

An Interview with Aaron Dorfman: About Foundations and School Choice

Michael F. Shaughnessy
Senior Columnist
EdNews.org
December 14, 2007

1) You have just released a report about foundations supporting vouchers and school choice. What prompted this report?

The movement to privatize our public education system has met with considerable success over the past decade, and we wanted to better understand which funding strategies have been supporting that movement. The report builds on nearly a decade of NCRP examination into the grantmaking practices of conservative foundations.

2) Who are some of the main people or foundations that have been supporting options and alternatives in education?

Our research found 30 distinct foundations that each gave serious funding – more than half a million dollars each in 2005 – to organizations moving the privatization agenda, so we're not just talking about a few of the usual suspects. The Walton Family Foundation, founded by the family that owns Wal-Mart, dwarfs all other funders of this movement, providing upwards of \$25 million each year for five consecutive years. Other major supporters of school choice are the Lynde and Harry F Bradley Foundation, which gave over \$6 million in 2005 to the organizations studied, and the Sarah Scaife Foundation, which gave nearly \$4 million in 2005. Both of these foundations are widely know to promote conservative causes. Surprisingly, the Bill and Melinda Gates Foundation was the fourth largest donor to pro-school choice organizations in 2005, granting \$2.6 million to organizations studied in the report. While this amount represents a tiny fraction of Gates' overall giving for education causes, it shows that even some mainstream or "progressive" foundations have supported organizations that advocate the use of vouchers or tax credits.

3) What are some of the main points that Rick Cohen, author of *Strategic Grantmaking: Foundations and the School Privatization Movement* made in his report?

We found that funders of the privatization movement use particular strategies that differ from more traditional grantmaking practices. In particular, the funders in this study provided unrestricted general operating support to their grantees at rates significantly higher than most foundations. This approach allows flexibility for organizations on the ground to adjust strategies

and tactics to changing conditions and trusts those organizations to put the funding to its best use. The funders in this study also tend to pay out in grants significantly more than the federally mandated 5 percent of assets, recognizing that advancing an agenda requires getting money "into the streets" and into the hands of organizations.

In addition to funding tax-exempt 501(c)(3) organizations with foundation dollars, leaders of foundations that fund the school privatization movement also support their cause by funding candidates, political parties, political action committees (PACs) and 501(c)(4) organizations with personal contributions. These foundation leaders gave overwhelmingly to Republican candidates and causes.

4) Apparently the reports examines about 132 organizations - various "think tanks, advocacy organizations, parent organizations and education scholarship organizations" and found that "from 2002 to 2006, there were 1,212 distinct foundations giving grants to 104 of these organizations, with total grants exceeding \$100 million in some years."

This is certainly a lot of money and a lot of people advocating for school choice and privatization. What is their motivation?

Each foundation has its own reasons for supporting privatization – it is nearly impossible to classify them as one group. That said, most of the foundations in our report express frustration with what they believe to be the failure of public schools, and they advocate the concept of free market competition as a way to improve outcomes for kids.

Some of the more zealous conservative funders in the report are strongly anti-government and/or anti-union and see this issue as an opportunity to reduce the size of government and weaken teachers unions.

5) It seems that in lieu of lobbying, many foundations are simply donating to schools or organizations that foster school choice or vouchers. Is this the best way to go about propagating this agenda?

By law, private foundations aren't allowed to lobby directly on this issue or on most issues, but they are allowed to provide grants to nonprofit organizations that lobby and advocate on issues as part of the how they achieve their charitable purpose. In fact, many foundations (and especially conservative foundations) have realized that supporting policy advocacy by nonprofits is a tremendously effective way to have impact.

6) Who started the NCRP and how is it currently funded and what are its basic objectives?

NCRP was founded in 1976 as an outgrowth of the Donee Group, an ad-hoc group formed to give a voice in philanthropy to grant-receiving nonprofit organizations that are often left out of the debate. The founders of the Donee Group, and of NCRP, believed that the donors too often have all the power in discussions about philanthropy and that the interests of the general public

and of grassroots nonprofits needed vigorous representation. Pablo Eisenberg was a driving force behind the formation of NCRP and served for many years as the chair of the board.

NCRP is funded by grants from a wide range of foundations and by membership dues from individuals, organizations and foundations. Our vision is that philanthropy contributes to a fair and just society. Our goals are to see fewer people or institutions abusing philanthropy for personal or political gain; to see more funders employing grantmaking practices that are most helpful to their nonprofit partners; and to see more funders providing support at higher levels for lower income communities, communities of color and other marginalized groups.

7) Tell us about NCRP and do you have a web site where readers can get more information?

NCRP is a national watchdog, research and advocacy organization that promotes philanthropy that serves the public good, is responsive to people and communities with the least wealth and opportunity, and is held accountable to the highest standards of integrity and openness. For more information on NCRP or to join, please visit www.ncrp.org or call (202) 387-9177.

8) What question have I neglected to ask?

What lessons can other foundations who want to impact public policy take from this report?

There are several important lessons for funders that want to impact policy, regardless of what issues they are addressing. The first lesson from the report is that to maximize effectiveness and impact foundations should provide as much unrestricted general operating support as possible for their grantees, allowing them the flexibility to react quickly in a changing policy environment and giving them needed support to increase their own capacity. A related point is that grantmakers should provide funding for multiple years, recognizing that relevant policy change takes time, sometimes a decade or more. The report also suggests that a foundation hoping to impact policy issues should get its money into the streets; many of the foundations in report chose to pay out in grants at levels far above the mandated 5% of assets. Another key lesson is that, to be effective, it is a good strategy to support a variety of organizations working on issues the foundation cares about. Grassroots community-based organizations are critical to policy success, as are regional or national advocates and think tanks.

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