



New York School Board Association

Creating a Successful K-12 Foundation using an Education Foundation Feasibility Study

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Why don't you have a K-12 Foundation?

- Property values have dropped close to 25% (#1 school funding source for most)
- Boomers go from 13.1 % of current population to 19.7%, and from paying taxes to pulling resources
- Increased govt. spending (Stimulus, PERS etc.)
- ROI is almost always +
- Why not invest and start a foundation?



Foundations are Well Known for...

- Volunteers interested in offering the school, staff and students an opportunity to continue to improve and grow.
- Adults committed to assist in numerous ways
- Aids public relations/ communication.
- Additional resources: there are over 25 different resources foundations can obtain for schools.





Feasibility Study Committee

- This committee may be made up of anyone school officials deem appropriate; however, there is a high likelihood that several of them may eventually become directors for your foundation, so choose carefully.

Feasibility Study Committee

- A feasibility study committee is established by school officials and/or the school board and is charged with bringing a report covering the following subjects back to school officials in a designated time period.

1. Develop a Vision Statement

A sample visioning statement might read:
"I envision a foundation board of _____ members (actively or passively) raising or leading the cause to raise the following resources: _____ to assist the students and staff of the _____ school or district accomplish the following outcomes for kids _____".



2. Establish the Mission

The Pineville Education Fund is an independent, community-based nonprofit organization dedicated to improving public education in Pineville.

3. Complete a S.W.O.T.

- Complete (S.W.O.T.) to forming such a foundation in the school and community.
- Strengths: Untapped alumni & staff etc
 - Weaknesses: PTA, PTO, Booster Clubs
 - Opportunities: Untapped community resources
 - Threats: Other FR in the community

4. Identify Name for the Foundation

The name must be distinguishable from other nonprofit corporations, and your corporate name.

Common to most names is either “school” or “education” and “foundation.”



5. Determine BOD and BOE Relationship

Articulate relationship & communication between the foundation board of directors (BOD) and the board of education (BOE).

- Type I (BOE = BOD) (BOD is nominated by the BOE)
- Type II (BOE has direct representation on BOD)
- Type III [BOD is entirely separate and school officials, usually the superintendent or designee and/or BOE member(s) sit(s) ex-officio]

Type III is the most common among the larger school foundations.



6. Create ED and Supt. Relationship

Define the relationship between the executive director (ED) of foundation and school administration (Supt.)



7. List Potential BOD Members

Discuss potential board members and how they might contribute to the success of the organization.

The most desirable characteristics of potential school board members:

- Perceived as credible in the community;
- Have time to work for the foundation;
- Display loyalty to the local schools;
- Able to identify, cultivate and solicit donors;
- Personally donates.





8. Review Important By-Law Questions

- Number of board members (national average is 12 – 16)
- Number of meetings, (8-10/year)
- Recruiting board members.
- Length of board service (include term limits: 3-1-1 or 3-1-3)

8. Review Important By-Law Questions

- Committees of the board: administrative, policy and procedure, fundraising, recruitment, alumni,
- Auxiliary or honorary committee of the board.
- Officers of the board
- School officials and or school board members sit ex-officio?

9. Who Leads the Foundation?

Identify individuals capable of service as executive director and determine employment status and related costs.

According to Howe, a strong executive will direct the staff, will clarify and define the mission, and will be the leading spokes person for the organization

(volunteer, paid volunteer, part-time and/or full time)



9. Who Leads the Foundation?

- Define the relationship between the director of the foundation and school administration?
- Will he or she be a member of the administrative staff, or what status will he or she have within the district.
- To whom will he or she communicate and or give reports to?



9. Leadership Activities

- Push the vision and live the mission
- Aware of the organization's internal and external culture.
- Familiarity with the organization
- Entrepreneurial spirit
- Sound judgment/administrative decisions.
- Willing to learn fundraising principles



10. Location Discussion

- Dependent upon law/code determination for your state etc.
- Best to be on your own if there is a question
- No direct support for consumables, salaries, services etc. from the district





11. Start up costs/budget

- The amount of money you expect to raise is often in direct relationship to the amount of investment you make. This is a startup business. During the first year or two there may be some loss; however after two to three years foundations have experienced anywhere from a 1.5-to-1 to a 4-to-1+ ROI
- It's up to the board at this point to determine what they want their foundation to look and be like. This includes staffing costs, office set up, maintenance, printing, website and marketing costs.



12. Develop a CASE for the Foundation

Cause: 2 – 5 critical issues/programs you wish to support

Actions: What do we want you to do and why

Success: What's our vision

Emotion: How your gift can make a difference



13. Develop Fundraising Strategies

- Donor Bill of Rights
- Donor Agreements
- BOD role in fundraising
- ED role in fundraising
- Offer an opportunity to your "community" to support a great resource; the education of children





13. Start up Fundraising Resources

- BOD = \$200 + each
- Administration = \$100 + each
- BOE = \$100 + each
- Staff \$5/pay period
- Retired Staff = individual gifts, 403-B contributions
- Alumni = \$50 - \$100 start, Let them self select high interest programs.



14. School or District Foundation?

- Sometimes best to set up individual school building foundations as opposed to umbrella foundations for the entire district.



15. Discuss 501 (c)(3) status

Obtained by either by filing a 102 application directly with the IRS....or.... obtained by partnering with a community, county, or regional foundation. They bring a lot of value: back office procedures, guidelines, planned giving assistance, policies, DAF's, resources, grants.





16. Associated Considerations

- Develop marketing and communication to promote the foundation with the community.
- Review IRS forms 990 and 1023 and associated filing requirements.
- Develop annual report format.
- Consider D&O liability insurance for the board of directors, fund handling and event insurance.



16. Associated Considerations

- Outline necessary policies and procedures, including conflict of interest.
- Database development and associated staff, software, and hardware.
- Launching the foundation: a time to inform your community about your work.
- Iowa foundations; review IA code 279.62 and implications for Iowa foundations only



Final Report to the BOE

Once completed and delivered to school officials, a go, proceed with caution, wait or don't go until further study, will be rendered by the BOE. It is suggested that the school board approve funding BOD/incorporators to continue the work of foundation formation if they are in favor of moving ahead





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K-12 Foundation Formation Feasibility Study

K-12 Education Foundations are well known for accomplishing several tasks:

1. Raising resources (funds, equipment, volunteer time, depreciated equipment, appreciated stock, gifts in kind as well as insurance policies and will bequests) for the sponsoring school
2. Developing and improving public relations and communication between the school and its immediate community\.
3. Offering volunteers and others interested in helping the school its staff and its students continue to improve and develop.
4. Marshalling community resources for a great community resource, the local schools.

Research suggests that officials interested in establishing a school foundation should commission a feasibility study to investigate the advantages and disadvantages of establishing such a foundation. A feasibility study committee can be made up of anyone school officials deem appropriate; community members, alumni and or school staff; however there is a high likelihood that several of them may become founding members of the board of directors of your foundation, so choose carefully.

The committee should then be charged with bringing a feasibility report (written) covering the topics listed below back to school officials in a designated time period, usually over three to four months for their approval.

1. Write a vision statement and identify outcomes for students.

An initial vision for the future of the foundation needs to be articulated by the feasibility study committee. A sample visioning statement might read:

“I envision a foundation board of _____ members _____ (actively or passively) raising or leading the cause to raise the following resources: _____ to assist the students and staff of _____ school or district accomplish the following _____”.

Outcomes for students: should always be included as they will identify how students will benefit from the efforts of the foundation. Take time to work this part of the study over diligently as it will guide, direct and power all of your foundation formation efforts.

2. Identify the potential mission of the organization.

A board's central function is to keep the organization's mission in focus, and its primary responsibility is to ensure that the other parts of the system are working toward accomplishing that mission. The mission is the foundation's reason for being or "Raison d'etre", a succinct statement that sets forth the organizations purpose and philosophy. Although brief the mission statement will specify the fundamental reason(s) for the organization's existence; establish the scope of the organization; and identify the organization's unique characteristics. Always remember to focus on outcomes for kids! Sample starters:

The mission of the _____ school foundation is to form a community of supporters who work together to:

The Pineville Education Fund is an independent, community-based nonprofit organization dedicated to improving public education in Pineville.

Specifics: The Pineville Education Fund is an independent, nonprofit organization established to secure private sector resources and community support to enhance the quality of education in the Pineville School District in the following ways: improving the learning environment, increasing the effectiveness of instruction, strengthening student motivation, raising faculty morale, an increasing interaction between the school and community.

From the Handbook for Education Excellence • Public Education Network **21**

3. Complete a review of the strengths, weaknesses, opportunities and threats (SWOT) to forming such a foundation in the school/district/community.

This analysis can be as complex as school officials wish, it is however a valuable activity and offers valuable insight to the founding committee. Strengths and weaknesses are internal and opportunities and threats are usually external.

Schools or school districts can send written or phone questionnaires/surveys as well as personal interviews with members of the community in order to find out their opinion about the necessity of an educational foundation and also if they are willing to contribute to the success of the foundation. Parents, businesses, universities, alumni, local philanthropists constitute prospective partners. It is also important to find out if similar not for profit organizations exist within the district and community, and measure the effects of starting another.

4. Identify a name for the foundation. The name must be distinguishable from other nonprofit corporations, and your corporate name cannot suggest a purpose other than that in your Articles of Incorporation. Don't forget to discuss associated branding, logo, website and preliminary marketing potential. Common to most names is either "school" or "education" and "foundation." Also consider a "tag line" and logo for the foundation, to assist with branding.

5. Will the foundation serve the entire district or one school?

Often large districts have several schools often they are high schools which have their own foundations and the district itself does not have a foundation so this is a determination that will need to be made

6. Articulate the relationship and lines of communication between the foundation board (BOD) and the school board (BOE).

The best recommendation is to ask the superintendent/principal and/or a board member or two from the BOE to set ex officio on the BOD. It may be necessary to eventually develop an official MOU defining the relationship between the foundation and the school. How will the two work together, how and when will the foundation BOD report back to the BOE? Property naming rights, endowment naming rights etc.

7. Discuss potential foundation board members and contribution to the success of the organization.

Research as well as school foundation literature indicates the three most desirable characteristics of potential foundation board members are:

- perceived as credible in the community
- have time to work for the foundation
- will be donors to the foundation
- display loyalty to the local schools

In addition to these characteristics are professional services: accounting, legal, marketing, advertising or fund management, also highly desirable characteristics for potential board members include previous nonprofit board (NPO) experience, especially as a college or university board member. The ability to **identify, cultivate and solicit donors** must be included in the list highly sought after BOD skills as all board members should be expected to learn to develop all three skills. Finally, a willingness to learn the many details, nuances and intricacies of fundraising should be expected of new BOD members.

8. Determine By-law questions, which would include some or all of the following:

- Number of board members (odd number, national average is 12)
- Number of meetings, (8-10/year)
- Methods of choosing board members.

- Length of board service (include term limits: 3-1-1 or 3-1-3)
- Committees of the board: administrative, policy and procedure, fundraising, recruitment, alumni, as well as auxiliary or honorary committee of the board.
- Officers of the board
- School officials and or school board members sit ex-officio?
- Board succession: who plans and who asks?

9. Identify individuals capable of service as executive director (ED) and determine employment status* and related costs?

According to Howe, a strong executive will direct the staff, will clarify and define the mission, and will be the leading spokes person for the organization. The executive will inspire the board as well as the staff, and will motivate all in fulfilling the mission.

Define the relationship between the director of the foundation and school administration?

Will he or she be a member of the administrative staff, or what status will he or she have within the district. To whom will he or she communicate and or give reports to?

Qualities necessary in a good ED

- Comprehension of the basic mission of the organization and its greater context.
- Awareness of the organization's internal and external culture.
- Familiarity with the organization to identify, evaluate and rank the to-do list.
- Vision to see a more radical version of the organization's future.
- Sound Judgment in all administrative decisions.
- Willingness to learn school foundation and fundraising principles.

* (volunteer, paid volunteer, part-time and/or full time)

10. Measure availability or potential for paid staff, volunteers, and leadership for the foundation

What school foundation researchers have found: Employing paid staff provides at least a 2:1 return on dollars raised (Nesbit, 1988 p.88). Tunnison, in his 1991 study of foundations in Nebraska, suggests a paid staff if possible. "Without development staff to methodically plan development strategies, fundraising will lack the planning and vision that is necessary to write effective proposals and to articulate school needs to donors. Personnel time dedicated to fund-raising activities is essential for success." (Clark, p.98, 2002) "A paid staff member whose responsibility it is to coordinate communication and private funding activities within the community is vital to the success of an education foundation". (Hyatt p.127, 1991)

11. Location Discussion

Ideally it's best to have a location away from the school and not funded by the school or district. This distance often physically represents the separation (from tax payer funds) as well as the somewhat "independent stance" the foundation has the freedom to take. For many schools or districts this is not a possibility or a reality at first. Be very careful what money and amount of support services you take, and make sure that you do not destroy your schools relationship with tax payers.

12. Identify startup costs and first three – five year costs of operation.

The amount of money you expect to raise is often in direct relationship to the amount of investment you make. This is a startup business. During the first year or two there may be some loss; however, in after two to three years foundations have experienced anywhere from a two-to-one to a ten-to-one return on the investment they've put into the foundation. Subsequently it's up to the board at this point to determine what they want their foundation to look and be like. This includes staffing costs, office set up and maintenance costs for printing, website and any advertising or marketing costs as well.

13. Develop a case statement for the foundation

A case statement will help guide you in the process of fundraising. Case statements should include...Your school's mission, success stories, brief educational statistics on the school, a clear reason why you wish to raise funds, how much you wish to raise, why you want to raise it, expected academic, social or behavioral outcomes in student's lives if funds are raised, and who will be responsible for raising and managing these funds.

14. Develop fundraising strategies for the foundation including: (see PPT on fundraising)

- A. Raising “start-up” money
- B. Annual fund
- C. Major donors
- D. Planned giving

Develop associated fundraising policies for the K-12 foundation including gift receipting methods and recording, building a donor database, grant awarding, and naming rights for donors, and develop appropriate recognition and rewards for donors and volunteers involved in fundraising.

15. Discuss obtaining 501(c)(3) status, either by filing directly with the IRS or through a group exemption letter or letter of exemption obtained by partnering with a community, county, or regional foundation.

16. Other studies/attachments to consider:

- Agree upon a feasibility study decision time line for the foundation’s formation.
- Review sample by-laws to get a feel for what other foundations have done to answer many of these questions.
- Develop a one – three year business plan.
- Develop marketing and communication needed to promote the foundation with the community.
- Review IRS forms 990 and 1023 and associated filing requirements.
- Develop annual report format.
- Propose founding board members, steering committee or incorporators to complete the oversight of foundation development, organization.
- Consider D, E&O insurance for the board of directors.
- Outline necessary policies and procedures, including conflict of interest.
- Database development and associated staff, software, and hardware.
- Launching the foundation: a time to inform your community about your work.
- Iowa foundations; review IA code 279.62 and implications for Iowa foundations only.

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