrum are those districts and schools that bring in enough private funding to support teaching positions. A recent national study of local education foundations found that LEFs that raise $10,000 or less annually usually spend their funds on mini-grants and scholarships (Merz and Frankel, 1995). Foundations that collect from $20,000 to $50,000 annually tend to spend the money on curriculum enrichment programs, teacher training, and teaching resources, and those that bring in more than $100,000 annually often pay for teaching positions. In addition, school- and district-based fund-raising entities that concentrate their efforts on reforming education tend to spend their donations on such activities as professional development, policy development, public relations, and the promotion of school-business partnerships (de Luna, 1998).

Other uses of private dollars include investments in technology and capital improvements. Of the 17 LEFs recently studied by Useem (1999), a majority administered programs that integrated computer-based technologies into various aspects of school reform. The projects raised money for technology efforts, encouraged voters to support expenditures for technology, recruited volunteers to assist schools with technology, provided training to school constituencies, and created on-line services and Internet home pages with educational and social service resources and databases.

In addition, schools and school districts use private dollars for a variety of building improvements. A GAO study (1995) documents the poor state of American public school facilities. Some schools and districts are responding by seeking private support to improve the physical condition of the schools. Although large-scale capital projects are usually beyond the means of private support, private support is nevertheless used for a variety of school building safety, enhancement, and beautification projects (Anderson, 1997; Warchol, 1997).

**Limitations of Study Research**

Partly due to the dearth of local, state, and federal data on private giving, we currently do not have a comprehensive and systematic picture of private support to public schools and districts. Newspaper accounts of private giving provide anecdotal evidence on the “who, what, and how” of private support to public education. That evidence suggests that a wide range of school and district-based
organizations are using a variety of mechanisms to channel monetary and in-kind support to public education from a variety of private givers. In addition, it is likely that different types of communities call on different types of private monetary and in-kind resources.

Recent research literature on private support of public education largely examines private monetary support of education, particularly that from LEFs. This is not surprising given that monetary support is relatively easy to document compared with in-kind support. And, raising monetary support through LEFs is a recent and growing phenomenon. While LEFs are clearly an important component of private support, they do not present a complete picture of private support available to public education. Furthermore, to the extent that schools or districts obtain monetary support, we do not currently have an understanding of how the funds are distributed and for what purposes. These limitations are addressed throughout this report.