

Charitable foundations fill in budget gaps for New Jersey schools

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By DIANE D'AMICO Education Writer | Posted:

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With a chart on local foundation spending

The new playgrounds at the Clayton J. Davenport and E. H. Slaybaugh elementary schools in Egg Harbor Township didn't cost taxpayers a penny.

Both were purchased with funds raised by the Parents Club and a donation from the Community Partnership for Egg Harbor Township Schools, a private nonprofit corporation that covered the \$11,000 installation cost.

"For big items, the Parents Club can't do it alone," Davenport Parents Club President Sonia Cruz said at the dedication in June, noting the club usually funds smaller items such as jump ropes and balls. "This is a big step up for us. It's a big collaboration."

Reduced state aid and rebellious property taxpayers have meant leaner school budgets, and school officials are searching for outside funding to pay for items considered important, but not a necessity. Increasingly, they are turning to their own nonprofit partnerships and education foundations to fill the gaps.

Founded to provide scholarships, small teacher project grants, and "extras" not included in the budget, public school foundations are becoming increasingly vital to maintaining educational services. As the recession persists, and state funds for schools remain tight, foundations are growing more like their college counterparts in making significant financial contributions to their schools.

“There is a lot of pressure on them now,” said Mullica Township school superintendent Richard Goldberg of the district’s foundation, which has raised more than \$250,000 for technology for the school and \$100,000 for student scholarships and teacher mini-grants. “Instead of doing the extraordinary, we are going to them for the basics.”

Foundation board members want to help, but question what segments of education they should be expected to provide and whether they risk being asked to assume costs that really should be taxpayer responsibility.

“We are starting to see this statewide because of the extreme budget cuts,” said Marcia Fleres Smith, director of the New Jersey Education Foundation Partnership, which has about 70 members and is growing. “Districts are looking to their foundations to bring in private resources and funding. But each foundation (board) is asking just how much can they do, or should do.”

Jerry Cantrell, president of the New Jersey Taxpayers Alliance, said foundations can be beneficial, but if they do grow, there must also be more accountability for the funds raised.

“Where is the money going and who decides?” he said. “There needs to be some level of control.”

A Role model

The Stafford Township Education Foundation in southern Ocean County is one of New Jersey’s most ambitious education foundations. The group manages the district’s Performing Arts Center, preschool, after-school and summer programs, operating with a budget approaching \$1.5 million a year, a small amount when compared with the district’s \$36 million budget, but huge compared with most foundations.

Thomas Stephens, director of the Stafford Foundation, said it grew from a desire to meet community needs.

“The issue is often programmatic, not just financial,” he said. “But you have to plan. What we do is not a one-time thing, it’s an ongoing annual commitment. It has to be self-sustaining.”

More than \$1 million of its revenue comes from the fees parents and the district pay for preschool, located in district schools. The foundation runs the district’s state-funded preschool program, which is open to the general public. The foundation develops the program and hires the staff. The goal is to break even financially each year and remain affordable. The remaining revenue comes from performing arts center ticket sales, fund-raising events, and grants which pay for operating the arts center and help subsidize summer and after-school programs.

“We work with the district and the schools to support the children and families,” Stephens said. “But each foundation has to find what works in their community, and what people will support.”

In Egg Harbor Township, an Education Foundation provides mini-grants for teachers and scholarships, but the Community Partnership has more ambitious goals including land acquisition, capital projects, technology upgrades, and extra-curricular and academic enhancement programs. One potential program is full-day kindergarten, which the rapidly growing district still can't fund. The Community Partnership has raised more than \$107,000 since its formation in 2006, putting \$25,000 into an investment account.

"We are trying to put 10 percent to 20 percent of what we raise each year into the account," district Director of Development Ellen Gregory said. "But there are always things that the schools need now." The group is currently raising funds for a Steinway grand piano for the high school.

"The challenge is to decide what you will and won't do," said Lou DeScioli, who serves on the boards of both the Somers Point Education Foundation and EHT Community Partnership. "In EHT middle school, sports are gone. Is that a taxpayer role?"

A National Trend

Pianos and extra curricular activities are just the first step, said Jim Collogan, executive director of the National School Foundation Association. He has watched foundations grow along with the expectations for them.

"There are so many gaps in school funding now," he said. "Most foundations started small, and now they are funding buildings."

He said the trend is similar to public college foundations, which also grew as state aid to colleges was cut. Now the trend is moving to public schools. Some foundations have formed alumni groups to target the huge number of potential donors.

"The horse is out of the barn now," Collogan said of expanding what foundations will fund. "The question is how far will it go. Can foundations be asked to fill teaching positions?"

In a process that is very similar to New Jersey's current fiscal crisis and proposed budget caps, Collogan cited California's Proposition 13 law passed in 1978 as jump-starting the foundation trend there because it limited what could be raised in taxes. He said Texas, Florida and Michigan also have active foundations that grew in response to limited state funds.

Susan Sweeney, director of the California Consortium of Education Foundations, said in 2007 the 600 school foundations there raised \$220 million for their local schools. She said as state funds were cut, and schools became more state controlled, foundations became a way for local schools to control some of their own funding.

"I do think it is the wave of the future," she said. "But it's a good thing because it really relies on the engagement of the local community to succeed. It gets people involved in their schools."

Lynne Strickland, executive director of the Garden State Coalition of Schools, said for suburban districts that receive limited state aid it is good to have an alternative source of funds from a group organized and supported by parents and the community.

But she worries that funds that begin as an enhancement to the school could become an annual expectation, putting tremendous pressure on fundraising.

“Given the choice of no funding, or no programs, this is an alternative,” she said. “But if the board comes to rely on it as steady revenue, then questions should be raised.”

She said fairness can also be an issue, since not all districts will be able to raise substantial sums of money.

Collogan said foundations have to think beyond local fundraising. In urban districts where residents may not be able to raise much money locally, corporations and groups such as the Bill and Melinda Gates Foundation offer grants.

“Every school has a huge market of alumni and former teachers. They need to tap athletes and entertainers. If you are doing something good, people will support it,” he said.

Finding the funds

As the recession persists, education foundations face the same money issues as the families supporting them. The groups try to be sensitive about requesting too much, even for a good cause.

“It’s a difficult time to run fund raisers,” said Ralph Leek, a founder of the Mullica Township Education Foundation. The group does one big fund raiser a year that generally raises about \$20,000 to \$25,000.

He said school board members have started coming to foundation meetings, and parents are taking more interest because they want to keep programs that are at risk of being cut. This year the Foundation paid for half of the eighth grade trip to New York City.

“But we can’t step up for everything,” Leek said. “I try to keep us focused on our original mission, to do things that are over and above the budget.”

It helps to be creative, and find partners.

In Galloway Township, which has had a foundation for 25 years, K. Hovnanian Homes donated \$400 for every unit sold there, which generated nearly \$1 million for the foundation, retired Superintendent Douglas Groff said. Hovnanian agreed to the deal in 1996 to assuage school board concerns about 2,400 homes the development wanted to build in the then rapidly growing township.

In 2005 the Galloway Education Foundation spent \$250,000 for 19 acres of land to be held in reserve for a future school. Almost \$200,000 has been spent for technology in the classrooms over the last four years. The group runs an annual golf tournament, and Groff's retirement party raised \$2,400 for scholarships.

Egg Harbor Township's playgrounds also benefited from a \$2,500 donation from Ocean City Home Bank to the Community Partnership. Bank Branch Administrator Dawn Brodton sits on the partnership's board and said the bank's foundation is involved with many community activities. Olympic Studio, which takes the annual student photos, also gives a percentage of the revenue back to each school totaling thousands of dollars a year.

"It's the norm for our industry," said Tom Angello Jr., whose father owns the studio.

Gregory said Egg Harbor Township's Community Partnership is looking at options that could raise larger donations, including naming rights. DeScioli, on boards in Somers Point and EHT, said he would like to see legacy donations that would allow people to leave money to the non-profit group in their wills.

Stafford's foundation generates most of its revenue through fees, but members said they have to watch the budget closely to make sure they stay affordable and react to the changing market. This year they also received \$36,000 in grants. The foundation does one big fund-raising event a year, a "Celebrity Waiter" event with all tips going to the foundation. It partners with the school district to share resources when possible. A page on the Foundation website lists donors, which include TD Bank, OceanFirst Bank and the OceanFirst Foundation.

"Without OceanFirst, the PAC would have just been a gutted shell," Stephens said.

The Somers Point Foundation recently hosted a workshop with Fleres-Smith from the state Education Foundation Partnership to discuss their growing role.

"There are so many questions," said Terry Schieder-Rann, vice president of the Somers Point Education Foundation. "How can we provide adequate support? Can we raise enough money in light of the cuts? How do we prioritize what we have when it never seems to be enough? We need to find new venues for new dollars."

The Somers Point Foundation traditionally provides about \$14,000 for teacher mini-grants, and half of the \$16,000 cost for the annual student trip to New Jersey's Stokes state forest. This year the foundation will provide another \$8,000 that was cut by the City Council from the defeated school budget and will be applied toward the Stokes trip.

"These are things that we no longer want in the budget, but don't want to lose," said school superintendent Gerald Toscano, who retired in June, of programs like the Stokes trip. He

estimated in the last decade the foundation has contributed more than \$500,000 for items like a \$25,000 playground for the preschool.

“It’s sad it’s coming down to this, but you try to do what you can,” he said.

Stephens said building a large foundation takes years. Stafford started with a Hall of Fame that recognized people who were giving of themselves, then recruited them to help build the foundation. The next three to four years were spent developing programs the district would have difficulty providing, such as before- and after-school care and preschool.

“It is a challenge,” said Stephens, who has directed the foundation since 2006. “You have to remain visible and keep up awareness of what you are doing and why. You need board members who represent the community, have skills you need, and who will invest the time.”

DeScioli called the formation of EHT’s Community Partnership three years ago almost prophetic.

“Schools need money and taxpayers are suffering,” he said. “Everyone wants the best, but there is a price tag. I see more and more schools turning to groups like this. I don’t see any other way.”

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