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Education, Foundations, and Transparency: The Role of Philanthropy and Oversight in K-12 Education Reform

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by

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ABSTRACT

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This thesis examines the role that major philanthropic foundations play in K-12 education reform and its implications for public school policy and politics in the United States. It begins with an exploration of the existing literature on private foundations and their historical and contemporary involvement in K-12 education reform, noting the primary sources of contention between proponents of increased foundation autonomy and critics that argue for more intensive regulation. The discussion follows this by critically interrogating these arguments and offering an alternative theoretical perspective to approaching oversight for major foundations. This approach deviates from traditional analyses as it does not focus on tax-exempt status as a basis for enhanced oversight but rather on the potential outcomes and risks of foundation grantmaking for public school systems. After laying this theoretical groundwork, the thesis offers a proposal for enhanced transparency and public disclosure for major education foundations, providing a low-cost, politically and technically feasible approach to oversight that builds on existing public and civil society disclosure programs.

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INTRODUCTION

Since the latter half of the nineteenth century, the philanthropic foundation has been a significant fixture of American civil society. Initially established as institutions for the elite to promote social welfare and research in areas such as education, science, health, and poverty alleviation, foundations were envisioned by supporters essentially as large-scale charities focused on addressing the social ills and shortcomings of American democracy and capitalism by means of philanthropic redistribution of wealth. However, the role of private foundations in American civil society and politics has been a point of contention in American political discourse with proponents applauding foundations for their charitable efforts and critics questioning both their motives and influence as well as the appropriateness of private institutions engaging in large-scale provision of public goods, a role traditionally relegated to the state. Indeed, these aspects of foundation grantmaking have been especially controversial in K-12 education reform.

Sources of Contention in Education Philanthropy

The debate over the appropriate role for foundations in American civil society and politics has recently found renewed interest in education policy with researchers and policymakers both hopeful and skeptical about foundations' attempts to influence and change K-12 public education in the United States. Chief among these concerns is that while foundations often influence and fund various school reforms, programs, and charters, they do not seem to be accountable to the public in the same way that traditional policymaking actors in education, such as local school boards and mayors, have been. In wake of this and other concerns, this

paper focuses on the role of foundations in American education policy. In particular, it examines the extent to which major education foundations are subject to oversight and interrogates the extent to which they might be while weighing the potential costs and benefits of enhanced oversight.

Importantly, this paper chooses the role of major foundations in K-12 education reform as its focal point because of the unique role of education policy in American life. As Hochschild and Scovronick (2004) assert, American K-12 public education policy is fundamentally connected to the American Dream and the United States' approach to addressing inequality while eschewing more direct redistributive policies. Accordingly, foundation supported K-12 reforms stand to have a substantial impact on the capacity of school systems to provide equity and opportunity for disadvantaged children. Furthermore, as Pangle and Pangle (2000) note, since the era of the Founding Fathers, America's tradition of public schooling has been approached not only as a way to address scholastic concerns but also as a means to instill democratic values and raise adolescents to become democratic citizens with a strong sense of civic duty. Thus, the effects of major foundation grantmaking in public school systems such as we have seen in Washington, DC, Newark, Los Angeles, and New York may likely have more far reaching implications on the broader trajectory of K-12 public education policy and its consequences across social, cultural, economic, and political dimensions. These concerns, combined with the way in which major foundations often strategically use their grantmaking to leverage larger sums of public money to sustain their preferred reforms, clearly highlight the issue of oversight in major K-12 education reform grantmaking as warranting serious examination.

However, until recently, political science research on the role major foundations play in K-12 education reform has been somewhat limited. Traditionally, scholarly research on the activities of education foundations has been the focus of sociologists and critical education theorists. Accordingly, much of the existing literature on education foundations has focused primarily on discursive issues and critiques of the neoliberal facets of foundation supported education reforms with limited attention being paid to the subject from a public policy perspective. Indeed, only a handful of political science texts and articles published in the past decade focus directly on the issue of private foundation involvement in K-12 education reform. However, scholarly interest in the subject appears to have gained newfound vigor since the publication of Reckhow's (2013) path-breaking *Follow the Money: How Foundation Dollars Change Public School Politics*, making the present a critical moment for political science research on education foundations.

Plan of the Thesis

The following sections of this thesis begin with a chapter reviewing the literature on foundation involvement in K-12 education both within and beyond political science. This first chapter explores longstanding ideological disputes over the appropriate societal role of foundations as private institutions that engage in the provision of public goods. In particular, the discussion pays close attention to arguments regarding the way in which foundation influence might undermine democratic norms or dampen demands for direct governmental provision of public goods. Following this, the chapter continues with a historical overview of philanthropy in K-12 education and concludes by examining the dynamics of contemporary foundation involvement in K-12 education reform, emphasizing the place of

venture philanthropy in the “No Excuses” vs. “Bigger, Bolder” debate over the future of public schooling.

The second chapter provides a response to the literature, focusing on what are arguably unproductive aspects of the current debate over the role major foundations play in K-12 education reform. Specifically, this chapter addresses problems with the seemingly inordinate focus on tax-exempt status in critiques of foundations as well as the democratically untenable aspects of foundation proponents that outright reject enhanced oversight for foundations.

The third and final chapter follows this response by providing a proposal for enhanced transparency in major K-12 education reform grantmaking. This proposal represents a low-cost as well as politically and technically feasible approach to increasing public disclosure for major education foundations. In particular, it addresses questions of funding, governance, staffing, purview, and legitimacy. Following this proposal, the thesis concludes with an exploration of potential avenues for future research.

Ultimately, philanthropic foundations have and will continue to play an important role in K-12 education reform. The implications for the future of America’s public school system are substantial and warrant both heightened inquiry and transparency.

I. FOUNDATIONS AND AMERICAN EDUCATION

A REVIEW OF THE LITERATURE

This paper's exploration of the role that major foundations play in K-12 education reform begins by reviewing the existing literature on foundations to 1) clearly define what foundations are as institutions; 2) examine what roles foundations have played in American civil society and education and understand how those roles have changed over time; and 3) explore the concept of accountability and consider how it might be applied to education foundations in America.

What Are Foundations?

Before discussing the role of foundations in American education, we must first clearly define what foundations are as organizations and institutions. In essence, foundations can be broadly defined as any "nongovernmental, nonprofit organization having a principal fund of its own, managed by its own trustees or directors and established to maintain or aid social, educational, charitable, religious, or other activities serving the common welfare" (Andrews 1956, p.11). Accordingly, in their basic form, foundations can be thought of as private institutions focused on philanthropic and charitable endeavors geared towards promoting the public good and social welfare.

However, unique among other types of charitable organizations, private foundations benefit from a self-funding, self-governing organizational structure that awards them notable autonomy from external influence. While other charities often rely on numerous funding streams for their activities, private foundations are typically endowed by a single individual,

family, or corporation, enabling them to operate and act independent of outside public or private donor support. Despite this general autonomy, however, foundations are still legally subject to much of the same state and federal oversight and regulations that apply to charitable organizations generally.

Because of their tax-exempt status, and thus their use of funds that would otherwise be allocated for public use through taxation, private foundations in the United States are legally expected to conform to certain standards defined and overseen by the Internal Revenue Service at the federal level and, to a lesser extent, state attorneys generals at the state level as a condition of their income tax exemptions and state issued corporate charters (Hammack and Anheier 2013). Although laws regulating foundations vary somewhat from state to state, the federal tax code provides the guiding principles and basis for the legal definition and oversight of American foundations. As such, the Internal Revenue Service's official definition of what characteristics qualify an organization to be legally considered a foundation is instructive.

According to the Internal Revenue Service (IRS) tax code, private foundations, such as prominent education foundations like the Bill and Melinda Gates Foundation, are, along with public charities, organizations that "meet the requirements of Internal Revenue Code section 501(c)(3) [and] are [therefore] exempt from federal income tax as charitable organizations" (IRS 2012).[1] Chief among these 501(c)(3) classification requirements is that eligible charitable organizations are operated for exempt charitable purposes including:

> Relief of the poor, the distressed, or the underprivileged; advancement of religion; advancement of education or science; erecting or maintaining public buildings, monuments, or works; lessening the burdens of government;

[1] For more information, please see: http://www.irs.gov/Charities-&-Non-Profits/Private-Foundations

> lessening neighborhood tensions; eliminating prejudice and discrimination; defending human and civil rights secured by law; and combating community deterioration and juvenile delinquency (IRS 2012).

Moreover, as non-profits, foundations "must not be organized or operated for the benefit of private interests, and no part of a section 501(c)(3) organization's net earnings may inure to the benefit of any private shareholder or individual" (IRS 2012). Additionally, unlike 504(c)(4)s, which include organizations ranging from Karl Rove's Crossroads GPS to local volunteer fire departments, a foundation "may not be an *action organization*, i.e., it may not attempt to influence legislation as a substantial part of its activities and it may not participate in any campaign activity for or against political candidates" (IRS 2012). However, many foundations can and do contribute to 501(c)(4) sister organizations and PACs that may themselves engage in political campaigning and lobbying.

Importantly, private foundations diverge from other charities in two fundamental ways: they "typically have a single major source of funding (usually gifts from one family or corporation rather than funding from many sources) and most have as their primary activity the making of grants to other charitable organizations and to individuals, rather than the direct operation of charitable programs" (IRS 2012). The primary grantmaking function of private foundations highlights their chief task of underwriting the preferred activities of other non-profits and, additionally, distinguishes them from operating foundations that fund and operate their own programs. Their endowed single source funding structure, on the other hand, denotes their less altruistic function.

Essentially, just as private foundations are exempt from federal income tax, the donations made to them are themselves tax deductible. Because of this, private foundations serve two basic functions: 1) to make philanthropic grants and charitable donations to

promote public welfare and 2) to shelter a portion of an individual's, family's, or corporation's wealth from taxation. Notably, many critics of private foundations assert that this latter function actually constitutes the primary purpose of foundations. Supporters, however, note that without the role of foundations as tax shelters, the basic economic incentive for their existence as philanthropic institutions for the public good would be gone.

What Do Foundations Do?

While the section above examined the legal and conceptual definition of America's private foundation, this section explores the way in which foundations go about achieving their goals, i.e., the methods and tools foundations use in their philanthropic endeavors.

The least strategic tool foundations use is charitable donations—simply gifting money to causes, programs, projects, and organizations they deem worthy without attaching specific conditions or broader expectations to such gifts. For example, a foundation could donate charitable funds to the renovation of a performing arts center without the express purpose of trying to advance the foundation's broader programmatic goals or agenda. While foundations do occasionally engage in this type of charity, the more common tool used by America's private foundations is grantmaking. With grants, foundations offer funding to specific projects with strings attached—projects are intended to achieve specific agreed upon outcomes—with the purpose of advancing, in some way, the foundations guiding mission and policy agenda. Essentially, when foundations make grants, they agree to provide funding to applicants for specific projects with clearly defined goals conditionally on the basis that such projects are 1) in alignment with the broader programmatic goals of the foundation and, in many cases, 2) accessible to the underwriting foundation for purposes

of oversight and evaluation. Above all, the goal of grantmaking for foundations is to incentivize other actors to advance the goals of a foundation in exchange for financial support for projects that would otherwise, in many cases, be cost prohibitive and therefore not realized. Accordingly, foundations support projects strategically—estimates indicate less than 5% of grant applications are approved (Anheier and Leat 2006)—with the aim of weaving the gains made from their grants into even larger advancements of their agendas. This foundational strategy is referred to as leverage, the practice of "parlaying a limited grant into a large institution, project, building, change, or endowment" (Dowie 2001, p.3)

Indeed, the strategic application of grants to leverage greater change is fundamentally important to any foundation's effectiveness. Although their endowments often seem impressive, private foundations cannot simply pay for the expansive changes they seek and, in the greater scope of things, their total funds are tiny compared the expenditures of the state or even the rest of the non-profit sector (Anheier and Leat 2006). A prime example of effectiveness in grantmaking leverage is Carnegie's leadership in the creation of America's public library system. As Dowie (2001) describes:

> Carnegie knew that even his own fortune could not support twenty-eight hundred libraries in perpetuity. But he could create the infrastructure (the bricks and mortar) in return for which each community would commit its full faith and credit to the stocking, staffing, and running of a library, in perpetuity. Thus, with the philanthropic outlay of a few million dollars, Carnegie created a public institution—one that has since spent many, many more billions than that making books available to the public free of charge—with leverage" (p.3).

Carnegie's example is illuminating in several ways. Above all, it clearly illustrates how foundation grants can act as a fulcrum for leading and shaping policy change. Through

comparatively small investments, foundation grants can lead to changes that divert vastly larger levels of future funding from other sources, often from the state itself. Carnegie's example shows how foundations do not just incentivize grantees to act in some agreed upon way, but also how they can build capacity, catalyze system changing, and influence the agenda for future public policies via clear, impactful signaling by way of grantmaking.

So, the strategically discriminating foundation can influence the agenda by providing seed money to build the infrastructure of major policy change. By doing so a foundation can accomplish goals beyond its own capacity, mobilizing targets and creating beneficiaries and stakeholders that will galvanize the expansion of its agenda far into the future. In many ways, how foundations influence grantees with financial support is analogous to how the federal government routinely uses grants to incentivize and alter the operations of the states by leveraging desperately sought funding into broader policy changes across the nation, often in policy areas where the federal government's direct policymaking power is constitutionally limited. In a similar way, the way in which foundations use grants to influence the trajectory of existing policy inertia is similar to how retroactive rockets can alter the direction and speed of much larger objects.

Today, foundations and their officers are increasingly focused on strategic use of grantmaking. Operating under the guiding principles of venture philanthropy, the goal of many of today's leading foundations is to leverage as much as possible, closely managing grants and actively engaging with grantees to provide the largest returns possible (Frumkin 2003). Borrowing ideas from the world of corporate business management and venture capital financing, venture grantmaking foundations and their leaders increasingly view themselves as social entrepreneurs (Dees 1998) investing in large-scale change in society

and policy by focusing on what Salamon (2014) describes as "big-bet grant-making with intensive organizational capacity-building and close-in supervision" (p.76). This seems especially true for today's most visible education foundations like the Bill and Melinda Gates Foundation, the Eli and Edythe Broad Foundation, and the Walton Family Foundation, organizations that are often held up as symbols of the capabilities of venture philanthropy.

Why Foundations?

While the previous section described the methods used by foundations, this section seeks to examine the broader role of private foundations in American society and observe how that role has changed over time. Since their emergence in the nineteenth century, foundations have been the focus of both admiration and animus. As charitable wings of America's richest individuals, families, and corporations, private foundations have long represented to supporters the honorable efforts of America's most privileged to give back to their country and communities and, to critics, the creeping influence of the elite in American life.

Much of the debate over the admirable or dubious nature of foundations in America reflects broader, long-standing disagreements about the proper place of philanthropy and charity in modern society and, more generally, historical philosophical debates that far predate early industrialist foundations the likes of Rockefeller and Carnegie. As Dowie (2001) notes, foundations are seen as institutional symbols of philanthropy itself and, as such, they have been and "will remain at the epicenter of… national debate over the meaning, legitimacy, and purpose of private philanthropy" (p.x).

Critics and Opponents

The root of contention over the role of foundations in society can be traced back to fundamental philosophical and ideological divides over philanthropy and charity. From the left, criticisms of philanthropy, and by extension foundations, tend to focus on how philanthropy, in how it tries to address social ills through private action, ultimately undermines the larger political, economic, and social impetus for fundamental change in society. While many have expressed this idea in various ways, Oscar Wilde (1891) perhaps conveyed it best when he wrote:

> [People] find themselves surrounded by hideous poverty, by hideous ugliness, by hideous starvation. It is inevitable that they should be strongly moved by all this… Accordingly, with admirable, though misdirected intentions, they very seriously and very sentimentally set themselves to the task of remedying the evils that they see. But their remedies do not cure the disease: they merely prolong it. Indeed, their remedies are part of the disease. They try to solve the problem of poverty… But this is not a solution: it is an aggravation of the difficulty.

Thus, according to this line of criticism, philanthropy, while goodhearted in its intentions, is ultimately wrongheaded in its nature, amounting to a bandage placed on high over a wound left to fester below, both exacerbating and obfuscating more fundamental problems.

How this plays out in politics, according to critics, is troubling. Essentially, philanthropists, foundations, and their good deeds are held up as paragons of the good that can be done privately and examples of why we do not need a stronger state role or fundamental policy change in addressing social ills. Critics hold that this contributes to an inherently conservative disposition that we do not need the intrusion and overstep of big government as long as we have the altruism and beneficence of the wealthy and willing.

This can be seen, for example, in former president George W. Bush's call for "compassionate conservatism" in lieu of big government.

Critics assert that it is precisely this type of private philanthropy itself that fundamentally contributes to the persistence of a system and power structure that produces the ills that it claims to abhor in the first place. In its attempt to alleviate problems, critics assert, philanthropy actually undermines the political will and discursive impetus for broader policy and political change that would more fundamentally address such problems at their root. At its most socialistic, this sentiment reflects Wilde's (1891) assertion that "It is immoral to use private property in order to alleviate the horrible evils that result from the institution of private property. It is both immoral and unfair." More moderately, however, as a political phenomenon, Dowie (2001) puts it well when he states that "conservatives will continue to hold up the growth of private philanthropy as an argument against any redistribution of wealth through taxation" and points out that, perhaps relatedly, "As foundations' assets and the charitable sector have grown, so, paradoxically, has the gap between rich and poor" (p.x).

Harsher critics go further, bringing into question the basic intentions and methods of philanthropy and foundations as a means for positive change, finding them to be more pernicious than the lamentably but understandably misguided institutions described above. While traditional critics may claim that foundations and philanthropy are ineffective in how they misguidedly perpetuate the ills that they attempt to fix, harsher opponents claim that they more directly propagate them. Essentially, critics argue that the actions of foundations are more calculated and self-serving than simple well-intentioned acts of charity. Indeed, this view can be easily traced back to Marx (1848) himself asserting that philanthropists

belong to “a part of the bourgeoisie [that] is desirous of redressing social grievances in order to secure the continued existence of bourgeois society.”

Over time, this theory developed into analysis focusing on how elites use philanthropy in civil society to spread their broader cultural influence to undergird and maintain the economic and political systems that afford them power. Drawing on Gramsci’s theory of cultural hegemony, some critics of foundations assert that foundations, as institutions of hegemonic power, function primarily and intentionally to legitimate the agenda, ideology, and disproportionate influence of the elite. Critics hold that foundations do this through their employment of academics, experts, and professionals charged with the production and proliferation of research and policies that suit their needs. According to this logic, “Foundations themselves are buffer institutions, serving the corporate interests of their origins, their trustees, and their investments” (Roelefs 2003, p.198).

Critics assert that foundations operate in this fashion in many areas of policy and civil society. Fisher (1983), for example, finds that the Rockefeller Foundation in the early twentieth century funded and promoted the development and professionalization of the social sciences in American universities in an effort to orient the academy away from leftist modes of analysis that stood to ideologically and culturally undermine the dominance of capitalist democracy, culminating in “social science policies that emerged as part of the process of ideological production aimed at the reproduction of the existing social order” (p.224). In the field of political science, for example, Seybold (1982) notes the important role of the Ford Foundation in promoting the rise of behavioralism in the discipline and leading American political scientists away from traditional institutional approaches and potentially subversive theoretical modes of analysis. Similarly, Arnove (1982) finds that

American foundations have played a similar role in promoting preferable approaches to education and social science research in educational systems across the globe.

Alternatively, other critics mainly view philanthropy and foundations as a public relations ploy by elites to smooth over any blemishes in their public image with some charitable rouge. Katz describes this sentiment as the belief that foundations and corporate philanthropy amount to "an insincere way to curry public favor in an effort to rehabilitate robber baron images" (Dowie 2001, p.13). Indeed, the corporate business community itself seems keenly aware and of this function of philanthropy. From this perspective, foundational philanthropy functions as a form of cause-related marketing (Varadarajan and Menon 1988) used to cultivate a better public image for corporate and elite underwriters who want to appear more socially responsible to their grantees and the broader consumer public. Accordingly, critics would assert that the crux of such efforts is the convergence of philanthropic and business interests for the sake of corporate competitive advantage (see Porter and Kramer 2002; 2006).

Supporters and Advocates

Foundation advocates would fundamentally disagree with the characterizations above, extoling philanthropy's virtues and listing its achievements—libraries and schools built, people fed and housed, diseases treated and eradicated. They would argue that those with the means to do so have a responsibility to help their country, their communities, and their fellow less-fortunate citizens. Supporters would hold that, as Rockefeller himself put it: philanthropy should be thought of "not only as a duty but as a privilege."

However, proponents of philanthropy would assert that the purpose of philanthropy goes beyond the realm of moral imperative and into that of practicality. Indeed, even those supporters that might understand why some take issue with philanthropy would likely respond by inquiring as to what else should be done. Given the limited resources of government and the unwillingness or inability of traditional actors, policymakers, charities, and the market to address so many of society's problems, how can we not help but look toward other avenues to address America's social ills. Lester M. Salamon (2014), former deputy associate director of the Office of Management and Budget, poses the problem starkly in a global context when he describes that the "environmental, economic, social, and political needs" of society are "being confronted now by a world that has been experiencing enormous economic shocks, unsustainable government spending, and traditional charitable resources that do not come close to being able to deliver the resources needed to address the problems that exist" and when national debts are so large that "even the world's richest countries are in no position to take robust action" and instead "are in cutback mode" (p.80). It is because of this situation that advocates for foundations, such as Anheier and Leat (2006), assert that even while "foundations must acknowledge that they have neither the resources nor the democratic mandate to fill all the gaps… [they] are uniquely placed to bring genuinely creative, innovate ideas to the intransigent problems of our time" (p.10).

Many advocates for foundations would specifically take issue with the assertion that there is something inherently problematic with philanthropy being used to support the public image of corporations and the elite. Salamon (2014), for example, asserts that there is no fundamental conflict of interest with philanthropy being used to synergistically bolster the finances of its corporate underwriters, especially if that boon is used to support further

philanthropic endeavors. Furthermore, business management experts, such as Kottler and Lee (2005), would again appeal to the apparent practicality of philanthropy and argue that, while philanthropy may function to bolster the social responsibility credentials of underwriters, it still accomplishes things that are ostensibly good and, accordingly, there is nothing wrong with stakeholders, consumers, and grantees viewing such underwriters in a more positive light because of this.

Indeed, even those with the most lukewarm attitude toward big philanthropy and those skeptical of the overall positive impact of private foundations would likely echo Dowie (2001) when he notes:

> The hundred-year American experiment with philanthropy has produced mixed results… But given the growing tendency of legislators and the executive branch to reject the welfare state and gradually abdicate the central role of government to protect the environment, workers' safety, and consumer health, there seems to be no choice but to continue the experiment (p.21).

Foundations and Democratic Accountability

While much of the contention over the role of private foundations in society focuses on debates over whether or not their efforts actually alleviate societal ills or further entrench them, another important area of dispute centers on whether foundations are accountable to the public or whether foundations as institutions are fundamentally undemocratic. Because private foundations often aim to influence the policy agenda and leverage their activities into broader policy change, a cause of concern for many is the apparent lack of public or democratic accountability that foundations are subject to in comparison to more traditional democratic institutions. At a fundamental level, critics contend that foundations should be

subject to some level of accountability to the public because they benefit from de facto taxpayer subsidies by virtue of their tax-exempt status. To illustrate this, Karl and Katz (1981) note that in many criticisms of private foundations "similar themes recur: money which ought to be in the hands of the public is being retained by aristocrats for purposes beyond the control of democratic institutions" (p.241).

While foundations are technically, albeit indirectly, accountable to the public to the extent that their tax-exempt 501(c)3 status is approved by the IRS and their corporate charters are granted by states' attorney generals, critics tend to view these measures as mostly perfunctory and insufficient. With democratic institutions, citizens have a say in how state legislatures and Congress spend their tax dollars through a democratic budget and appropriations process performed by their representatives. Moreover, because these representatives are democratically elected and subject to reelection, they are not only subject to democratic accountability, but also subject to the democratic mandates and warrants provided by elections. Accordingly, these representatives have electoral incentives to pursue policies that constituents want or, at the very least, to avoid projects that they do not want.

On the other hand, private foundations and the very wealthy individuals and families that fund and guide them are subject to no such formal or direct democratic accountability and lack any commensurate democratic mandate, enabling them to pursue the projects they themselves find independently compelling. Furthermore, compounding concerns is how private foundations use their projects to influence the policy agenda and leverage future taxpayer funds, while already denying the state of substantial revenue due to their tax-exempt status. Critics assert that this dynamic has become more problematic as effective tax-rates for the very affluent have decreased over time. This has led some to propose

limiting tax exemptions for the types of philanthropic activities that foundations and their financiers engage in. Former Secretary of Labor Robert Reich (2006), for example, argues for a return to "when government collected billions of dollars from tycoons like these… and when our democratic process decided what the billions would be devoted to." Similarly, in 2008, the Editorial Board of the *New York Times* echoed these concerns, writing:

> The munificence of American corporate titans warms the heart, sort of… Yet we'd be so much happier about all the good things America's moneyed elite pay for if the government made needed public investments… The flip side of American private largess is the stinginess of the public sector. Philanthropic contributions in the United States — about $300 billion in 2006 — probably exceed those of any other country. By contrast, America's tax take is nearly the lowest in the industrial world… As a result, the United States spends less on social programs than virtually every other rich industrial country… Critics of government spending argue that America's private sector does a better job making socially necessary investments. But it doesn't. Public spending is allocated democratically among competing demands. Rich benefactors can spend on anything they want, and they tend to spend on projects close to their hearts… Philanthropic contributions are usually tax-free. They directly reduce the government's ability to engage in public spending. Perhaps the government should demand a role in charities' allocation of resources in exchange for the tax deduction. Or maybe the deduction should go altogether. Experts estimate that tax breaks motivate 25 percent to 30 percent of contributions (NYT Editorial Board 2008).

While supporters of foundations do acknowledge that lack of a democratic mandate is often cited as one of the primary weaknesses of foundations, they also argue that it is likely one of their main strengths.

Indeed, foundation advocates argue that, while often criticized, the insulation of private foundations from public accountability and democratic mandates is actually positive. Anheier and Leat (2006), for instance, assert that "foundation resources are 'free' relative to both governments and markets" and because "foundations enjoy the luxury of freedom from

market and political constraints and constituencies" and because their endowments are often so large as to permit them to "enjoy the luxury of perpetuity" they have "'space' to allow them to think, to take risks, to fail, and to take the longer-term view" (p.9). Former Under Secretary of the Interior and former president of the Council on Foundations James Joseph similarly argues that because foundations are unrestricted from the public accountability and electoral disincentives that often inhibits the ability of policymakers to approach problems in potentially controversial ways, "grant-makers can take pride in their ability to fund innovative programs and work on the frontlines of social problems without concern for popular opinion or building political mandates" (Edie 1987, p.v). Hence, supporters view foundations as being uniquely positioned to supplement necessary but seemingly limited public goods in the face of market failures and public policy shortcomings.

Nevertheless, critics find the notable influence of foundations paired with their lack of accountability troubling. Skocpol (2004), for example, finds foundations' increasing influence in many policy areas to be reflective of broader historical shifts in how elites use the non-profit sector to leverage their agenda-setting power and, ultimately, reflective of broader inequality and stratification in political voice between elites and non-elites in American democracy. Supporters, however, would again warn against the apparent downsides to applying traditional public accountability practices on private foundations, arguing that it would undermine their ability to work for the public good in innovative and effective ways. Indeed, their concerns are understandable. As Behn (2001) notes, traditional accountability and oversight standards, such as those applied to government bureaucracies, produce what he describes as "the accountability bias": the tendency to disproportionately focus on finances and fairness and underemphasize performance in the distribution of public

goods, a tendency which actually limits the ability of civil servants to efficiently distribute such goods. Kamark (2007), similarly, argues that the emphasis on democratic accountability in the public sector, as opposed to the non-profit sector, severely limits the ability to public institutions to act efficiently, effectively, and innovatively because of the rigid regulations and uniformity such accountability norms tend to entail. Ultimately, supporters argue that foundations are empowered by the unique privilege of being insulated from both markets and government (Prewitt 2006), but also acknowledge that public accountability for foundations cannot be entirely eschewed, as it is undoubtedly tied to their legitimacy as private actors for the public good (Frumkin 2006).

Rethinking Foundation Accountability

In attempting to apply democratic accountability to foundations, how can the inherent contradictions and complications of their unique position as private actors for the public good be reconciled? Approaching the democratic accountability of foundations as being distinct from the accountability of government or the accountability of markets is a good place to start.

Goodin (2003) offers one potential approach. Goodin (2003) asserts that while actors in the public sector, the private sector, and the non-profit sector must all be accountable to the public to some extent because their actions have social implications, it is imperative to acknowledge that their accountability should be distinct as these sectors play fundamentally different roles in society. Goodin (2003) argues that: 1) state actors should be held accountable on the basis of "*actions*," i.e., whether or not policymakers and bureaucrats attempt to do what the public wants or whether they betray democratic mandates; 2) private

sector actors should be held accountable on the basis of "*results*," i.e., whether or not they produced a quality product or service for customers and turned a profit for shareholders; and 3) non-profit actors should be held accountable on the basis of "*intentions*," i.e., whether or not they set out in good faith and without ulterior motives to serve the public good even without clear public mandate or strong results (p.366-367). Importantly, this approach reflects the unique position of private foundations in American society. However, advocates for increased accountability would find this framework alone to be insufficient and in need of being supplemented, as intentions, by their nature, are often difficult to clearly identify.

Accordingly, with this approach, supporters of increased accountability would argue that public reporting of foundation activities is fundamentally necessary. As Lee (2004) notes, visible and transparent public reporting can often be overlooked by non-profits, limiting the public's ability to discern what non-profit actors are truly doing short of carefully tracing IRS records. While many large foundations are generally forthright in their reporting of grantmaking activities—often providing detailed annual reports on their activities and procedures in addition to legally mandated Form 990 tax forms—some are less transparent. For example, the Gates Foundation is a member of the Foundation Center's Glass Pockets initiative, indicating that detailed descriptions of their grantmaking and organizational activities are readily available online (Glass Pockets, nd).[2] The Walton Family Foundation and the Broad Foundation, on the other hand, are not (Glass Pockets, nd).

Additionally, just as foundations themselves should be accountable, supporters of increased accountability would hold that part of this should be ensuring that the beneficiaries of foundations' grantmaking largess are accountable as well. Fortunately, large venture

[2] For more information, please see: http://glasspockets.org/glasspockets-gallery/who-has-glass-pockets

philanthropy foundations tend to maintain close oversight of grants. However, as Carman (2009) finds, attempts at grantee accountability are often hindered by inadequate and incomplete evaluation on the part of foundations. Because of this, former director of the Ford Foundation's Governance and Civil Society Program Michael Edwards (2008) argues that the outcome and effectiveness of major foundation activities should be subject to independent evaluation and that the resulting findings should be available to the public.

More broadly, Dowie (2001) asserts that American foundations should strive to become more democratic institutions in order to be more reflective of their promise to promote a robust democratic society. Accordingly, short of fundamental and unlikely reforms like capping endowments or mandating a portion of trustee positions for democratic appointment, advocates for increased accountability would maintain that private foundations can and should be more democratically accountable by engaging in outreach to targeted communities, interfacing with local organizations, and, above all, by giving ordinary citizens an opportunity to voice their concerns and preferences about the foundation activities that affect them. This would especially be true of education foundations, as their activities stand to affect both current and future generations.

Foundations in Education

Historically, foundations have gone through several phases and shifts in focus from the charitable philanthropy of the gilded age to the scientific philanthropy of the twentieth century to the venture philanthropy of today (Anheier and Leat 2006). However, throughout these shifts, a consistent focus has remained: education. As Dowie (2001) notes,

"Throughout the entire history of organized philanthropy, education has been the highest priority, and remains the most elusive challenge" (p.23).

A Brief Historical Overview of Foundations in Education

While America's public elementary and secondary education system has traditionally been seen a state-led endeavor, foundations have played an important role in its establishment and expansion. Initially responding to the problem of limited access to public education in the Reconstruction-era South, foundation involvement in public education dates back to 1867 with the establishment of the Peabody Fund, which financially supported school construction, administrative pay, and public relations campaigns for public education (Walters and Bowman 2010). Although the Peabody Fund was America's first large education foundation, merchant-banker George Peabody's example was soon followed by many of America's other industrialists and elite families. In 1882, textile magnate John F. Slater established a fund focusing on the education of freed slaves in the South. In 1902, the Rockefeller Foundation took up the mantle of strengthening a still underdeveloped public school system in the South with the establishment of the General Education Board; In 1907, 1911, and 1917, respectively, the Jeanes Foundations, Phelps-Stoke Fund, and Rosenwald Fund were founded, contributing millions to the cause of black education in the South. While not focused on elementary and secondary education primarily, the Russell Sage Foundation, established in 1907, promoted social science research on public education. Similarly, the Carnegie Foundation, founded in 1905, helped standardized the curriculum of American high schools by changing the way American universities approach admissions. Many of these foundations' efforts continued into the 1930s and 1940s.

Just as the first wave of foundation activity in education arrived in the aftermath of the Civil War, the next major era of foundation involvement in public education came after WWII (Clemens and Lee 2010). However, with much of the public school system infrastructure already in place, foundations shifted their focus away from construction and toward school reform. In the same way that the efforts of foundations in the late-nineteenth and early-twentieth centuries reflected the aims and failures of Reconstruction and industrialization, the activities of education foundations in the 1950s and 1960s reflected larger policy shifts in public education. Foundations took heed of an increased federal involvement in public education and the sharper focus on racial equality and poverty alleviation embodied in the Supreme Court's decision in *Brown v. Board of Education* and the enactment of the Elementary and Secondary Education Act of 1965. The Ford Foundation, for example, focused on improving urban and minority education through the Great City Schools and the Comprehensive School Improvement programs. Education foundations in the post-war period also laid the groundwork for future reforms by cultivating policy networks of federal, state, and local actors.

The next era of foundation involvement in public education was, again, signaled by a broader shift in education policy values. Heightened Cold War tensions in the 1970s and 1980s led to concerns over the effectiveness of America's public education system in helping to maintain the United States status as a global superpower. In 1983, the publication of *A Nation at Risk* served as a catalyst for reinvigorated focus on education, likening the state of America's public school system to a national emergency. Later, after the fall of the Soviet Union, concerns about public education's role in the nation's international competitiveness were only strengthened further by an increasingly globalized economy. The

announcement of the $500 million Annenberg Challenge, in 1993, to fund urban and rural public school reform, again, reflected concerns of a failing public school system. Finally, at the turn of the century, the influence of the older foundations of Rockefeller, Carnegie, and Ford began to wane as new foundational leaders in education like Gates, Walton, and Broad began to emerge.

Education Foundations Today

Today, the role of foundations in America's education system seems larger than ever. The millions of dollars spent annually by education foundations at the beginning of the 20th century have turned to billions of dollars at the beginning of the 21st century. In 2012 alone, American foundations distributed roughly $5 billion in education grants (Foundation Center, nd).[3] Out of the one thousand largest foundations in America, 924 of them gave grants in the area of education. In dollar terms, education is neck to neck with health as the largest area of foundation grantmaking, accounting for roughly 22% of more than $22 billion in total combined major foundation grantmaking across all areas in 2012 (Foundation Center, nd). Out of the $5 billion in the area of education, the largest portion of it (37%) went towards elementary and secondary education, with grants in this area totaling over $1.8 billion (Foundation Center, nd). While this amount is quite small in comparison to the $602 billion (Cornman 2015) in local, state, and federal spending on K-12 education for the same year—leading some critics to compare foundation spending to "unloading buckets into the ocean" (Greene 2005, p.49)—it is, nevertheless, impressive.

However, despite the prominence of foundations in education, the literature on education foundations is surprisingly sparse. To illustrate this point, the first book to

[3] For more information, please see: http://data.foundationcenter.org/

formally examine the role of foundations in K-12 education today, Frederick Hess's edited volume *With the Best of Intentions*, was itself only published in 2005. While the reasons behind this dearth of research likely vary, the trend, or lack thereof, is intriguing. Indeed, some see it as indicative of the somewhat uncertain role that foundations play in education. Hess (2005) himself asserts that there seems to be an "amiable conspiracy of silence" surrounding education foundations with media reporters decidedly sympathetic to their philanthropic activities and academic researchers hopeful for funding and fearful of being alienated by the influential institutions. However, because of this, we know surprisingly little about the practical day-to-day operations and activities of education foundations, such as "how much money foundations give, what it gets spent on, how they decide what to fund, how they think about strategy, or what lessons they have drawn from experience" (p.11). Despite this, we can still attempt to take account of the broader role of foundations in K-12 education.

Symbols of an Educational Divide

Just as foundations serve as symbols of a broader philosophical and ideological divide over the role of philanthropy in society, education foundations are themselves emblematic of a broader debate over the trajectory of American K-12 education policy. If those actively invested and involved in K-12 public education in the United States were to be divided into two general camps, they would be the "No Excuses" camp and the "Bigger, Bolder" camp. On one hand, proponents of the "No Excuses" approach argue that educators and administrators should not be allowed to point to socioeconomic or structural inequalities as excuses for low academic performance and that schools and teachers bear the primary

responsibility and must be held accountable for the academic achievement of even the most disadvantaged students. On the other hand, advocates of the "Bigger, Bolder" approach assert that because of the fundamental link between structural inequality and academic performance gaps between wealthy and poor and white and minority students, many reforms, especially high-stakes accountability reforms, in education are misguided and that any major education reform will ultimately be undermined unless it operates in concert with other policies that acknowledge underlying inequalities.

Today's major education foundations are often seen as symbols of the "No Excuses" crowd. Indeed, vocal critics see foundations like Gates, Walton, and Broad as leaders of this movement. Ravitch (2010), for example, refers to these foundations as "the billionaire boys' club" for corporate-styled "No Excuses" education reform. However, closer examination is necessary.

The Education Foundation Program

Based on their activities, today's major education foundations seem to have two overarching K-12 education policy goals: 1) school accountability reform with an emphasis on standards, testing, and stronger management for schools and teachers and 2) school choice reform with a focus on charter school support.

Accountability, Management, and Labor Reform

Education foundations have been adamant about the importance of accountability and management in public schools, arguing that administrators and teachers are ultimately liable for the educational outcomes of their students. One way in which foundations promote

accountability reform is through professional development programs for current and prospective administrators. The Broad Foundation, in particular, has been a leader in this area. Through the Broad Academy and Broad Residency programs, the Broad Foundation focuses on training professionals—often non-educators—with a strong grounding in corporate-styled management, accountability, and incentivization strategies and placing them in superintendent and managerial positions in major school districts. John Deasy, former superintendent of the Los Angeles Unified School District, for example, is a Broad alumnus. Broad's programs are a strong source of scrutiny and criticism among opponents to foundation influence in education politics with critics viewing them as symbols of the undue influence of billionaires (Barkan 2011; 2013) and neoliberal ideology in education reform (Saltman 2009; 2010). This is partly because these efforts represent what Hess (2005) describes as the aim of foundations to increase their leverage not simply by promoting programs to change education policy, but by establishing pipelines of into the education bureaucracy and fostering networks of like-minded reformers in positions of administrative power.

In line with this, foundations have also focused on professional development pipelines and labor reform for teachers, supporting unconventional teaching programs such as Teach for America (TFA) and promoting high teaching standards through organizations like the National Board for Professional Teaching Standards (NBPTS) (Hannaway and Bischoff 2005). Moreover, foundations have also pursued accountability reform by seeking to change the way teachers approach classroom learning by supporting national standards and curriculum reform in conjunction with high-stakes testing. Carr (2009), for example, notes the agenda-setting function of major foundations in supporting President Obama's

Race to the Top program and expanding the Common Core State Standards. McDonnell and Weatherford (2013), similarly find that education foundations, particularly the Gates Foundation, have played a large role in mobilizing support the Common Core.

School Choice Reform

In 1995, Milton Friedman wrote an op-ed in the *Washington Post* calling for a neoliberal approach to fixing America's public school system, positing:

> Our elementary and secondary educational system needs to be radically restructured. Such a reconstruction can be achieved only by privatizing a major segment of the educational system… that will provide a wide variety of learning opportunities and offer effective competition to public schools… [and] that enables parents to choose freely the schools their children attend (Friedman 1995).

For critics of market-based education reform, Friedman's vision represents a fundamental fear: the smuggling of neoliberalism into K-12 education and the privatization of the American public school system. However, Friedman argument was not simply about private enterprise, but also about equitable educational opportunity and global competitiveness, asserting that in an increasingly globalized, skill-based economy, "so far, our educational system has been adding to the tendency to stratification" and that it must be reformed because an effective educational system "is the only major force in sight capable of offsetting that tendency" (Friedman 1995).

This concern with the gap in educational attainment and, therefore, the life chances of students with different backgrounds and its implications for the international competitiveness of the United States is a concern that education foundations clearly share. Friedman himself advocated for a universal voucher system in every state and, while

education foundations have generally been supportive of vouchers, they have more fundamentally geared themselves toward restructuring America's K-12 education system through the expansion of charter schools. Today, foundations are at the forefront of the school choice movement, an approach to education reform that emphasizes unleashing market forces on the public school system to raise academic performance by providing parents with greater choice as to where to send their children to school and, thereby, fostering competition between schools.

Indeed, the support and expansion of charter school systems across America is one of today's education foundations' key endeavors in education reform, representing a major system-changing and capacity-building project on the part of foundations and other school choice allies. While charter schools are not private schools in the traditional sense, as they are open to all students in the same way that traditional public schools are, to critics they represent the wresting of public schooling away from traditional governance as charters, unlike traditional public schools, are operated independently or by private charter management organizations (CMOs) under contract—or charter—with local and state governments. As Scott notes (2009), foundations have played a major role in supporting charter schools, routinely providing grants for charter systems in major urban school districts. By the numbers, Hassel and Way (2005) find that foundations spend a large chunk of their grant money supporting school choice with 36 percent of the total K-12 spending of the top 50 education foundations going to various school choice efforts in 2002. Reckhow (2013), similarly, finds ample evidence of how foundation grants influence local political actors and urban education politics toward school choice and other preferred reforms with foundation money playing a major role in the expansion in market-based reforms in Los

Angeles and the strengthening of mayoral control reforms in New York City. Furthermore, Reckhow and Snyder (2014) find evidence of broader foundation influence in school choice politics, with multiple foundations often supporting the same charter school advocacy organizations.

The expansion of charter schools represents a prime example of foundation leverage. Many foundation grants go toward providing start-up money for the development of new charters, and then once those charters begin enrolling students, they receive funding by the state and local governments on the basis of attendance. In this way, foundations leverage a comparatively small amount of seed money into the diversion of much larger amounts of public funding. Moreover, foundation support of charters provides a key example of their agenda-setting power. By providing funding for charters, foundations help create and foster networks of beneficiaries—parents, students, CMOs, developers, etc.—that will politically support charters, helping to sway the positions of policymakers and slowly shift policy over time. The tendency of foundations to focus on high-visibility charter systems like KIPP and Green Dot in major and politically influential urban areas like New York and Los Angeles serves to illustrate this.

Critics of school choice reform find foundations' role in charter school expansion problematic. Ravitch (2010), for example, argues that while foundations might hold that charters represent better, higher-performing alternatives to public schools, there is limited evidence to support their claims. Accordingly, critics argue that foundations are, in effect, undermining and diverting public funds from traditional public school systems in favor of supporting alternatives that have not shown themselves to be truly better. Indeed, foundations have exhibited disenchantment with traditional public schools systems. The

Broad Foundation, for example, recently aired its frustration with major urban school districts, cancelling its annual million-dollar prize for promising urban school districts, citing that they have been "disappointed with the overall progress in urban public schools" (Rich 2015). However, the Broad Foundation has continued support for its more recently established quarter-million dollar prize for promising charter schools, in a move that may indicate, as Henig describes, "a 'highly public step' toward the view that traditional districts 'are incapable of reform'" (Blume 2015).

Nevertheless, current research shows mixed results for charters schools when compared to their traditional public school counterparts. The Center for Research on Education Outcomes' (CREDO) *National Charter School Study 2013* finds that, while charters appear to be doing marginally better in reading, their aggregate performance in math is neither better nor worse than traditional public schools (CREDO 2013). Moreover, the study finds substantial variation in overall educational outcomes for charter schools, noting that "across the charters in the 26 states studied, 25 percent have significantly stronger learning gains in reading than their traditional school counterparts, while 56 percent showed no significant difference and 19 percent of charter schools have significantly weaker learning gains" (CREDO 2013). With three-quarters of charter schools performing at the same level or worse than the traditional public schools that school choice reformers criticize, many critics remain unconvinced of foundations' rationale for school choice reform.

While foundations might point to more promising gains for minority students in poorer urban districts (CREDO 2015), critics would respond that evaluating school choice reform based on educational outcomes alone obscures other important considerations. Arsen and Ni (2012), for example, find reason to doubt foundations' argument that school choice

driven market competition will result in higher performing public schools, noting that current research shows no overall positive or negative impact of school choice on traditional public school performance. This is likely related to findings showing that academic performance is often not the most important factor parents consider when deciding whether or not to send their children to traditional public schools (Lacireno-Paquet and Brantley 2012). Another prominent concern for school choice critics is how school choice policies might actually reinforce or exacerbate racial and class disparities in education. Scott (2011), for example, finds that philanthropic efforts in education reform can further racialize urban education politics and marginalize communities of color and the policy alternatives they support. While foundations argue that school choice policies stand to most greatly benefit poor and minority students who tend to fare the worst in traditional public schools, critics find that charters tend to be segregated by both race and class much in the same way that traditional public schools are (Mickelson et al. 2012) and that more affluent and white students tend to have the advantage in school admissions (Andre-Bechely 2005), leaving those supposed to benefit the most from such reforms with the short end of the school choice stick.

Education Foundations and American Democracy

The prominence of foundations in education politics and policy raises serious concerns about their culpability for the outcomes of the reforms they espouse and monetarily support. This is especially important because of the role traditional public schooling has played in bolstering American democracy and society. Since the era of the founding fathers, America has had a long tradition of public schooling, the rationale for which has traditionally been to

prepare young people for democratic citizenship (Pangle and Pangle 2000). Furthermore, public education is deeply intertwined with the American dream, with quality public schooling representing America's answer to limiting inequality and providing even the least-privileged citizens with opportunities for a better life in lieu of more direct redistributive policies (Hochschild and Scovronick 2004).

However, for some there is a troubling tension between the role that major foundations play in K-12 education reform and their position as autonomous private intuitions. Supporters argue that education foundations are fundamentally private institutions that are not, nor should be accountable to the public. They argue that the independence of education foundations is imperative to their ability to pursue innovative and otherwise unfeasible reforms in support of the public good. Because of this, advocates argue, limited governmental oversight and their continued insulation from public accountability is more than permissible. Moreover, supporters argue that education foundations already have incentives to support only good and effective reforms, noting the guiding principles of venture philanthropy as anathema to supporting ineffective or counterproductive efforts.

However, others note the efforts of foundations to get the largest possible returns on their grant investments as a source of their precarious station in education reform. By actively trying to influence education policy agendas and leverage grants into broader reforms, some find the power of foundations as potentially problematic from a democratic accountability standpoint. Hess (2005) explains the source of these concerns clearly, stating:

> When donors are not giving simple gifts to schools or districts but are advocating particular policies or models of reform—especially when they dangle large sums contingent on public officials adopting those proposals—the role of the philanthropist has changed. No longer merely a private citizen

> making a private contribution, donors are now engaged in an effort to reshape public education, alter public policy, and redirect public expenditures. "Reform-Oriented" giving pulls donors—willingly or not—into a more public world (p.8).

Because of this greater public role, Hess (2005) asserts that education foundations have a responsibility to the public to be more transparent and that their activities demand greater scrutiny from citizens, journalists, academics, and policymakers. As Hess argues, "in a democratic nation it is altogether proper that private efforts to reshape public institutions—even for the most beneficent of reasons—be accorded the same hard look that greets any policy proposal" (p.8).

Critics argue that this need for greater transparency and oversight is only amplified by the eventual targets of foundation-supported reforms: children. Because many foundation efforts are ultimately aimed at shifting educational outcomes for children, many feel a sense of unease at their apparent lack of accountability to the public. Ravitch (2010) asserts that this limited accountability is unacceptable and even hypocritical considering foundation efforts in support of high-stakes accountability reform, arguing:

> [Foundations] have taken it upon themselves to reform public education, perhaps in ways that would never survive the scrutiny of voters in any district or state. If voters don't like the foundations' reform agenda, they can't vote them out of office. The foundations demand that public schools be held accountable for performance, but they themselves are accountable to no one. If their plans fail, no sanctions are levied against them. They are bastions of unaccountable power (p.201).

Ravitch (2010) holds that because foundations often support reforms with limited or mixed evidence of effectiveness, such as their support for unproven methods like virtual schools (Ravitch 2013), their influence coupled with their lack of accountability is untenable.

Other critics worry about the broader implications of the undertakings of education foundations for American democracy and democratic citizenship, particularly regarding school choice reform. Troublingly, education foundations and the policies they support can be seen as constituting part of what Mettler (2011) describes as "the submerged state." While foundations themselves are beneficiaries of tax expenditures, delivering public goods by the beneficence of the tax-exempt status awarded to them by the state, the school choice policies they support, likewise, may limit the perceived traceability of the public education dollars that fund charters back to the state. By inserting charters as third-party providers of public schooling, school choice policies position charters as intermediaries between students, their parents, and the state, thereby potentially obscuring the fundamental role of government, both financially and administratively, in the provision of public education. Furthermore, critics assert that the way in which school choice policies approach parents and students as consumers and clients instead of voters and citizens stands to undermine democratic citizenship and the notion of civic engagement associated with traditional public schooling (Abernathy 2005).

Conclusion

For critics, the marketization and privatization of public education supported by foundations could have troubling implications for social trust in what traditionally has been many Americans' earliest, longest, and, arguably, most positive interaction with the state and public institutions (see Bryk and Schneider 2002). Supporters, on the other hand, may point to substantial evidence (see Lee and Holland 1995) of the effectiveness of other private institutions, namely private catholic schools, as effectively engendering a strong sense of

civic values and duty among young people. Some would go further, arguing that the democratic accountability of traditional public schools actually inhibits their ability to train democratic citizens in the way that it leads traditional public schools to eschew controversial curriculum and policies in favor of approaches favored by traditional majorities and, thereby, insulates students from democratic disagreement and deliberation (Moe 2000). Nevertheless, critics, such as Ravitch (2010), maintain that foundations and the charters they support today are still problematic, asserting that private institutions may not be the appropriate actors for educating, socializing, and training America's next generation of citizens.

II. PHILANTHROPY AND OVERSIGHT

A RESPONSE TO THE LITERATURE

The previous chapter had two goals: 1) to review the literature on philanthropic foundations and explore the points of contention between proponents and critics over the role foundations play as private institutions that engage in the provision of public goods and 2) to highlight the role of foundations in American K-12 education reform, particularly regarding the support of venture philanthropists for "No-Excuses" policies and charter schools expansion. This chapter similarly has two goals: 1) to respond to several claims made by both critics and defenders of foundations in an attempt to reconcile certain unproductive disagreements and 2) to reorient the debate over foundations and their accountability—or lack thereof—to the polis by reasserting the importance of duty to the public good in foundation activities and by interjecting the concept of democratic deliberation into the debate over foundation involvement in American K-12 education reform. Essentially, while the previous chapter aimed to describe the current literature on philanthropic foundations and K-12 education reform, this chapter aims to respond to the literature and present new inroads into addressing the role of foundations in education by incorporating the concept of deliberation.

A Debate Apart

Responses to Critics and Supporters

As discussed in the previous chapter, much of the debate over the extent to which philanthropic foundations can or should be accountable to the public revolves around their

precarious position between the market and the state. Admittedly, many of the concerns regarding foundations apply to much of the third sector generally as both commendations and critiques of foundations have their grounding in competing conceptions of the propriety of organized charity and philanthropy and its overall consequences for society. Nevertheless, foundations remain a focal point of debate due to both their emblematic status and their central role in the non-profit sector. Indeed, the position of foundations as nexuses of funding and agenda-setting in the non-profit sector coupled with their direct attachment to many of America's most influential elites renders this focus both warranted and unsurprising. Thus, the following discussion seeks to respond to certain inadequate and unproductive aspects of the current debate over foundations and, correspondingly, aims to present an alternative path forward.[4]

The Corporate Conspiracy Problem

Some of the most severe critics of foundations from time to time make arguments intimating the actions of foundations as the machinations of some conspiratorial corporate cabal. Admittedly, the influence and involvement of large private foundations in education policy agenda-setting and does highlight a long tradition of elite influence in American policymaking, but going forward with this particular characterization of ill-intentioned plutocrats plotting for privatization may be ill-advised.

[4] It is important to note here that the primary contention this paper takes with the debate over foundations and democratic accountability is the high level of focus spent on issues concerning the tax-exempt status of private foundations in comparison to alternative, potentially more productive avenues—a point which will be discussed at length in the next section of this chapter. First, however, it seems pertinent to address other concerns with the nature of the debate over foundations and to respond to several problematic claims and insinuations made both in support and opposition of foundations.

Both discursively and legally, in a post-*Citizens United* political landscape with previously unseen levels of private money from corporations and elites being funneled into political campaigns that have serious implications for the trajectory of policy, it would seem both hard to swallow and difficult to reconcile the legally protected nature of the Koch's plan to spend $889 million in the 2016 election cycle (Confessore 2015) with a call to substantially limit the Gates Foundation's grantmaking in public education. Moreover, these kinds of characterizations of private foundations and their leaders—while understandable as an expression of unease about ubiquity of elite influence in American politics—may do a disservice by glossing over some of the more nuanced issues surrounding the influence of private foundations in public policy. Furthermore, these characterizations could potentially undermine more palatable and successful arguments put forth in favor of enhanced oversight for foundations.

The two primary concerns regarding foundation influence in education policymaking among critics of this sort are that of 1) regulatory capture and 2) the purchasing of policy through strategically-channeled foundation grantmaking and funding. These concerns are apparent in the critiques supplied by critics like Barkan (2011; 2013), Saltman (2009; 2010), and Ravitch (2010; 2013) discussed in the previous chapter. Ravitch (2011), for example, refers to the large education foundations the likes of Gates, Walton, and Broad—perhaps deservingly so—as the "Billionaire Boys' Club" when discussing both of these concerns about the potential effect of foundations on K-12 education politics and policy. Quite illustratively, in a post on her blog revealingly titled "Horton: Not a Conspiracy Theory: The Gates Bought Control of U.S. Education," Ravitch (2014) indicts the Gates Foundation for its role in the development and promotion of the Common Core State Standards. Ravitch

(2014) asserts, “the Gates Foundation’s willingness to invest $2 billion in Common Core enabled that foundation to assume control of the future of American education” and implores, “How could Congress avert its eyes as public education is redesigned to create a marketplace for vendors?” in a call to renew well-known history teacher Paul Horton’s appeal for congressional investigation into the role large education foundations play in education policy. Importantly, Ravitch’s demand for congressional investigation may be warranted, if for nothing more than the sake of transparency in understanding the Gates Foundation’s influential role in the Common Core’s development and the swiftness and nature with which the standards spread across states. However, Ravitch’s characterization of the Gates Foundations’ role is also somewhat problematic.

Although the Gates Foundation did concentrate a substantial amount of its education grantmaking on developing and proliferating the Common Core over course of several years, it seems inaccurate to assert that the Gates Foundation “bought” the policy or, as Ravitch (2014) more strongly asserts, “the future of American education.” In fact, it may be a more accurate characterization to argue that the Gates Foundations “sold” the standards, footing the bill for much of the research and development as well as spending substantially to coordinate support. To a large extent, this is what education foundations are supposed to do—develop and proliferate new and innovative policy proposals in an effort to improve public education. Nevertheless, this is not to say that there should not be serious concerns about the central role of the Gates Foundation in the development and swift spread of the Common Core. As Reckhow notes, the uncharacteristic speed at which the standards spread may present problems for broad-scale implementation in the long run:

> "Usually, there's a pilot test—something is tried on a small scale, outside researchers see if it works, and then it's promoted on a broader scale," Reckhow said. "That didn't happen with the Common Core. Instead, they aligned the research with the advocacy… At the end of the day, it's going to be the states and local districts that pay for this" (quoted in Layton 2014).

Unfortunately, however, characterizations of Ravitch's sort may serve to oversimplify many of the serious issues concerning the influence of large foundations in K-12 education reform. Indeed, this relates to a larger problem with the way critics of foundations often approach the issue of regulatory capture in public K-12 education.

In any area of public policy, regulatory capture is an important concern. However, it is important to acknowledge how the issue of regulatory capture regarding the influence of foundations in education policy can be distinct from the issue of regulatory capture in other areas. To illustrate, there is a strong qualitative difference between Arne Duncan, whose school system received $20 million during his tenure as superintendent of Chicago Public Schools, being appointed as Secretary of Education (Layton 2014) and John Lew, who received a $940,000 bonus after leaving his top executive position at Citigroup amid the nation's largest economic meltdown since the Great Depression, being appointed as Secretary of the Treasury (Yang 2013) to replace then-outgoing treasury secretary Timothy Geithner, now, incidentally, president of one of the nation's largest private equity buyout firms, Warburg Pincus (Banerjee and Katz 2013). In other words, the concern associated with the head of one of the nation's largest urban school districts being appointed as the head of the U.S. Department of Education is quite distinct, for example, from that of the head of, say, K12 Inc., the nation's largest online K-12 education firm, or McGraw-Hill being appointed to the same position.

Furthermore, the golden parachutes and revolving doors between the third sector and the public sector are distinct from those between the private sector and the public sector. The overlap between non-profits and the governmental agencies resulting from the want to advance the spread and implementation of sincerely held ideas and policy approaches seems almost natural to politics and should be reasonably considered as distinct—although not necessarily less dangerous—from attempts to capture regulatory agencies to expand personal wealth and private institutional coffers. Overall, we should find it unsurprising that someone like Margot Rogers, Secretary Duncan's chief of staff, would want to move from the Gates Foundation to the U.S. Department of Education to affect change in a more direct way. Similarly, we should find it unsurprising that someone like Bill Gates, who spent much of their life in the tech industry, would support standards that place a strong focus on STEM fields. Indeed, regarding the larger role of foundations in K-12 education reform, to quote Ravitch (2010) herself speaking of the Walton Family Foundation, "why should it be surprising that a foundation owned by one of the richest families in the United States opposes governmental regulation and favors private sector solutions to social problems?" (p.203).

Critics of foundations would likely do better to focus on other potentially troubling issues regarding foundation supported reform. Related to concerns of regulatory capture, for example, the potential for rent-seeking behavior on the part of certain charter management organizations or virtual school providers, especially those that operate on a for-profit basis, is troubling. The fact that many large foundations help underwrite or provide seed money for charter and virtual schools that then receive local, state, and federal funding based on attendance after these initial foundation investments, should be for critics a source of real

concern in the many cases where these schools end up performing at the same or at a lower level than their traditional public school counterparts. Investigations by *the New York Times*, for example, find that many online charters have succeeded little scholastically but gained much financially on the backs of lost educational opportunities for schoolchildren and millions of dollars in taxpayer funding (Saul 2011). Indeed, similar concerns have been highlighted by recent events in Ohio, where the chief of school choice and charter schools for the state Department of Education, David Hansen, recently resigned after it was revealed that he fraudulently omitted failing evaluations for two charters so that their sponsors could continue to receive public funds (Strauss 2015).

Additionally, critics of the influential role foundations play in K-12 education reform may do well to place greater focus on the way in which large foundations may sometimes concentrate their activities in an inordinately narrow way as an important cause for concern. Arguably, such narrowness can sometimes inadvertently limit the range of innovative and effective programs because of their centralized funding role in the non-profit sector. The Gates Foundations pervasive influence on health programs in sub-Saharan Africa, for example, has found vocal pushback with critics noting the foundation's tight management of grants and narrow focus on treatments for high-visibility diseases such as AIDS as having serious unintended consequences, often coming at the expense of addressing more common fatal illnesses and sidelining fundamental societal health issues like adequate nutrition and transportation (Piller and Smith 2007).

While it is important to acknowledge that the strong influence of the Gates Foundation in American K-12 education reform certainly does not present a situation nearly as dire, the overarching concern regarding the potential for philanthropic tunnel vision is

instructive. This is especially notable given the foundation's positioning in the broader discursive battles set around the "No-Excuses" / "Bigger Bolder" debate. Overall, it is important to consider the vital opportunities that could be missed when large, influential foundations focus their energies too narrowly and when smaller, dependent organizations shift their efforts to align with the present goals of their larger benefactors in hopes of receiving funding. Indeed, this is one reason why turn-of-the-century labor lawyer and socialist leader Morris Hillquit's testimony to Congress that the influence of the largest foundations "represent in the domain of philanthropy just what trusts represent in the industrial field" may ring even more true today than it did in the early twentieth century (Lamarche 2014).

Similarly, the potential politicizing effects of private foundation involvement in funding education research is another serious concern, as preserving objective and neutral research and policy evaluation in the field is of fundamental importance if we are to hope to find reliable, effective reforms. We can see, for example, the negative effects of private funding on climate change research, not only on policymaking but also on the public's understanding of the issue and trust in research more generally (Gauchat 2012). Similarly, in the field of education, Smith (2005) notes the ways in which academic research has increasingly "become entangled in the politics surrounding debates over market driven reform rather than serving as foundations for utilitarian policy making" (p.285), an important factor for which stems from a "self-selection process at work that, with some exceptions, usually results in advocacy organizations backing research that is consistent with their policy views" (p.288). Likewise, Lubienski (2008) highlights that "even as the research around school choice has developed, policy making increasingly reverts back to an

ideological, not empirical mandate," a troubling trend related in no small way to "a new policy-making arena characterized by the continued politicization, and emerging commercialization, of research" in which advocacy groups are playing an increasingly prominent role (p.28). Regarding this point, Feuer (forthcoming) presents the potential hazard of foundation funding in a highly competitive research environment well, positing:

> The drift among some of the largest foundations away from traditional norms of knowledge production and diffusion and toward the selective gathering of data to support programs based on partisan ideology rather than sound empirical inquiry threatens our noble ideal of research applied to the improvement of governance and advancement of the public good.

Ultimately, the role of major foundations grantmaking in K-12 education reform should be scrutinized in all aspects and from all perspectives. However, while there is an understandable sense of wariness regarding private foundation involvement in the provision of public goods, allowing potentially alarmist sentiments to override more productive avenues of inquiry and analysis should be avoided. Accordingly, outside of cases where there is compelling evidence that foundation leaders are acting for purposes of private gain, it may often be more fruitful to take foundation leaders as true believers and to focus analysis on the more nuanced albeit often less salacious ways in which foundation activities—well-intentioned or not—might negatively impact American education.

The Problem with Autonomy and Limited Accountability

Among the stronger proponents of foundations, there are often steadfast calls to preserve the autonomy of foundations. The rationale for these arguments range from libertarian sentiments that private institutions can do what private institutions please to assertions that

foundations need the ability to attempt things that might not work so that they may discover those things that might but that are either way too risky or too costly for public sector or private sector firms to attempt.

An interesting example of this argument comes from Goodin (2003) who, as discussed in the previous chapter, asserts that bases for accountability should be fundamentally different across sectors. According to this framework, accountability for foundations should be based on *intentions*, in contrast to accountability for government and corporations, which should be based on *actions* and *outcomes*, respectively. While this is a novel and notably parsimonious way to approach—or, perhaps, get around—the question of foundation accountability, it does not seem to be a reasonable one. Rather, it seems more reasonable that the activities of organizations in any sector should be scrutinized in all of these aspects with the onus for doing so increasing relative to the power and influence of any given organization.

Furthermore, in truth, the realities of intentions, actions, and outcomes are deeply intertwined and cannot be neatly divorced from one another. This is of course unless we are willing to believe that inputs are irreverent to processes which are irrelevant to outputs which, looping back, are irrelevant to inputs… and so on. Ultimately, a framework that limits one's ability to interrogate the ways in which outcomes and processes might be a function of intentions, or vice versa, seems like a poor basis on which to rest standards of accountability. Moreover, the proposal to base accountability for philanthropic foundations on intentions, in essence, gives such organizations carte blanche to do whatever they see fit as long as they can correctly answer the question, "did you want to help?" As a basis for oversight, this bar seems unjustifiably low.

Instead, when considering foundation accountability, we should looks to all aspects of foundation activity. We should ask ourselves if the magnitude and potential outcomes, both negative and positive, of what a foundation sets out to achieve and how they go about achieving it justifies their autonomy from greater oversight. Indeed, in certain respects, the high level of autonomy currently enjoyed by the large education foundations may be damaging to large-scale organized philanthropy in the long run, especially in terms of its potential to undermine the public's view of foundations' effectiveness at addressing social ills and providing public goods. As founder and editor of *Inside Philanthropy*, David Callahan (2015), plainly describes in his *New York Times* op-ed, "This lax oversight is out of step with the times and is an invitation to corruption." To highlight this, Callahan (2015) cites the recent discovery that several large cancer charities spent much of the nearly $200 million in charitable donations they received expanding the personal wealth (see Ruiz 2015). Unfortunately, misuse of non-profit finances of this sort is not uncommon (see Taggart and Hundley 2014). Similarly, one could point to the recent revelation of the troubling circumstances surrounding the Red Cross' half-billion dollar Haiti aid program that resulted in all of six houses being built (Elliot and Sullivan 2015).

Fundamentally, however, Callahan notes one main troubling trend in large-scale philanthropy outside of issues of blatant fraud or incompetent use of funds. Remarking on the lack of transparency and uneasy politics surrounding the Clinton Foundation's fundraising and spending, Callahan (2015) notes how recent inquiries into the foundation's activities highlight "another big problem with modern philanthropy: how inextricably entwined it has become with politics and ideology." Callahan (2015) describes this trend,

explaining that while philanthropic funds can often do well in providing for the public good, other times:

> So-called charitable contributions go to think tanks and advocacy shops that engage in de facto partisan warfare. Donors can get the same tax break for bankrolling a libertarian push to abolish food stamps as they do for giving to a food pantry… It's alarming how in an era of high inequality, private funders have a growing say over central areas of civic life like education and public parks, and how this influence is often wielded against a backdrop of secrecy.

Despite calls from proponents about the vital importance of foundation autonomy, the current lack of oversight for large foundations and the opaqueness this allows seems unsustainable if foundations are to continue their programs in high-stakes areas of public policy. Overall, with large organizations that deal in large sums of money with little oversight, there will always be potential for misappropriation or ill-advised use of funds. With foundations, however, this risk comes alongside a compounding concern that such questionable use of funds may come in democratically dubious incarnations.

A Sector Betwixt

Historians Karl and Katz (1981) offer keen insight with their observation that a common refrain among critics of foundation is that elites use private institutions to divert money that would otherwise be allocated through taxation and put it toward whatever purportedly altruistic efforts they see fit, divorcing democratic appropriation processes from their usual role in determining how to appropriate funds that would otherwise, if not for the privileged tax status of foundations, belong to the public. Indeed, this common critique is clearly on

display in several critical responses to foundations discussed in the previous chapter, such as those supplied by Robert Reich (2006) and the Editorial Board of the *New York Times* (2008). In popular moderate discourse, unease with foundations often cites tax-exempt status as the basis for why foundations should be more strongly regulated or perhaps even done away with. As a basis for regulation, this is problematic. The issue with this focus on tax-exempt status is that it takes a compounding factor in the potentially troubling nature of American philanthropy and magnifies it into the primary issue. Accordingly, reorienting the critical discourse surrounding foundation oversight toward addressing other dimensions of hazards and risks associated with philanthropy holds promise.

The (Non-Tax) Case for Enhanced Oversight

We can learn something about how to analytically approach the non-profit sector as well as find a better basis for oversight by interrogating the common rationale for why we regulate both the private sector and the public sector. Notably, the strongest rationales for regulating both the state and the market tend to center on how both sectors have the potential to negatively impact the public and society at large. The rationale regulating private industry can be based on recognition of the tendency of businesses toward the externalization of costs, toward the exploitation and degradation of the commons, toward monopoly, monopsony, cartels, collusion, price-fixing, and, overall, the undermining of true market competition. Furthermore, it is based on the strong predisposition of private industry to shirk responsibility for such actions and the damages resulting therefrom. Similarly, the rationale for regulating government is based on both the democratic belief that the public should have a say and stake in the decisions that are made on its behalf and the way in which those

decisions are made as well as recognition of the tendency of unaccountable authority toward corruption and abuse of power, of large organizations toward inefficiency, and of unregulated state politics toward the repression of opposition.

Importantly, both of these rationales recognize the opportunities for government and private industry to negatively impact society and, moreover, recognize the likelihood that both will avoid culpability for negative outcomes if provided the opportunity through lack of transparency and oversight. Thus, these rationales recognize the necessity of oversight to: 1) limit the likelihood of negative outcomes by discouraging or limiting incentives for them through oversight and 2) ensure that shirking responsibility for damages is prohibitively difficult and that transparency and oversight provide clear disincentives for questionable or harmful practices. Fundamentally, even though oversight both in and out of government as it currently stands may often fail to achieve these goals, the fundamental rationale behind such oversight can still nevertheless be seen as valid.

Accordingly, we should not approach the prominent role of foundations in K-12 education policy reform as demanding more regulation because they operate partly on funds that would otherwise belong to the public. This is only a compounding factor. Foundations should have enhanced oversight because of the role they play in American public life and the potential they have for harming the public in their attempts to serve the public interest and provide public goods. The fact that foundations play this role partly with the public's own money is simply a further reason for oversight. At their core, our most direct arguments for overseeing government do not rely on the fact the government operates on the tax money that it collects from us. Although this is an important factor, our primary concern with holding government accountable arises when government institutions do something, either

purposefully or inadvertently, that negatively impacts society and the lives of citizens. This is especially the case when such actions have a direct or tangible effect on us.

Likewise, we do not base our strongest arguments for regulating corporations are on whether or not we buy their products. We base our arguments for oversight on the reality that the actions of both government and private industry can harm us either intentionally or coincidentally. For example, if a child were to get lead poisoning from the paint used on toys manufactured or sold by a particular company we would not rest our case against that company on the fact that they betrayed the parents' expectations as paying customers; we would base it on the reality that the company endangered children. Similarly, if we discovered that the government understaffed the agency responsible for inspecting and regulating offshore oil rigs and that this directly contributed to a massive oil spill that caused billions of dollars in damages and hundreds of local jobs, we would not base our case on the fact that the agency or its overseers were funded by our tax dollars; we would base it on the reality that such understaffing was dangerous, the central importance of which would stand regardless of whether it occurred with or without our tax assistance. Likewise, we would not base our case against the oil company involved on whether or not they were the beneficiaries of tax breaks or on whether or not we may have at one time or another placed their product in our gas tanks, but instead on the reality that they negatively impacted public lands and private livelihoods. Accordingly, the strongest arguments for regulating the state and private industry are not based on our monetary relationship to them but rather on the recognition of the ability of large and powerful organizations to do questionable, costly, damaging things.

In the same way, the fundamental case in favor of enhanced oversight for foundations should similarly not be based on our financial relationship to them. Instead,

foundations should have oversight because of their potential to negatively impact the public in their attempts to do what they see as helpful or right. Again, this is especially the case in instances where their actions can have a direct or tangible effect on the public. Thus, it is especially important when considering the oversight of major education foundations, as their actions have the potential to negatively impact the lives of American schoolchildren and thereby the well-being of the communities of which they are a part as well as our collective future.

Other Problems with Tax-Exempt Status as a Basis for Oversight

Beyond the important discursive issues discussed above, additional problems with the centrality of tax-exempt status in arguments for increased oversight of foundations arise when one considers the practical limitations of this approach. First and foremost, regarding the harshest critics of tax exemptions for foundations, the likelihood of actually getting rid of tax exemption status for foundations—or in philanthropy generally—seems decidedly slim given the historical stability of non-profit tax exemptions as a policy norm as well as the strength of anti-tax coalitions and sentiments in America. Indeed, the difficulty of making headway on more direct tax issues, as well as the strong religious, cultural, and historical traditions of charitable giving in America can be seen as evidence of this.

Second, even if opponents of foundations were to actually achieve the goal of doing away with tax-exempt status for foundations and tax deductions for donations given to them, it would doubtfully cease their concerns with the role these large philanthropic institutions play in influencing public policy and distributing public goods. Indeed, it seems that getting rid of tax-exempt status would be unlikely to stop many foundations, especially the largest

and most influential ones, from engaging in grantmaking and philanthropy. With endowments of billions or hundreds of millions of dollars, foundations such as the Bill and Melinda Gates Foundations and the Walton Family Foundation could likely persist for decades even if not as much as a single cent was donated to them again. Furthermore, the founders and heads of these foundations, people like Bill Gates and Eli Broad—regardless of whether one agrees with their aims or methods—seem unlikely to stop putting their money toward what they see as social entrepreneurship even if the primary tax incentives for doing so cease to exist. Following the *New York Times'* Editorial Board (2008) own critical estimate, even if on average around 25 to 30 percent of donations to philanthropies and non-profits are motivated primarily by tax incentives, that leaves roughly 70 to 75 percent that are not.

Indeed, this number may reasonably be higher for the very wealthy individuals that tend to fill foundation coffers. The Center on Philanthropy at Indiana University, for example, estimates that had President Obama's proposal to reduce the tax deduction provided to donors in the highest tax bracket passed, charitable donations among the wealthy would have decreased by less than 1% (Center on Philanthropy 2011). In fact, even eschewing more serious democratic concerns, a simpler argument for significantly reducing or eliminating the tax deduction for donations to foundations might simply be that the deduction is an inducement that does not actually incentivize in the way expected and, therefore, represents an example of wasteful policy slippage. Nevertheless, even the wholesale elimination of the tax-exempt status and the tax deductions for charitable donations would seem unlikely to seriously limit the activities of philanthropists like Bill Gates and Eli Broad, who do not see themselves merely giving charitably, but rather as

pursuing a programmatic mission—misguided or not—with the weight of perceived moral imperative behind them.

Third, historically, philanthropic foundations in America have existed both within and without the bounds of tax exemptions and deductions. Throughout the Reconstruction Era and the Gilded Age, bankers and industrialists the likes of George Peabody and John Slater along with many of their associates poured millions of dollars into foundations and charitable trusts well before the first federal statute regarding non-profit organizations came into law with the passage of the Tariff Act of 1894 and, notably, much earlier than the federal personal income tax deductions even became relevant with the ratification of the 16th Amendment in 1913 (Arnsberger et al. 2008).

Fourth, the tax-exempt status of philanthropic foundations is arguably a problem of a lower order in the broader scope of America's tax revenue issues. In sheer terms of tax revenues directly lost to foundations, even the tens of billions of dollars of tax-deductible donations that can be expected to transfer from the very well-to-do elite to philanthropic foundations in the coming years will be a veritable drop in the bucket compared to overall governmental tax revenues and expenditures. Indeed, the tax revenue lost to foundations pales in comparison to government subsidies across many industries. For example, a recent study by the left-of-center Center for Tax Justice finds that federal industrial tax subsidies in 2012 amounted to roughly $70 billion (McIntyre, Gardner, and Phillips 2014). This is compared to an estimated $7.8 billion in lost revenue associated with foundation grantmaking.[5] Perhaps a more illustrative example, according to the U.S. Department of

[5] Based on $22.35 billion in overall grants in 2012 derived from donations that have a 35% deduction. This is a rough estimate as the initial tax-deductible donations can fluctuate in value through investment and financial management of foundation endowments. Data retrieved from http://data.foundationcenter.org/#/fc1000/subject:all/all/total/list/2012.

Energy, direct federal energy subsidies in 2010 totaled $38.0 billion (U.S. Energy Information Administration 2015). In comparison, for the same year, revenue lost to philanthropic grantmaking in the area of elementary and secondary education came to only 1.5% of that amount or $552.0 million.[6]

Fifth and finally, considering the myriad of alternative ways in the American tax system for elites to shelter their personal wealth from taxation, transferring wealth to philanthropic foundations that engage in grantmaking in areas of education, science, and public health seems to be among the more honorable options. Accordingly, focusing on the tax-exempt status of foundations as a primary point of contention and reason for greater accountability may be somewhat misguided as the use of charitable tax deductions, even at its most calculated is, in comparison to other available means, arguably more palatable. Accordingly, adopting an approach to foundation oversight that focuses on understanding and showing the risks and outcomes—both negative and positive—of major grantmaking to public stakeholders may prove more fruitful than focusing primarily on issues of tax exemptions and revenue loss.

Conclusion

Importantly, the argument above should not be taken as assertion that the issue of tax exemptions and deductions in the debate over foundations is unimportant or should be disregarded. This is not the case. Again, the fundamental issue is not that foundation activities are partly funded with money that would otherwise be allocated to the public via

[6] Based on $1.58 billion in grants in elementary and secondary education in 2010 derived from donations that have a 35% deduction. A rough estimate as the initial tax-deductible donations can grow in value through investment and financial management of foundation endowments. Data retrieved from http://data.foundationcenter.org/#/fc1000/subject:education/all/total/list/2010.

taxation, but rather that foundations actively seek to influence policy areas and underwrite and guide reforms that stand to have a substantial and potentially negative impact on public life. Nevertheless, their tax-exempt status is an important compounding factor. Moreover, tax status is essentially the only existing policy instrument that directly affects foundation grantmaking capacity.

Thus, when considering the issue of foundation accountability, we should still consider the extent to which tax-exempt status for any given foundation is deserved or purposive even if tax-exemption is not the primary issue or basis for oversight itself. We should scrutinize the extent to which the public is getting anything in exchange for what it provides to foundations. Indeed, there should be some sense of quid pro quo between foundations and the public in whose interest they are legally obligated to work. The tax-exempt status given to foundations as well as the associated deductions provided to donors should not be, for lack of a better word, charity. As philanthropy critic and president of Democracy Alliance, Gara Lamarche (2014) explains:

> The question is not whether many good things are accomplished with the money excluded from taxation for philanthropy. The standard is whether the record of philanthropy justifies the foregone tax revenue that in our current dire fiscal state could be used to keep senior centers and libraries and after-school programs open, hold tuition within reach at public colleges and universities, expand Internet access in rural communities, and on and on.

However, if public stakeholders are to reasonably consider the extent to which the tax exempt status afforded to education foundations benefits society, providing the public, press, and policymakers with a means to better understand the risks, potentials, and outcomes of major foundation grantmaking is vital. This is where transparency can help.

III. PHILANTHROPY AND TRANSPARENCY

A PROPOSAL FOR ENHANCED DISCLOSURE

The preceding chapter argued the case for increased foundation oversight based on addressing the risks and potentially negative impacts of private foundation involvement in K-12 education reform, and also sketched the potential for incorporating expertise and deliberation into oversight. This chapter follows that discussion by proposing the establishment of a cooperative transparency program for major foundations and grantmaking in K-12 education reform. This proposal asserts that increased transparency in the role foundations play in K-12 education reform would offer a low-cost, feasible approach to openness that would provide benefits to both the public and foundations alike without adversely impacting foundation autonomy or innovation.

The Limits of Regulatory Control and the Potential of Transparency

Thus far, this paper has focused largely on the risks and hazards associated with the increasingly prominent role of private foundations and venture philanthropy in K-12 public education reform. From this perspective, although education philanthropy can often be effective and provide fertile ground for innovative success, it also holds the potential for ineffectiveness and educational disruption. Lamentably, this outcome seems especially likely in a highly politicized and ideologically education policy reform environment where conflicting claims about reform effectiveness are used to justify grant programs even when they are often not sufficiently buoyed by empirical evidence. Accordingly, this paper advocates for increased transparency for major foundations engaging in K-12 education

reform with the aim of helping to provide insight into the risks and challenges associated with venture philanthropy style big-risk/big-reward grantmaking. This transparency and insight would have great utility in understanding the nature of reform opportunities for America's public school systems, particularly those in disadvantaged areas that are commonly the targets of large-scale foundation supported reform efforts such as those we have seen in Washington, D.C. and Newark in recent years.

However, the dilemma for transparency lies in how to balance protecting America's public school system from the potential unintended consequences of foundation reforms while simultaneously not stifling foundation autonomy and fostering an environment for innovative education policy proposals that federal or state governments may be unwilling or unable to act on. Indeed, a transparency approach is key because it acknowledge the limits of hard regulatory control in the realm of private philanthropy, an area where the historical policy norm has been to grant foundations substantial institutional autonomy and where there is today likely little political feasibility for instituting direct regulation in the face of a gridlocked political environment where limited public resources seem stretched thin and policy retrenchment looms high. Accordingly, this paper proposes a route to greater openness in K-12 grantmaking that stresses transparency over control.

Overall, the goal of this proposal would be to provide the public, the press, policymakers, and education professionals with relevant information and data on major education foundations and their grantmaking programs, while also providing major education foundations with an opportunity to provide insight into the important role they play as leaders of K-12 education reform. As a hortatory instrument, it would also ideally help to spur greater collaboration in evidence-based education reform between foundations

themselves as well as the public. The proposal draws inspiration from several sources both within government and civil society both inside and outside the United States. It looks to transparency and accountability systems in other countries, such as the UK's Charity Commission or the Netherlands' Central Bureau on Fundraising (CBF), as well as governmental and civil society oversight in America, such as the Foundation Center's Glass Pockets initiative, to locate potential inroads into enhanced transparency for major education foundations.

Why Transparency?

Proponents of venture philanthropy assert that foundations can play an important role in public policy "as instruments of greater transparency, heightened accountability, and improved governance of public institutions" (Anheier 2009, p.1082). Indeed, many of the reform programs that the major education foundations pursue, such as increased testing, data system expansion, and performance-based teacher evaluation reforms are based on the idea that increased transparency in the U.S. public education system is both important and beneficial. Critics like Ravitch (2011), on the other hand, posit that while foundations call for increased transparency and accountability, they are not subject to any commensurate level of transparency or accountability.

Applauding the efforts of foundations to increase transparency in public institutions, Anheier (2009) argues that foundations that pursue transparency in government "serve as a tool for increased government effectiveness by improving public service delivery and more informed policy design," noting that foundation supported "social accountability mechanisms enhance the availability of information, strengthen the potential for citizen

voice, and promote dialogue and consultation" (p.1088). However, among the foundation community, there are understandably mixed feelings about augmenting transparency for foundations themselves, with some leaders supportive of such measures to facilitate trust, dialogue, and understanding between grantmakers and stakeholders and others averse to opening up an inherently high-risk/high-reward area to increased and potentially stifling scrutiny. This chapter seeks to address both of these perspectives and argues that the benefits to both the public and non-profit sector of increased transparency efforts for foundations outweigh their minimal costs. Indeed, a more focused public reporting program would increase information availability and facilitate trust in foundation involvement in K-12 education reform and promote dialogue, understanding, and context-informed policy design.

What Does Transparency Mean?

Before elaborating on specific transparency and reporting approaches that could be aimed at major K-12 education foundations, it is important to pin-down the concept of transparency itself. In particular, clearly addressing the conflation of transparency with other more direct accountability measures represents an important step to assuaging the sense of trepidation among some critics and foundation leaders that greater transparency would negatively impact foundation autonomy.

Koppell (2005) provides a good starting point for delineating between transparency and other forms of oversight in the broader umbrella of accountability. Koppell (2005) asserts that accountability exists across five discrete dimensions of 1) transparency, 2) liability, 3) controllability, 4) responsibility, and 5) responsiveness. Accordingly, Koppell

(2005) holds that "for each dimension of accountability, a critical question is articulated… [that] is the practical extension of the concept" (p.96). These questions are:

> 1. Transparency: Did the organization reveal the facts of its performance?
> 2. Liability: Did the organization face consequences for its performance?
> 3. Controllability: Did the organization do what the principal desired?
> 4. Responsibility: Did the organization follow the rules?
> 5. Responsiveness: Did the organization fulfill the substantive expectations (demand/needs)? (p.96).

In this schema, while transparency provides the foundation of accountability as a concept in the sense that it calls for an organization to account for its actions in a descriptive way, it is itself distinct from accountability's regulatory and punitive dimensions. Thus, according to Koppell (2005) transparency can be both "the literal value of accountability, the idea that an organization must explain or account for its actions" as well as "an end in itself" that does not presuppose punitive action, but rather only demands openness and information availability (p.96).

Ball's (2009) research further helps to parse out the distinction and interrelatedness of transparency to other forms of accountability present in Koppell's (2005) five-dimensional framework. Ball (2009) notes that across applications:

> The definition of transparency reveals three metaphors: [1] transparency as a public value embraced by society to counter corruption, [2] transparency synonymous with open decision-making by governments and nonprofits, and [3] transparency as a complex tool of good governance in programs, policies, organizations, and nations. In the first metaphor, transparency is subtly intertwined with accountability. In the second, as transparency encourages openness, it increases concerns for secrecy and privacy. In the third, policymakers create transparency alongside accountability, efficiency, and

> effectiveness… Transparency is becoming an unofficial mandate by the public and is often a legal mandate (p.293).

Building on these conceptualizations, the argument for transparency presented in this chapter is fundamentally interested in Ball's (2009) second metaphor of transparency. Accordingly, it values openness as what should be the essence of increased transparency for foundations involved in K-12 education reform. Importantly, in terms of Koppell's (2005) framework, this paper is not invested in the liability dimension of accountability. This paper holds that the public, the press, and policymakers should have more information and insight into the nature and outcomes of foundation involvement in public education system as they have a fundamental vested interest in that system. It does by no means hold that private foundations should be forced or expected to guarantee results in their grantmaking, an expectation that would be both unrealistic and constricting. Indeed, by the very nature of venture philanthropy, there will be both successes and failures, wherein even the failures can be purposive in finding what approaches to reform are not fruitful. As one foundation leader speaking at a Philanthropy for Active Civic Engagement (PACE) meeting described, "You can experiment and learn things, and maybe not have a grand success but advance the field, because you've learned things, and taken risks, and tried things that other people wouldn't do. Isn't that part of how we should define success in philanthropy?" (quoted in Rourke 2014, p.11).

In other words, this paper and its proposals do not advocate for punitive accountability reforms for private foundations. Indeed, the argument presented here recognizes the potential for punitive regulation to discourage promising but inherently risky grantmaking programs and reform efforts that cannot reasonably be expected to find funding

elsewhere in the private or public sectors where financial and political liabilities are too often prohibitively high. Instead, this chapter argues that foundations should, as the speaker above puts it, “be owning” their grantmaking, with one aspect of this being making more information and data available to the public to facilitate understanding and trust in K-12 education reform. This will help facilitate greater learning from unsuccessful grantmaking and also help successful grantmaking to be more effectively and fluidly leveraged.

Philanthropic Transparency in a Comparative Perspective

Although the scale of private foundations in the United States is quite impressive, philanthropy is a global phenomenon. Thus, while the American philanthropic landscape presents its own unique set of concerns and contours for transparency in grantmaking, transparency programs and policies in other countries provide fertile ground for insight into different governmental and civil society approaches to greater openness.

Netherlands

Unsurprisingly, many examples of foundation transparency programs come from post-industrial countries in Europe where, similar to the United States, philanthropies historically grew up alongside industrialization to address the growing pains of economic development. Many of these oversight approaches involve self-regulation and public-private partnerships, while a handful utilize direct governmental oversight. Bekkers (2003), for example, explores the voluntary public-private partnership transparency and oversight model utilized in the Netherlands. Bekkers (2003) notes that, in response to a decline in public trust in philanthropy in the wake of a growing number of scandals in the non-profit sector at the turn

of the 21st century, philanthropic organizations in concert with representatives of Dutch municipalities, made a push to formalize oversight for philanthropies. At the time, public confidence in philanthropy in the Netherlands had dipped below 50%, with many noting a lack of adequate information on philanthropic spending as a contributing factor. To increase transparency, Dutch representatives and the Centraal Bureau of Fondsenwerving (CBF), a long standing non-profit sector watchdog organization, introduced the CBF accreditation system and seal.

The CBF accreditation system holds philanthropies to a formalized set of standards that must be satisfied as a basis for accreditation and use of the CBF Keur, a seal that provides a clear and recognizable signal of transparency and trustworthiness to the public and other stakeholders. While some of these standards focus on administrative costs and conflict of interest issues, many of the standards focus on transparency, openness, and information availability. For accreditation, philanthropies must:

> - Publish an annual report to the public, according to the rules of the CBF, specifying costs and so on, including an accountant's report and a policy evaluation.
> - The board must publish a policy plan for the coming years, in which the policy, the activities, and the expenses are described clearly.
> - Be evaluated every five years by the CBF. (Bekkers 2003, p.601)

Overall, the CBF represents a promising transparency model for private foundations that utilizes a true public-private partnership approach. Notably, the CBF's governing board consists of philanthropic sector leaders as well as representatives of Dutch municipalities, reflecting both proactive sector self-regulation and legitimate state involvement (CBF, nd).[7]

[7] For more information, please see CBF FAQ: http://www.cbf.nl/veel-gestelde-vragen/

Similarly, the CBF itself is monitored by the Dutch Accreditation Council (RvC), a private organization appointed by the Dutch Government to oversee accreditation bodies—in accordance with European Regulation 765/2008, each European Union member state must has a national accreditation overseeing body—further reflecting this approach (RvC, nd).[8] Funding for the CBF likewise reflects this combination with roughly two-thirds of funding coming from philanthropies themselves and most of the remaining third coming from local and national government (CBF, nd). In terms of measurable effectiveness, surveys indicate that CBF approval not only increases stakeholder trust in accredited philanthropies, but knowledge of the accreditation system existing also increases trust in philanthropy generally among Dutch citizens (Bekkers 2003). Furthermore, the CBF's hybrid approach appears less costly in terms of reporting and adherence costs compared to other, more-direct governmental oversight programs such as the UK's Charity Commission.

Germany

Anheier, Hass, and Beller (2013) find that Germany represents a somewhat unique case in how accountability and transparency are approached. Overall, they find that "both accountability and transparency requirements in the German nonprofit sector are rather low and largely part of formalistic reporting to tax authorities" but that despite "a general paucity of available information on nonprofit organizations" there is "a lack of political will among non-profit representatives and policymakers to change the status quo" (p.69). Indeed, the lack of systemic information on philanthropic organizations available to the public is particularly notable in Germany because the perfunctory disclosure required of philanthropies is done under a veil of tax secrecy wherein philanthropic organizations are

[8] For more information, please see RvA FAQ: https://www.rva.nl/en/our-organization/about-the-rva

only required to report general information to the government, but do not have to make it publicly available.

Anheier et al. (2013) generally attribute the persistence of this codified opacity in Germany's philanthropic sector to limited awareness among stakeholders and the public as to the potential problems these institutional relations pose for accountability and transparency as well as a generally optimistic view of philanthropic performance among German citizens. Importantly, this limited awareness coupled with general trust in non-profits present in Germany is not reflected in many other countries, such as the United States, where not profits play a similarly robust role in civil society. In the United States, for example, the public appears decidedly uncertain about the philanthropic sector. A 2008 Brookings Institute study, for example, found that only 16% of the American public has a high level of confidence in charitable organizations with 34% having little or no confidence (Light 2008). Similarly, perceptions of effectiveness in the philanthropic sector also show uncertainty with the percentage of Americans who believe that philanthropies do a very good job of spending their money wisely steadily dropping by 10% between 2003 (34%) and 2008 (25%) (Light 2008). Lamentably, these findings are unsurprisingly reflective of the broader decline in public trust for American institutions that has occurred over the past several decades (Gallup 2015).

Nevertheless, Anheier et al. (2013) note that the lack of public awareness coupled with general confidence in the German system is not without its positives in the German context. Overall, it appears to allow for a seemingly cost-efficient oversight system that has limited bureaucratization. However, they highlight one glaring drawback in this perceived efficiency: It cannot actually be tested. Because both German philanthropies and the German

tax authorities operate under the veil of tax secrecy and are not legally required to release philanthropic tax information, there is no publicly available systematic data on philanthropic effectiveness or deficiency, nor even systematic data on cases of abuse or fraud. Accordingly, Anheier et al. (2013) conclude, "empirically, we can neither assess nor attest that systemic accountability problems exist" (p.78). Furthermore, Anheier et al. (2013) assert that this lack of publicly available information may be more likely to leave public perceptions of philanthropy up to the vagaries of media coverage. Indeed, they see one potential outcome of the current oversight regime as leading to an uptick in accountability problems followed by growing calls for more stringent accountability. Accordingly, they suggest that philanthropies in Germany may want to be more proactive in approaching the potential for greater self-regulation and transparency within the current system.

United Kingdom

Of all of the European oversight systems for foundations and non-profits, the United Kingdom has arguably the most formalized. Importantly, the UK system diverges from many of its other European peers by relying primarily on mandatory governmental oversight as opposed to the more common mixture of voluntary self-regulation from within the philanthropic sector and limited tax filing with the state. Moreover, the UK system is somewhat unique from many of its European counterparts as it does not rely on its national tax authority (Her Majesty's Revenue and Customs or HMRC) for primary oversight of tax-exempt non-profits. Instead, it delegates this authority to a separate government agency, the Charity Commission.

The Charity Commission is a long-standing public regulatory agency in the UK. It has its institutional roots in the Charitable Trusts Act of 1853, while its current incarnation was established by the Charities Act of 2011. It lists its institutional priorities as "[1] public confidence in the charity sector; [2] the sector's compliance and accountability; [3] the self-reliance of individual charities" (Charity Commission, nd).[9] Essentially, it is the governmental body responsible for registering all charities in England and Wales. In terms of transparency, it requires that philanthropies report to the Charity Commission their 1) governing documents, 2) list of trustees, 3) financial statements, 4) evidence of philanthropic activity through annual returns, accounts, and reports. The Charity Commission then makes this information available to the public. Importantly, the Charity Commission also has substantial monitoring and regulatory powers that extend beyond the perfunctory reporting requirements common to many other countries' oversight systems.[10]

The Charity Commission regularly monitors the activities of individual philanthropies. In 2012-13, the Charity Commission opened up over 1,500 cases monitoring compliance of philanthropies with governmental rules and regulation alone (Charity Commission 2013a). In cases where there appears to be notable non-compliance, the Charity Commission opens a preliminary investigation of the organization in question (87 opened in 2012-13) which can advance into a full statutory inquiry with court proceedings (15 opened in 2012-13). Based on the outcomes of these proceedings, the Charity Commission has substantial power and authority to apply corrective measures to the philanthropic

[9] For more information, please see the UK Charity Commission FAQ: https://www.gov.uk/government/organisations/charity-commission/about

[10] From an academic and research perspective, the information and data made available through the public reporting and transparency required by the Charity Commission for the philanthropic sector can also provide useful insight into broader economic trends in the UK in a way that may not be possible in the US and other countries with more limited transparency requirements (Clark 1998).

organization involved, including but not limited to: "restricting the transactions that a charity may enter into, appointing additional trustees, 'freezing' a charity's bank account, suspending or removing a trustee, [and/or] appointing an interim manager" (Charity Commission 2013b). Furthermore, in terms of philanthropic transparency, the Charity Commission publishes annual reports providing not only general and detailed statistics on philanthropic sector compliance but also detailed case studies of formal inquiries. Overall, in terms of both its transparency requirements for philanthropic organizations as well as its hard regulatory authority, the Charity Commission is substantially more expansive in its authority compared to the US and many of its European peers where governmental oversight tends to involve mostly perfunctory tax reporting.

Based on these monitoring characteristics and broad set of regulatory powers, Bies (2010) finds that the UK system represents a fundamentally different model for philanthropic oversight compared to most European countries. Bies (2010) holds that while many European countries rely on what she refers to as the compliance model of philanthropic oversight characterized by weak public regulation of an established philanthropic sector, the UK system with its strong mandatory oversight and transparency policies represents an "adaptive model… where the nonprofit sector is well established but self-regulation design shifts in response to changes in public regulation" (p.1). Essentially, Bies (2010) argues that the strength or weakness of a country's governmental oversight system fundamentally impacts the nature of philanthropic sector self-regulation within that country. Accordingly, Bies (2010) finds that sector self-regulation in countries with weak governmental regulation "can be rooted in mistrust… [where] monitoring and feedback systems can be alternatively superficial or heavy handed" (p.11).

Thus, proponents of stronger public accountability systems note that a lack of formal governmental oversight can counterproductively create a sort of vacuum of unaccountability, resulting sense of distrust born from a lack of systematic transparency. In turn, Bies (2010) argues that this can produce reactive calls from within the philanthropic sector for industry self-regulation with regulatory schemes that often end up being more intrusive than formal governmental oversight while simultaneously being less enforceable given the absence of legislative mandates. Ultimately, this outcome does little to address the underlying issues of opacity and distrust. However, Bies (2010) finds that philanthropic self-regulation in countries that provide a solid basis of governmental regulation, such as the Charity Commission does in the UK, tends to be more "proactive" and better designed to "stimulate non-profit performance" (p.10). Importantly, however, it should be noted that this aspect of philanthropic oversight is often difficult to systematically measure across countries where data availability varies and where the underlying propensity for regulatory pressure is in part dependent on varying cultural norms and values. Still, this appears to be because philanthropies have incentive to use the pre-existing substantive bedrock of mandatory public oversight as a starting point for enhanced self-imposed transparency given a context wherein opacity is not a viable option.

Canada

In North America, Canada's approach to transparency in foundations is intriguing in its similarities and differences to the American system. Glass and Brouard (2015) find that while some Canadian foundation leaders have become increasingly receptive to proposals to increase transparency in recent years, there is still limited progress. Currently in Canada,

foundations are legally required to publicly report tax forms, grant recipient lists, board member lists, and basic mission statements. The Canada Revenue Agency (CRA) then makes this information publicly accessible and searchable by individual foundation on their website (CRA, nd).[11] In addition, foundations are required to privately provide audited financial statements, officer information, corporate records, and grantee reports to the Canada Revenue Agency and limited stakeholders for internal recordkeeping and auditing purposes. Glass and Brouard (2015) note that increased media attention on Canadian foundations have heightened calls among foundation leaders to make this latter set of information publicly available as well. As former president of the Gordon Foundation, Patrick Johnston (2012) asserts, this is partly out of concern that "if a foundation doesn't define itself in today's 'open source' world of hyper information, it will be defined by others" (p.36).

This represents a gradual progression toward increased transparency for foundations in Canada with much of the current transparency requirements being put into place alongside budgetary legislative changes in 2004 (Hayhoe 2004). Nevertheless, broad trends in foundation transparency in Canada are concerning. As Glass and Brouard (2015) note, with over ten thousand registered foundations in Canada, "many continue to follow a tradition of working under the radar" and the majority lack even so much as a website to indicate their presence to the public (p.13). In a sign of progress, roughly half of the members of the Philanthropic Foundation of Canada, a collection of roughly 120 prominent Canadian foundations, now have websites and the organization itself has become more vocal about proactive information dissemination on the part of foundations. Furthermore,

[11] For more information, please see the Canada Revenue Agency (CRA) charity listings search: http://www.cra-arc.gc.ca/chrts-gvng/lstngs/menu-eng.html

receptive Canadian foundations and non-profits have begun collaborating on transparency policies through civil-society initiatives like Imagine Canada's Sector Source project, a program that provides voluntary standards for good governance policies and a tiered accreditation system based on foundation size for to interested third sector organizations (Sector Source, nd).[12] Nevertheless, Glass and Brouard (2015) note that these calls for transparency and proposals for sector self-regulation might be met with limited adoption "in light of the tradition of many foundations to stay out of the spotlight even while they support the public good" (p.10).

Philanthropic Transparency in the United States

As is the case in many countries, governmental oversight of foundations in the United States is both limited and relegated primarily to its national tax authority while civil-society organizations offer auxiliary support. The following sections describe the legal public reporting and regulatory requirements for private foundations as well as existing approaches to self-regulation and transparency within the philanthropic sector.

Governmental Oversight and Transparency Policy

As discussed in previous chapters, the Internal Revenue Service categorizes private foundations as tax-exempt 501(c)(3) organizations alongside many other charitable nonprofits. In exchange for this organizational classification and its privileged tax status, private foundations must apply and register with the IRS and operate as grantmaking institutions for the advancement of charity, religion, education, science, art, and/or public safety. When applying for 501(c)(3) status, foundations are required to provide the IRS with

[12] For more information, please see Sector Source FAQ: http://sectorsource.ca/about

copies of their trust agreement, corporate charter, and articles of association, but are not required to disclose their internal governance policies to the IRS (IRS 2015a).

In terms of formal transparency and public reporting for philanthropic activities, foundations are legally required to annually file Form 990 tax returns and make them publically available upon request. The IRS's foundation disclosure policies are as follows:

> Exempt organizations must make available for public inspection certain annual returns [990s] and applications for exemption [tax letters], and must provide copies of such returns and applications to individuals who request them. Copies usually must be provided immediately in the case of in-person requests, and within 30 days in the case of written requests. The tax-exempt organization may charge a reasonable copying fee plus actual postage, if any. The IRS must also make this same information publicly available (IRS 2015b).

The Form 990 itself provides a range of general financial information on individual private foundations including foundation revenue, expenses, capital gains, net assets changes, and executive compensation. Also, with the changes made to Form 990 in 2007, foundations are now required to attach supplemental financial statements to their returns, but they are not required to be audited statements (IRS 2015c). Notably, this somewhat lax requirement has generated some criticism and uncertainty about the systematic reliability and accuracy of this financial information contained in 990s, with the Financial Accounting Standards Board (FASB) noting that certain sections of the Form 990 are not adequately supported by generally accepted accounting principles (Smith and Euwema 2015).

In addition to this financial information, foundations must also provide a general description of their overall grantmaking programs for the Form 990, although these

descriptions can be quite brief and unspecific. For example, the Gates Foundation described its US grantmaking program in 2012 as:

> US PROGRAM - CONDUCTED AND EVALUATED RESEARCH ON ISSUES OF INTEREST TO THE FIELD OF EDUCATION AND FAMILY HOMELESSNESS ASSISTED ORGANIZATIONS WORKING IN THE AREA OF EDUCATIONAL IMPROVEMENTS IN ASSESSING PROGRESS ON CURRENT PROJECTS, CONDUCTING BUSINESS PLANNING, COMMUNICATIONS SUPPORT, AND TECHNICAL SUPPORT (Bill & Melinda Gates Foundation 2012).

Additionally, in terms of grant-level information, foundations must provide for each grant given in that tax year: 1) the name and address of the recipient; 2) the relationship of the recipient to the foundation if they are an individual (this is rarely the case with major foundations); 3) the non-profit classification of the recipient; 3) a brief description of the purpose of the grant; and 5) the amount of the grant. This is the only grant-level data that foundations are legally required to publically report.

There are notable issues with this. First, the "Purpose of Grant" sections on Form 990s often do not provide any substantive information on an individual grant's specific purpose. For instance, the Gates Foundation now labels essentially all of their K-12 education reform grants as being for "COLLEGE READY EDUCATION." This leaves the public and outside observers with no readily accessible or meaningful way of identifying, understanding, or even differentiating grantmaking intent between many of the foundation's grants. Moreover, 990s themselves may not be a particularly effective way of providing transparency to the public as they are themselves primarily intended for financial and tax reporting purposes. Indeed, leaders in the philanthropic sector have grappled with the

seemingly limited utility of 990s as a means of transparency. For example, the former president of the National Charities Information Bureau, Bill Massey, has argued "The 990 is useless as a… public relations piece. What does the public know about reading a 990[?]" (quoted in Bothwell 2001, p.10).

Furthermore, it is worth noting that, while the IRS does make 990s publicly available, they do not make them accessible online. If an individual wants to get this information directly from the IRS, they must fill out a formal Request for Public Inspection or Copy of Exempt Organization IRS Form (Form 4506-A) and mail it to the IRS (IRS 2015d). Thankfully, a select few non-profits dedicated to providing resources for and about foundations, most notably the Foundation Center and GuideStar, collect Form 990s and make those from the most recent years publically available online, a notable display of philanthropic sector self-regulation in the US.

Sector Self-Regulation and Transparency in the US

As is to be expected, transparency and public reporting through civil society organizations and foundation self-regulation in the US are quite mixed. Behn et al. (2007) note that while smaller organizations tend to be more hesitant or perhaps just less well equipped for public disclosure, voluntary transparency is more common among larger philanthropies, although this can be influenced by a number of factors including connections to lobbying and campaigning. Importantly, the ease of information dissemination on the internet has made transparency easier for foundations that are interested. Lynn and Smith (2005), for example, highlight that many philanthropies have begun posting their Form 990s on their websites in lieu of providing paper copies. Saxton and Guo (2011) similarly find that many foundations

are now posting more grantmaking information on their websites, although grant impact data remains one of the least reported types of information. However, not all foundations are as receptive to utilizing the transparency capabilities of the internet. Karoff (2004) notes that while some major foundations "publish their research and other work, including program evaluations on their websites… Others stonewall public information and, as a matter of policy, do not disclose or communicate beyond the bare bones of the legal requirements" (p.5-6).

On the other hand, as some foundations continue to resist public inquiry, a handful of civil society organizations have played an important role in making information about foundations and their grants more accessible to the public. Organizations like the Foundation Center and GuideStar provide general profile information about foundations in their searchable databases as well as links to foundation websites and recent From 990s. These databases also provide some additional information on foundations, but with much of it behind a paywall. The Foundation Center, for example, provides searchable grant-level data on individual foundations for those with a paid subscription. Nevertheless, even these paid databases have one significant drawback—they are largely limited to the information that foundations are already legally required to report in their Form 990s.

Thankfully, these civil society organizations have also made efforts to advance greater voluntary transparency among foundations. The Foundation Center's Glass Pockets project arguably represents the most promising and visible of these initiatives. Established in 2010 in pursuit of increased openness in grantmaking, Glass Pockets provides a full set of disclosure standards for foundations interested in enhanced public transparency. The disclosure standards for Glass Pockets cover six categories of foundation operations: 1)

Basic profile information, 2) Foundation governance policies and information, 3) Staffing policies and information, 4) Grantmaking information, 5) Performance measurement, and 5) Financial information.[13] Promisingly, while overall adoption of Glass Pockets has been understandably limited, among the 76 foundations participating are some of the largest involved in K-12 education reform, including Gates, Rockefeller, Kellogg, Packard, MacArthur, Hewlett, Annenberg, and Ford. However, Glass Pockets suffers from one notable drawback—the Glass Pockets website itself does not contain much of the disclosure information, but rather only supplies links to this information on individual foundation websites. Therefore, it does not truly provide a consolidated transparency database for willing foundations, but instead only a sort of hub for many fragmented sources of information with potentially outdated or non-functioning links. Nevertheless, the receptiveness to greater transparency apparent in the willingness some of the largest education foundations to participate in an initiative such as this presents a promising inroad into a more focused transparency program for major foundations.

Inroads to Enhanced Transparency in the United States

The current, somewhat fragmented transparency system for major education foundations in the United States presents significant room for improvement. This section examines the

[13] The particular areas of disclosure for each of these categories in the Glass Pockets initiative are as follows:
Basic Information: contact information, mission statement
Governance Policies and Information: bylaws, committee charters, code of conduct policies, conflict of interest policies, board of directors list
Staffing Policies and Information: whistleblower procedures, executive compensation process, diversity practices, key staff list, key staff biographies.
Grantmaking Information: grantmaking process, grantmaking strategies/priorities, searchable grants database and categorized grants list, statement regarding how economic conditions affect the foundation's grantmaking.
Performance Measurement: assessment of overall foundation performance, knowledge center, grantee feedback mechanism, grantee surveys.
Financial information: audited financial statements, Form 990 or 990-PF, investment policies.
For more information, please see: www.GlassPockets.org

potential to incorporate aspects of other accountability systems into the current mix of legal and voluntary transparency measures in the United States.

What Can Be Learned from Other Systems?

The mix of mandatory governmental transparency requirements and voluntary civil society programs in the United States presents certain similarities with systems in other developed countries. However, many of these systems also present alternative approaches to transparency that may hold promise for increased transparency in the United States.

The Netherlands, for example, boasts a superior, more thorough public reporting system than the US system, but its public-private partnership model suggests compatibility with America's well-established mix of government and civil society oversight. Furthermore, its mixed funding formula wherein most of its funding comes from philanthropies themselves with only supplementary support coming from the government holds promise in the American context where political gridlock and limited resources may render extensive state funding difficult to attain. However, the Netherlands' extensive accreditation system would likely not map as well to philanthropic oversight in the US, where foundations have historically been afforded substantial autonomy and might be resistant to the notion of being formally "approved" by outside entities, voluntarily or otherwise.

Similarly, the UK system holds promise in its formalized, mandatory public reporting measures, but the blanket oversight and regulatory powers of the Charity Commission would likely be politically infeasible to implement in the United States where there is a substantially different historical tradition regarding the insulation of private

property from the state. Moreover, the way the Charity Commission's transparency measures largely apply to foundations independent of size would likely not map well to the US where it could be burdensome on smaller local and family foundations that may be ill equipped or too understaffed to deal with higher levels of public reporting. This is especially notable when taking into consideration that small foundation grantmaking is not of the same magnitude and does not tend to be of the same big-risk/big-reward type as the grants made by major foundations.

The Canadian transparency system presents important parallels with the American system in the way that it includes government mandated but relatively perfunctory public tax reporting mixed with voluntary and somewhat fragmented sector self-regulation via civil-society organizations. In particular, Imagine Canada's tiered transparency/accreditation program represents a transparency program that could be adapted and incorporated into the US system. The program's tiered approach requires higher levels of transparency based on the size of participating organizations. In this way, the tiered approach presents a means to facilitate greater openness for the largest foundations while at the same time avoiding potentially onerous requirements for smaller foundations.

Finally, the German system would represent a regression in terms of philanthropic transparency if it were to be applied to the US. The German system of tax secrecy would provide us with little information outside of that which foundations volunteered. This would severely limit public insight into major grantmaking, much less any sort of systematic analysis. While this system might be workable in Germany, where public confidence in the philanthropic sector is comparatively high (Anheier, Hass, and Beller 2013), it would likely

not be tenable in the US where public confidence in philanthropy is significantly lower—something that increased transparency could help to combat.

The Transparency Proposal

In light of the discussion above, this section of the paper provides a proposal for enhanced transparency for major foundations involved in K-12 public education reform in the US. In essence, it proposes the establishment of a public-private partnership program between existing civil society organizations like the Foundation Center and the US Department of Education to create a consolidated transparency website and database for the largest education foundations. It also proposes that the partnership overseeing this endeavor would hold an annual deliberative panel focusing on the largest grants in K-12 education reform to provide context and insight to the public, press, and policymakers about the current state of high stakes education philanthropy. Overall, this proposal presents an opportunity for major education foundations to facilitate understanding among the public as to the challenges of K-12 education reform and to help generate trust and confidence. The discussion below addresses some critical questions about the nature of this proposal.

What Foundations/Grants Would Be Included?

The initiative proposed here is focused on the largest education foundations. For feasibility and adoption, it is important that a transparency program that requires the cooperation of foundations only target those foundations that should be reasonably equipped in terms of resources and staffing to meet transparency standards that are notably higher than what is currently legally required. Essentially, focusing on the largest education foundations will

help to ensure that increased transparency will not be cost prohibitive for participating foundations. It will also help to avoid what Anheier and Hawkes (2009) refer to as accountability syndrome, depressed philanthropic output resulting from organization spending greater resources on overly burdensome accountability measures that they are ill-equipped to meet. Accordingly, this proposal is aimed at increasing transparency for foundations involved in K-12 education reform with endowments of $1 billion and above. These foundations are among the most professionalized and best equipped to meet greater public reporting demands as they already have much of the necessary transparency information available internally as a result of their daily grant management activities.

By the numbers, there are currently fewer than one hundred foundations involved in K-12 education reform with endowments over $1 billion.[14] To provide context, this number is in comparison to a total of 1,215 foundations operating in K-12 education with endowments of $50 million and above—foundations that would still generally be considered quite substantial.[15] Moreover, only grants that are of a substantial size ($250,000 and over) and directly related to K-12 education should be subject to increased disclosure in order to avoid high reporting costs and unnecessary efforts on smaller grants as well as grants that fall outside the purview of public education. Ultimately, by focusing on this subset of foundations and grants, this proposal would increase information availability and transparency on major K-12 education grants while avoiding undue strain on smaller foundations and more traditional charitable grants.

[14] Eighty-eight foundations total. Data retrieved via Foundation Search: http://www.foundationsearch.com/index.aspx
[15] Data retrieved via Foundation Search: http://www.foundationsearch.com/index.aspx.

What Data would be Needed?

The transparency program proposed here would primarily collect grantmaking data from foundations themselves, thereby taking advantage of the pre-existing internal reporting, grantee surveys, and grant performance evaluations that major foundations routinely use for large grants. As a model for what information should be collected and made publicly available, this proposal looks to the standards set by the Foundation Center's Glass Pockets initiative. As described above, these disclosure standards encompass six categories: 1) Basic profile information, 2) Government policies and information, 3) Staffing policies and information, 4) Grantmaking information, 5) Performance measurement, and 6) Financial information (Glass Pockets, nd). In particular, this proposal aims to increase "performance measurement" reporting for major grants in K-12 education reform. While several major foundations including Carnegie, Hewlett, and Robert Wood Johnson make performance information publically available, the Foundation Center reports that performance data is generally among the least reported types of information (Glass Pockets 2014).

In order to provide context for the grantmaking data collected from foundations, data on related school system performance, testing, and demographics would also be solicited from the US Department of Education for individual schools and districts. Importantly, this would not be meant to imply an inherent causal link between foundation funding and scholastic performance, but instead would help to provide insight into the environment within which foundation supported reforms operate and the challenges they face. Ultimately, this combination of both grantmaking data and public school system data would take full advantage of already existing data sources and provide a more holistic view of the important role of philanthropy in K-12 education reform.

Where Would it Derive its Authority?

The organization overseeing the transparency program proposed here would be a private entity established by a public-private partnership between the US Department of Education and philanthropic sector informational groups such as the Foundation Center and GuideStar. It would be charged with providing transparency information and data on major foundations and grants in K-12 education reform to the public, press, and policymakers. In pursuing this goal, it would be advantageous for the organization to derive its legitimacy among the public and the philanthropic sector alike by including representatives from both the public sector and philanthropic sector. To this end, its governing board should be composed of representatives of foundations and public education. From the foundation side, former education foundation executives or program officers would be able to provide insight into the education reform from a grantmaking perspective. From the public education side, former superintendents of major school districts would be well-suited to provide a broad understanding of the challenges of implementing new ideas in the day to day work of public schools. The governing board should further be bolstered by including academic researchers in K-12 education who would bring to bear their expertise on the difficulties of K-12 education reform.

This setup would help to distinguish the proposed transparency initiative as collaborative and inclusive and would help build legitimacy and trust among the public. It would also position foundations themselves as stakeholders and leaders in increased transparency as opposed to being approached as targets or subjects. Essentially, by including these individuals from both the public sector and philanthropic sector, the proposed

transparency initiative would represent a genuine public-private partnership, much as foundation grantmaking in K-12 education is itself a type of public-private partnership that when done well involves the cooperation of foundations leaders, education professionals, and knowledgeable experts.

How Would it be Staffed?

For an entity aimed on enhancing transparency for only the largest education foundations, staff size beyond the governing board discussed above could be relatively small with a team of fewer than a dozen analysts focusing on coordinating with foundations to compile and report data and information on major grantmaking. Through collaboration and partnership with a well-established organization such as the Foundation Center, the proposed transparency program could borrow strength to compile the core of its transparency database from already existing civil society resources. With this approach and relatively small scope of focusing only the largest major education foundations, the proposed transparency initiative could maintain its database and publish relevant reports with a small and agile team. By comparison, the UK Charity Commission, which is responsible for registering and ensuring compliance for nearly 165,000 charities (Charity Commission 2015), employs 323 staff members in four offices across England (Charity Commission, nd).

What Would it Do?

The commission would have two primary tasks: 1) It would establish and maintain a publicly accessible database that would provide information and profiles on major foundations and grant activities; 2) It would hold an annual expert-driven deliberative panel

on major grantmaking in K-12 education reform and publish an annual report distilling the findings of the proceedings alongside relevant data, research, and testimony.

The aim of both of these tasks would be to establish a model for facilitating transparency and the flow of open information in the important role foundations play in K-12 education reform. This increased transparency would ideally have two primary goals: 1) It would bolster public awareness, understanding, and trust of philanthropic activities in K-12 education reform by giving the public useful, detailed insight into what foundations are doing to fund and guide reforms and how these reforms have turned out, thereby avoiding a type of opaque grantmaking that can unintentionally inspire suspicion; 2) It would help to incentivize greater proactive reflection and responsiveness among foundations to the interests of the public, community leaders, education professionals, and experts in K-12 education reform as well as increased collaboration.

What Would the Annual Deliberative Panel Do?

The annual deliberative panel would provide a yearly opportunity for various stakeholders in K-12 education reform to bring their diverse perspectives and expertise to bear on recent trends and major activities in K-12 education philanthropy. It would provide an opportunity to hear the views and testimony of the foundation leaders, academic researchers, education professionals, parents, teachers, community leaders, and students who interact with foundation supported reforms on a daily basis in the context of a deliberative discussion guided by the insight and expertise of the governing board described above. Importantly, these proceedings would be aimed at identifying both the strengths and weaknesses of current reform programs and would seek to facilitate future problem-solving,

communication, and transparency going forward. Moreover, these proceedings would not be adversarial, but instead would present an opportunity for all groups involved to communicate and collaborate with one another to field suggestions and put forth constructive critiques under the guidance of the board. The annual report generated from these proceedings would provide a distillation of the testimony and findings of the hearing, highlighting both successes and room for improvement as well as relevant data and research to give the proceeding's findings context. Moreover, the panel should take care to make the analysis contained in the annual reports accessible to non-experts and should also avoid duplicating the efforts of publications from other groups such as the American Educational Research Association (AERA) and the National Academy of Education (NAE). Overall, these reports would provide a broadly contextualized and detailed account of the current state of major K-12 education philanthropy that would inform the public, press, and policy community and provide an accessible, curated record that could be revisited in subsequent years to better understand the trajectory of foundation support for K-12 education reform.

How Would it be Funded?

Given the budgetary restrictions of the current political environment and the resistance to increased public spending on oversight programs that are rhetorically derided by opponents as regulatory burdens, it would be problematic for this proposal's political feasibility to advocate that it be financed primarily through the use of public funds. Instead, the proposal here borrows from the funding setup from the Netherlands' CBF transparency program where the majority of funding comes from the philanthropic sector itself. Accordingly, soliciting participating foundations as funders of this transparency proposal would be a

realizable approach to funding that would also help to solidify foundation cooperation with the initiative. Participating foundations could potentially do this by making grants directly to the transparency program or by designating a small percentage (~1%) of their subject quarter-million dollar and above grants (i.e., the same grants that transparency information would be collected for) to go towards this transparency initiative, as designating a small percentage of grant funds for administrative purposes is not an uncommon practice.

Importantly, major foundations have shown a visible willingness to fund and support efforts to disseminate information about foundations and grantmaking to the public. The Foundation Center and GuideStar, the premier civil society resources for data on foundations, are themselves funded mainly through grants by major foundations and, furthermore, have current and former foundation officers on their governing boards.[16] Utilizing and extending this well-established approach would avoid the political difficulties of taxpayer funding and provide an actionable funding mechanism for the transparency program proposed here.

Conclusion

While some foundation leaders might be understandably hesitant about greater transparency for foundations and see it as potentially opening the door to more direct regulation (Tyler 2013), there are promising signs of openness to greater transparency. Indeed, there are important sources of support from within and without the philanthropic sector. From the outside, influential political leaders have shown a clear interest in increasing transparency

[16] For more information, please see:
Foundation Center funding: http://foundationcenter.org/fundfc/fcdonors.pdf
Foundation Center Board of Trustees: http://foundationcenter.org/about/board.html
GuideStar funding: http://www.guidestar.org/rxg/about-us/support-guidestar/grants/index.aspx
GuideStar Board of Directors: http://www.guidestar.org/rxg/about-us/board-of-directors.aspx

for foundations and non-profits. Senator Chuck Grassley, for example, has shown a key interest in philanthropic transparency and alongside former Senator Max Baucus in 2007 helped to develop and support changes to Form 990 tax reporting to increase transparency for foundations (Coffman 2007). From within the philanthropic sector, major foundations' continued financial support for resources such as the Foundation Center and GuideStar as well as major foundation participation in already existing transparency efforts like Glass Pockets provides a promising sign of their prospective receptiveness to a more focused and targeted transparency initiative such as the one described here. Furthermore, other non-profits involved in K-12 education reform seem likely to support greater transparency for foundations as a potential path to addressing some of the difficulties non-profits experience as the workhorses of foundation grantmaking efforts. To illustrate, Buteau, Chaffin, and Gopal's (2014) survey of non-profit CEOs finds that many non-profits are regularly frustrated with the opaque way foundations can operate with 91 percent agreeing that increased foundation transparency is better for nonprofits and 71 percent claiming that foundations do not use adequate resources to collect performance data (p.75-76). Admittedly, some foundation leaders may have concerns with publicly reporting performance data because of a potential lack of common and standardized measures across different foundations. However, Buteau and Buchanan (2011) find that 26 percent of surveyed foundations CEOs are already "using coordinated measurement systems with other funders" while 23 percent "are considering using such measures" (p.10). All of these finding signify promising sources of support for increased foundation transparency.

CONCLUSION

In essence, this thesis argues the need for enhanced transparency in major education foundation grantmaking. The literature on foundation involvement in K-12 education reform presents clear sources of tension between advocates of foundations and their critics as to the appropriateness of foundations as private institutions that engage in the provision of public goods in education. Indeed, this tension seems to highlight an underlying uncertainty as to the how foundations actually impact America's public school system in their attempts to reform it. This thesis holds that some of this uncertainty could be abated with increased disclosure in major education foundation grantmaking. While the information resulting from an enhanced transparency program such as the one described above would doubtfully settle many of the normative and discursive debates surrounding venture philanthropy in K-12 education reform, it would nevertheless provide vital insight into the details of grantmaking with systematic data that would, at the very least, help to more concretely inform these debates and the prescriptive measures proposed in them. It would also provide opportunities for the broader public to gain better understanding and informational access to the role major foundations play in K-12 education reform.

Overall, the proposal presented here represents a low cost, politically and technically feasible approach to increasing transparency for major grantmaking in K-12 education reform. Furthermore, it presents a more practical and actionable approach to foundation oversight than regulation via stricter tax policy, an approach that has seemingly limited political appeal and is likely to make little headway. For major education foundations themselves, an enhanced transparency program presents an opportunity to make a concerted

effort to help inform the public about the important role they play in K-12 education reforms and presents a proactive alternative to more direct government regulation. As academic scholarship and journalism on K-12 philanthropy continues to advance—as we can see with the publication of Hess and Henig's (2015) new edited volume and Dale Russakoff's (2014; 2015) reporting on school reform in Newark—greater transparency represents an opportunity for organizations in the philanthropic sector to collaborate and help shape understandings of foundation involvement in K-12 education reform. Overall, the benefit of transparency would show itself by providing the public with greater information about the foundation funded reforms that have an important impact on their lives and the lives of their children, and would help to build trust and confidence among the public by pulling back the curtain in a way that could foster understanding and allay anxieties.

However, although this thesis holds that enhanced transparency in major education foundation grantmaking is necessary, this is not by itself sufficient to adequately increase our understanding of how philanthropy impacts public school systems. Major foundations are an important component of education philanthropy, but they exist only as parts of much larger networks engaged in K-12 education reform and advocacy.

Opportunities for Future Research

Although major education foundations are among the more visible actors in K-12 education reform because of their national reach and financial capacity, there are many other entities involved in education philanthropy whose influence is arguably less understood. Importantly, small foundations and policy entrepreneurs are likely equally or even more important in the outcomes of education reform in individual public school systems. For

example, the influence of Katherine Bradley, president of the comparatively small CityBridge Foundation, has raised questions about the influence of small foundations in education reform and their ability to subvert the democratic process at a local level (Anderson 2015). Accordingly, more research is needed on the ways in which smaller organizations and individuals impact local public school politics through grantmaking.

Furthermore, if meaningful understanding and transparency in education philanthropy is to be attained, more standardized measures of foundation and grant performance need to be established. As American foundations have operated in a system where there have been fairly limited mandates for public disclosure, systematic measures of foundation performance have similarly been limited. Although this lack of appropriate measures has presented frustrations for existing scholarship, it also represents a unique and vital opportunity for researchers studying the impacts of foundation grantmaking in K-12 education reform to develop such measures. Notably, it also presents an important opportunity for foundations themselves to coordinate the adoption of common measures to facilitate their activities and establish greater clarity of goals with other foundations and non-profits. Indeed, major foundations might find it advantageous to take a leading role in such efforts given their central funding role among other non-profits. The Gates Foundations, for instance, may be well-suited to fund such efforts to develop and disseminate reliable measures of grant performance considering their experience in funding similar efforts to develop more systematic education metrics via the Measure of Effective Teaching (MET) project as well as their dedication to a venture philanthropic philosophy that demands strategic use of resources and measurable results.

Ultimately, although the proposal here could potentially be applied to foundations operating in other policy areas, education is a uniquely appropriate place to propose an enhanced transparency program as described above for several reasons: 1) K-12 education is primarily funded by public expenditures and, therefore, there should be clear transparency in how major private funding augments and impacts public funding; 2) K-12 education is a highly politicized policy area that intersects with broader cultural and political debates with mixed and conflicting evidence in a way that other areas of policy and philanthropy such as medical research may not; 3) The eventual policy targets of grantmaking in K-12 education reform are children and as such particular care should be taken that philanthropic activities in this area are done with as much transparency and openness as possible; 4) Foundation supported K-12 reforms stand to have substantial impacts not only in the lives of the school systems, communities, teachers, parents, and children affected by grantmaking, but also for the broader trajectory of K-12 public education policy and its consequences across social, cultural, economic, and political dimensions.

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