



A Failure of Philanthropy: American Charity Shortchanges the Poor, and Public Policy is Partly to Blame

ROB REICH

Public policy must change to ensure that philanthropic support of public education helps remedy existing inequities rather than reinforcing them.

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The Woodside School Foundation in Woodside, California, is a fantastically successful local education foundation (LEF).¹ Since 1983, it has been raising money for the Woodside School District, which is made up of a single public elementary

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1 Editor’s note: The term *local education fund*, or LEF, in this article, in contrast to the other articles in this issue of *VUE*, does not refer only to members of the Public Education Network; rather, it is used synonymously with the broader term *public education fund* (PEF).

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school that enrolls fewer than 500 students. Between 1998 and 2003, the last year for which data are available, the foundation collected more than \$10 million, adding several thousand dollars per student per year to public funds for the school. Woodside Elementary uses that money for programs in music, art, physical education, and technology, says Superintendent Dr. Daniel A. Vinson. The school has won the top rating on California's Academic Performance Index (API) for the past six years. Less than ten miles away in East Palo Alto is the Ravenswood City School District. Ravenswood does not have its own school foundation, although it could use more funding. The district, which serves 4,500 students in grades K–8, regularly struggles to provide such basics as textbooks, classroom supplies, and building maintenance, says interim Superintendent Mariade la Cruz. Families are not in a position to help, since 94 percent of Ravenswood students currently qualify for free or reduced lunches, as compared to fewer than 10 percent in Woodside. (Median household income in East Palo Alto was \$45,000 in 2000, as compared to \$171,000 in Woodside.) Ravenswood schools are among the lowest performing in the Bay Area, with half of them earning the lowest rating on California's API.

It's not surprising that wealthy school districts like Woodside can raise substantially more money for their students than can poor school districts like Ravenswood. Across California, for example, LEFs in wealthy suburban school districts generate vastly more charitable dollars per pupil than do LEFs in poorer urban school districts [see original article for full data]. And who could fault wealthy parents and townspeople for wanting to do best by their children and local institutions? That their efforts may widen the gap between their own children and children growing up in more disad-

vantaged districts is an unfortunate, yet unintended, side effect of their generosity. What is surprising is that public policies governing philanthropy encourage and reward this gap-widening. Laws grant the Woodside School Foundation's status as a 501(c)(3), and laws allow donors to deduct their contributions to the foundation from their income. These deductions constitute a kind of federal subsidy for charitable giving – a subsidy that is greater for wealthier people than for poorer people.² The effect of these unequal subsidies is to increase inequalities between the rich and the poor, not only in education, but also in other domains of charitable giving.

If public policies governing philanthropy, such as tax subsidies, are indeed worsening social inequalities, then American philanthropy is failing. For isn't charity supposed to remedy inequalities by assisting the poor and disadvantaged?

SHOULD WE CHANGE PUBLIC POLICY?

The philanthropic and nonprofit sector is often described as separate from the state – the “independent sector” or “third sector.” And yet the public policies designed to support it represent a wide-scale, costly governmental intervention. As things currently stand, this intervention does not do much to enhance equality through helping out the less fortunate. And in some circumstances – such as local education foundations, like the Woodside School Foundation, which inadvertently augment the disparities between wealthy and poor school districts – our public

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2 Tax deductions for charitable contributions are subsidized at the same rate at which a person would have been taxed, had he not made the donation. Since wealthier people are taxed at a higher rate than poorer people, their charitable contributions are also subsidized at a higher rate.

policies reward individuals for creating inequalities. The state is therefore implicated in these philanthropic harms, unjustifiably.

Public policy can do better, and sometimes quite simply. For example, to equalize the tax benefits of giving for more and less affluent Americans, Congress could allow all donors – itemizers and non-itemizers alike – a tax credit that is linked to the amount donated, rather than a tax deduction that is linked to the donor’s tax bracket. This fix would be of the greatest value to lower-income people, but would still provide a subsidy for all. Congress has at times debated this remedy, but it has never become law.

In order to channel charitable giving toward equality-enhancing organizations, Congress could give additional tax advantages for programs redressing poverty. In 2001, President Bush urged Congress to adopt such a measure – a targeted tax credit to individuals who make donations to organizations that spend 75 percent of their budget on direct services for the very poor. (Bush also suggested, unfortunately, taking money from the Temporary Assistance to Needy Families program to offset the cost of the tax credit.) Alternatively, Congress could make subdivisions

within the 501(c)(3) category – poverty-redressing organizations in one subdivision, others in another – with smaller incentives for giving to the latter. Furthermore, organizations that tend to worsen inequalities might be removed from the 501(c)(3) category altogether. People could still make donations to them, but they would not receive any public subsidy.

In the end, public policy changes are limited only by our creativity. And so when we think about philanthropy, we must not limit ourselves to justifying the current arrangement. Instead, we must aim to identify what role the state should play in the creation and operation of the philanthropic and charitable sector. Though pursuing greater equality is not the only aim of social policy, it is certainly one of the central aspirations of social justice. If the massive tax subsidies given to philanthropy do not enhance equality, then either the political regulation of philanthropy will have to change, or the justifications for state-supported philanthropy will have to lie elsewhere. It is very possible that justifications do lie elsewhere, but we should then stop kidding ourselves that charity and philanthropy do much to help the poor.



SMART EDUCATION SYSTEMS: COMMUNITY-CENTERED SCHOOL REFORM

Warren Simmons

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Reality has often failed to live up to the ideal of equal educational opportunity. Most notably, the corrosive effects of segregation and its legacy denied education opportunities to millions of African Americans, and gaps in opportunities remain substantial between schools that serve advantaged students and those that serve students from less-advantaged families. The sustained effort at education reform over the past few decades shows clearly that Americans remain committed to the ideal. And concerted action by community members organized and dedicated to public education has time and again demonstrated that civic investment can pay large dividends.

– *An Appeal to All Americans*. A Report by the National Commission on Civic Investment in Public Education, May 26, 2011

The above quote from the 2011 report of the National Commission on Civic Investment in Public Education, convened by Public Education Network and on which I was privileged to serve, strongly resonates with the view of the Annenberg Institute. Over our years of work with districts and communities on educational improvement, we have seen that community-centered education reform can strengthen the effectiveness and sustainability of technical or research-based reforms by providing the political, social, and moral capital required to counter forces that often derail and delay essential changes in policy and practice. In addition, community-centered reform recognizes the need to adapt rather than replicate “best” practices so that they address local conditions and aspirations.

We envision a high-functioning district with a range of civic and community partners that provides a broad network of opportunities and supports to young people inside and outside of school. We call this vision a “smart education system.” The article in this issue of *VUE* by Susan Berresford and the Perspective sidebars by S. Paul Reville, Barbara Bartle, and Margaret Hiller attest to how public education funds (PEFs) have built a foundation for smart education systems by raising money from the business community, philanthropy, and private individuals to support school innovation and,

later on, larger systemic reforms such as the Annenberg Challenge.³ In addition to raising additional funds, these efforts increased the strategic ties between education systems, businesses, community groups, and philanthropy and laid the groundwork for broader community engagement.

The emergence of the standards movement contributed another important element for the development of smart education systems by clarifying the salient outcomes education reform and community engagement should strive to achieve – that is, communities should act to ensure that their education systems, be they traditional districts, school networks, or charter management organizations, provide all students and schools the supports needed to meet high academic standards. In addition to this central aim, we believe that effective community-centered education reform should be guided by the following tenets:

- The specific needs of students, schools, and families are best understood and addressed when the local context is treated as a potential resource for development rather than solely as a neutral or negative circumstance.
- Building capacity for incremental or radical reform requires, but goes beyond, securing additional funding for schools or gaining support for new school/district policies and practices; it also entails revitalizing communities so that families and entire neighborhoods can offer the supports children and youth need to achieve the full range of positive outcomes (e.g., academic, health, emotional, social, spiritual).
- Broad-based coalitions of “communities” are formed not just to increase participation in the work of education reform, but also to engender a productive ecology for school reform. Thus, the inclusion of underrepresented groups becomes a primary objective and not a secondary or tertiary goal.
- Enhancing the capacity of “communities” to accomplish their work involves an examination of fundamental issues of power, race, class, and diversity that have traditionally undermined the efficacy of urban school reforms and weakened the development of broad-based coalitions needed to challenge the status quo.
- Researchers, practitioners, and advocates must acknowledge the multidisciplinary nature of schooling and explore the intersections of teaching and learning, community engagement, youth development, economic revival, and college readiness.
- Efforts to link education reform and reinvention to community engagement and development should be guided by research and evidence-based practices developed by researchers working in partnership with communities.

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3 The Annenberg Challenge was a half-billion-dollar gift by Walter H. Annenberg that became the largest public/private endeavor in U.S. history dedicated to improving public schools. Over five years, eighteen projects in thirty-five states funded 2,400 public schools that served more than 1.5 million students and 80,000 teachers. More than 1,600 businesses, foundations, colleges and universities, and individuals contributed \$600 million in private matching funds. In many cases, sites have secured additional funding or established successor organizations to continue the work.

These principles require a significant shift in thinking about urban school systems and their relationship to the settings in and around them. A community-centered approach to reform underscores the need for education systems to develop “community” within and among schools, and in relationship to the neighborhoods and cities they serve and rely on to support students’ learning and development. This approach represents a departure from strategies that treat families and neighborhoods narrowly as clients, or as “victims” who don’t know what’s good for them and thus should let the “experts” lead in their behalf. In contrast, community-centered education reform treats families and communities as a central partner in the development of what the Charles Stewart Mott Foundation’s Time, Learning, and After School Task Force (2007) called a New Day for Learning System (NDL). In such a system schools, families, and communities collaborate as equals to:

- expand the definition of student success to incorporate twenty-first-century competencies that emphasize the 4 C’s: creativity, communication, collaboration, and critical thinking;
- use research-based knowledge to design and integrate new learning supports; and
- provide educators with new opportunities for leadership and professional development.

To meet these aims in difficult economic times, urban school systems – which now range from traditional districts to organizations that operate portfolios of schools – need to function in concert with municipal agencies, cultural organizations, businesses, higher-education institutions, community-based organizations, and advocacy groups, not in isolation from or in opposition to this broad network of potential partners and resources.

To quote from Paul Reville’s sidebar in this issue,

Clearly, the job of improving learning and development for all young people, particularly those who come from challenging backgrounds, is too big for schools to tackle on their own. . . . Other partners need to be mobilized to extend learning opportunities and provide children with additional service and support. Health and human service providers and the community at large need to be at the center of these efforts. All agencies and organizations need to support young people in a concerted way.

In an era of declining funding for public institutions, smart education systems that link a school district with a web of supports provided by other city agencies, cultural and community organizations, businesses, and postsecondary institutions is essential to develop the high-quality learning opportunities that all students need in school, home, and community settings to acquire a twenty-first-century education. Rather than being an end in itself, this kind of cross-sector collaboration is a means to creating an education system that acts in concert with other community-based resources for learning and development to ensure that all young people have access to the services and supports they need to

meet the new common core standards, as well as the goals and aspirations families and communities set for children and youth.

State and districts can become part of a smart education system by emphasizing the need to:

- maintain multiple and substantial cross-sector partnerships that provide a broad range of supports to young people and their families;
- achieve a broad set of positive outcomes – including, but not limited to academic achievement – for students, families, and communities and gather evidence of progress;
- develop indicators, measures, and processes that foster shared accountability across partner organizations and groups;
- create a systematic approach for bringing the work to scale; and
- develop strategies for managing power differentials, for example by creating meaningful roles for all stakeholders and shifting partner relations away from the standard grassroots–grass tops conventions.

Out of necessity and with a spirit of innovation and collaboration, people in cities such as Boston, Cincinnati, Providence, and Nashville are moving much faster toward building smart education systems than partners that operate at the state and national level. Although the Twenty-First Century Schools and Community Schools initiatives recognize how schools must work with multiple partners to ensure broader success, these approaches stop short of developing platforms that redefine the work of larger school systems, and these initiatives don't fully address the systemic through-line that has to be developed at the state and federal levels to sustain effective school-centered collaboration and take it to scale. Simply saying "pre-K to 16" doesn't create a system that makes it happen without concerted effort across layers of institutions, organizations, and agencies that share responsibility for the learning and development of all of our nation's children and youth.

To quote once more the report by the National Commission on Civic Investment in Public Education:

Citizens must strengthen their commitment to public education and ensure that they provide a high-quality education for all young people. Women and men from all walks and stages of life must commit to making public schools effective, build the public will for policies and resources necessary for equitable educational opportunities, and hold political leaders and school officials at all levels accountable for ensuring equal opportunity and outcomes for all public school children.

REFERENCE

Time, Learning, and Afterschool Task Force. 2007. *A New Day for Learning*. Flint, MI: C. S. Mott Foundation.

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