

December 6, 2010

**LEAGUE OF WOMEN VOTERS OF SCARSDALE
STATEMENT CONCERNING
THE ESTABLISHMENT OF
AN EDUCATION FOUNDATION IN SCARSDALE**

Each year the League of Women Voters of Scarsdale (the “League”) evaluates the school budget. In connection with the League’s evaluation of the school budget in 2004, it was suggested that the League study and evaluate whether an education foundation should be established in Scarsdale as a source of funding to supplement the taxpayer-approved school budget. The League membership voted to adopt the study at its annual meeting in the spring of 2005. The League’s statement and observations are set forth below.

Background and Method of Study

The scope of work encompassed two broad areas of investigation:

1. identify and examine education foundations established in communities similar to Scarsdale that provide funding for their public schools; and
2. identify and describe existing sources of funding available to the Scarsdale schools outside the school budget (for example, PTAs, sports and arts booster organizations), and what is funded by these sources.

In connection with the first area of investigation, the Education Foundation Study Committee (the “Committee”) identified the following communities with education foundations: Blind Brook/Rye, Edgemont, Bronxville, Chappaqua, Mamaroneck, and Princeton, New Jersey. The Committee interviewed members of the foundations utilizing a research questionnaire the Committee developed; reviewed written materials provided by the interviewees and materials available on the internet regarding the foundations and the communities in which the foundations had been established; and reviewed research materials regarding the establishment of an education foundation.

In connection with the second area of investigation, the Committee reviewed the minute books and other records of the Scarsdale school district available publicly and through Freedom of Information requests relating to gifts to the school district during the period July 2000 through June 2009; reviewed the policies adopted and practices affirmed by the school board regarding gifts to the Scarsdale school district; reviewed the annual budgets of each of the Scarsdale PTAs and Scarsdale PT Council for the 2007-2008 and 2009-2010 academic years; interviewed former Scarsdale board of education members, and former presidents (including those serving at the time of the budget year studied) of the Scarsdale PTAs and Scarsdale PT Council; interviewed leaders of various community organizations, including Friends of Music and the Arts in the Scarsdale Schools and Maroon & White, neighborhood athletic associations and other booster organizations such as Youth Football and Scarsdale Youth Soccer Club, and neighborhood associations; and reviewed lists of community organizations that fundraise in Scarsdale and

volunteer service organizations and clubs offered to students at Scarsdale High School. The Committee also met with the superintendent of the Scarsdale schools and the president of the Scarsdale board of education.

The Committee's findings are summarized in its Report on Education Foundations (the "Report") attached to this Statement. The Report is also available on the League's website, www.lwvs.org.

On November 10, 2010, the League held a public meeting and panel discussion at which the results of the study were shared and the Report made available. The panel of guests, identified below, responded to questions from the Committee and from the audience regarding, among other things, their experiences in the establishment, organization, and operation, of the foundations they represented.

Howard Hirsch, Co-Chair of the Edgemont Schools Foundation
Mark Rosenblatt, founding member of the Edgemont Schools Foundation
Nicholas Simonelli, President of the Brewster Education Foundation
Dr. Michael McGill, Superintendent of Scarsdale Schools

A consensus meeting of the members of the League was held on November 15, 2010 at which the results of the study and certain findings of the panel discussion were summarized, and the Report was made available.

Summary of Findings

Education Foundations.

Education foundations (also referred to as educational foundations or public school foundations) emerged in the 1980s after voters in several states approved legislation limiting property taxes and by extension, school funding. Nearly 30 years later, education foundations are on the rise primarily due to declining tax revenue, budget cuts, and in most communities, increasing costs associated with what a community determines is necessary to provide a "good education."

The six education foundations examined by the League are tax exempt, charitable organizations, each organized as a 501(c)(3) organization. The tax exempt status enables the foundation to solicit tax-deductible donations from individuals and businesses.

The education foundations studied are independent from their respective school districts and school boards and are governed by a board of directors comprised primarily of members from the community. In each foundation, the superintendent as well as a member of the board of education (in some cases as an ex officio member) sit on the board. The foundations vary in terms of staff size (in some cases staff is paid), and amount of funds raised, ranging from \$10,000 per year to almost \$500,000 per year. Two of the foundations studied had sizable endowments.

These foundations have funded a variety of programs and projects, including enrichment programs, science labs, smart boards, playground and gym equipment, auditorium renovation,

and capital purchases. Grants have ranged in size from \$200 up to \$50,000. The grant decisions are made by the board of the foundation or its grant committee with input from the superintendent or the board of education (in the case of the Blind Brook/Rye foundation, the board of education determines what is funded by the foundation). In each case, the gifts from the foundation are subject to the approval of, and acceptance by, the board of education.

Certain experiences were also shared by the foundations:

- a strong, positive relationship between the foundation and the board of education;
- an absence of negative effect on community support for the school budget following the establishment of the foundation;
- an absence of negative effect on fundraising by other community groups;
- a positive effect on community spirit – the foundation provided students, alumni, parents, grandparents, and local businesses an opportunity to participate and support the schools.

Existing sources of funding in Scarsdale. A number of organizations in the community raise funds and donate or grant funds to the school district and/or to individual schools to enrich the curriculum, improve school facilities, and supplement equipment:

- *The PTAs of the seven Scarsdale schools and Scarsdale PT Council.* Monies raised by a PTA are provided to schools in two ways: (i) directly to an individual school to fund program initiatives and activities at the school, such as artists in residence programs, cultural arts performances, and visiting authors programs; and (ii) as a gift to the Scarsdale school district for the benefit of a particular school, such as to improve playground equipment at the school. Based on a review of the budgets of the PTAs and PT Council for 2007-2008 (actual expenditures) and 2009-2010 (budgeted expenditures), approximately \$301,675 and \$273,925, respectively, in aggregate expenditures were made and budgeted for by the PTAs and PT Council for programs and activities and gifts to the school district.
- *Community organizations* such as Friends of Music and the Arts in the Scarsdale Schools, Maroon & White, and the Scarsdale Teachers Institute, neighborhood athletic associations, neighborhood associations, and youth sports groups. These groups also provide gifts to the school district to enhance programs and equipment at the schools. Over the ten-year period from the summer of 2000 to the end of June 2009, aggregate gifts to the school district (including those made by the PTAs and PT Council) ranged from a low of \$27,600 (2001-02) to a high of \$662,970 (2004-05).

In identifying the existing sources of funding in Scarsdale and the types of items funded, the Committee posited that Scarsdale is a unique community. In addition to the various community groups that currently raise and contribute substantial sums to benefit the Scarsdale schools, there is a host of other community organizations that currently raise and contribute funds for the benefit of a number of causes not necessarily to benefit the Scarsdale schools. The Committee's informal tally resulted in a total of more than 40 organizations, which total does not include the more than 35 organizations that are the focus of fundraising and other activities for charitable purposes by students at Scarsdale High School.

The Committee made the following inferences:

- Scarsdale community members are actively engaged in volunteer service for the betterment of the schools, the community, and other causes outside the community;

- Scarsdale community members currently contribute substantial funds to organizations that supplement the school budget; and
- fundraising organizations that benefit the schools as well as fundraising organizations that benefit causes not related to the schools in and outside of Scarsdale compete for funds from the same finite source: Scarsdale residents and businesses.

Statement and Observations

At this time, the League did not reach consensus on whether an education foundation should be established in Scarsdale as a source of funding to supplement the taxpayer-approved school budget. There are circumstances within and outside the school district that may cause the League to revisit the issue of whether an education foundation should be established in Scarsdale, including, but not limited to:

- (i) the enactment of a state law that would cap property taxes;
- (ii) the inability to fund in the school budget significant projects that affect the core values of a Scarsdale education; and
- (iii) the adoption of a contingency budget by the board of education.

The League also makes the following observations:

1. There are existing community organizations in Scarsdale that raise and donate funds that may be able to fund certain items that are not included in the school budget.
2. If an education foundation were to be established, significant checks and balances must be addressed in defining the role of an education foundation and its governance.
3. There are untapped funds in Scarsdale. An education foundation may serve as an alternative vehicle for large donors to make tax exempt donations to the schools.
4. It is important that the board of education be involved in the grant process of the foundation to safeguard the priorities of the school district as formulated by the board of education and the superintendent of schools.
5. Relieving the tax burden of property owners should not be a reason for establishing an education foundation in Scarsdale.

Jane Veron
President
Scarsdale League of Women
Voters

Kim Meyers, Nancy Michaels, Debbie Miller,
Susie Rush, Amy Scharf, Janice Starr

Education Foundation Study Committee

ATTACHMENT TO STATEMENT
LEAGUE OF WOMEN VOTERS OF SCARSDALE
REPORT ON EDUCATION FOUNDATIONS

Background

In the spring of 2004, the League of Women Voters of Scarsdale (the "League") held its annual consensus meeting to review the school budget. At that time, it was suggested that the League study and evaluate whether an education foundation should be established in Scarsdale as a source of funding to supplement the taxpayer-approved school budget.

With the approval of the members of the League, the study was included within the League's School Budget portfolio and the subcommittee began work in the summer of 2005. The study encompassed two broad areas of investigation:

- (1) to identify and examine education foundations that have been established in communities similar to Scarsdale that provide funding for their public schools; and
- (2) to identify and describe existing sources of funding available to the Scarsdale schools outside the school budget, and what is funded by these sources.

Upon conclusion of its research, the subcommittee compiled its findings, embodied in this Report, in order to share information with the community, and organized a panel discussion to engage the community in a dialogue about the advantages and disadvantages of establishing an education foundation in Scarsdale. The study will culminate in a meeting of League members at which a consensus will be sought on whether an education foundation should be established in Scarsdale.

What is an education foundation?

Generally, an education foundation is a tax exempt, charitable organization, typically organized as a 501(c)(3) organization. This tax exempt status enables the organization to solicit tax-deductible donations from individuals and businesses to fund a variety of initiatives. For example, in recent years, education foundations have funded teacher grants, comprehensive math collaborations, after school child care, enrichment programs, computers, playground equipment, and capital purchases. Grants may range in size from \$50 up to in excess of \$100,000 for large capital purchases.

Education foundations are set up to be independent from the school district and the school board and are governed by a volunteer board of directors. Foundations vary in terms of staff size (in some cases staff is paid), and amount of funds raised. For example, the amount of funds raised by the education foundations the subcommittee examined in Westchester County ranged from \$50,000 per year to almost \$500,000 per year with sizable endowments.

Education foundations (also referred to as educational foundations or public school foundations) emerged in the 1980s after voters in several states approved legislation limiting property taxes and by extension, school funding. Nearly 30 years later, education foundations are on the rise

primarily due to declining tax revenue, budget cuts, and in most communities, increasing costs associated with what a community determines is necessary to provide a “good education.”

Summary of Findings

A. Education foundations studied. Education foundations were identified in the following communities: Blind Brook/Rye, Edgemont, Bronxville, Chappaqua, Mamaroneck, and Princeton. The subcommittee developed a questionnaire (attached as Appendix A), conducted investigations of the identified foundations, and compiled the findings. A summary of the findings is attached as Appendix B.

Notably, each of the education foundations reported the following:

- a strong, positive relationship between the foundation and the board of education
- no negative effect on school budget support following the establishment of the foundation
- no evidence of fundraising cannibalization with other community groups
- a positive effect on community spirit – the foundation provided students, alumni, parents, grandparents, and local businesses an opportunity to participate and support the schools.

Reading materials and a list of resources regarding education foundations is provided in Appendix C.

B. Existing sources of funding available in Scarsdale. There are a number of organizations in the community that raise funds and donate or grant funds to the school district and/or to individual schools (see Appendix D) to enrich the curriculum, improve school facilities, and supplement equipment:

- ***The PTAs of each of the seven Scarsdale schools and Scarsdale PT Council.*** Monies raised by a PTA may be provided to schools in two ways: (i) directly to an individual school to fund program initiatives and activities at the school, such as artists in residence programs, cultural arts performances, and visiting authors programs; and (ii) as a gift to the Scarsdale school district for the benefit of a particular school, such as to improve playground equipment at the school. Appendix E sets forth a summary of approximate aggregate expenditures of the PTAs and PT Council for the 2007-08 (actual) and 2009-10 (budgeted) academic years for such programs and activities and gifts to the school district. Approximately \$301,675 and \$273,925, respectively, in aggregate expenditures were made and budgeted for by the PTAs and PT Council in such years.
- ***Community organizations*** such as The Friends of Music and the Arts in the Scarsdale Schools, Maroon & White, and the Scarsdale Teachers Institute, neighborhood athletic associations, neighborhood associations, and youth sports groups provide gifts to the school district to enhance programs and equipment at the schools. A summary of gifts to the school district by category during the period July 2000 through June 2009 is attached as Appendix F-1. A summary of gifts to the school district by organization during this period is attached as Appendix F-2. Over this 10-year period, aggregate gifts to the school district ranged from a low of \$27,600 (2001-02) to a high of \$662,970 (2004-05). Relevant provisions relating to gifts to the school district excerpted from the policies of the Scarsdale Board of Education appear in Appendix G.

ISSUE

Does an education foundation make sense in Scarsdale?

In attempting to answer this question, the subcommittee recognized at the outset a critical, perhaps obvious, fact: Scarsdale is a unique community. In addition to the various community groups that currently raise and contribute substantial sums to benefit the Scarsdale schools (Appendix D), there is a whole host of other community organizations that currently raise and contribute funds for the benefit of a myriad of causes in Scarsdale (see Appendix H). An inexact look at these organizations would put the count at more than 40. These do not even include the more than 35 organizations that are the focus of fundraising and other activities for charitable purposes by students at Scarsdale High School (see Appendix I).

One may infer:

- Scarsdale community members are actively engaged in volunteer service for the betterment of our schools, our community, and other causes outside our community;
- Scarsdale community members currently contribute substantial funds to organizations that supplement the school budget; and
- fundraising organizations that benefit the Scarsdale schools as well as fundraising organizations that benefit causes not related to the schools in and outside of Scarsdale compete for funds from the same finite source – Scarsdale residents.

In this context, the subcommittee developed a preliminary list of pros and cons of establishing an education foundation, attached as Appendix J. It is the hope of the subcommittee that the preliminary list of pros and cons will serve as a starting point for a meaningful exchange of ideas within the community and ultimately will assist the League to reach consensus on whether an education foundation should be established in Scarsdale.

Respectfully submitted,

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Nancy Michaels	Amy Scharf
Debbie Miller	Janice Starr

The subcommittee would like to thank the following individuals who helped make this Report possible:

Rip Fisher	B.K. Munguia	Catherine Souther
Ruth Goldstein	Adie Shore	Jane Veron
Robert Harrison	Terry Singer	Florie Wachtenheim
Susan Hart	Irving Sloan*	Sara Werder

*Deceased

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APPENDIX A

EDUCATION FOUNDATION STUDY - RESEARCH QUESTIONNAIRE

District Information

1. Name of Community
2. Population
3. Number of public schools, sizes
4. Percentage of school age population attending public school
5. District expenditure per student in previous year
6. Method of selecting school board, term

Education Foundations

1. Describe how the decision to establish the foundation was made (i.e., studies conducted, community surveys); describe the process used to establish
2. Describe the foundation's form/structure (i.e., charitable trust, non-profit)
3. Describe the foundation's funding mission: general vs. targeted projects, including stated purpose, goal and focus; give examples of funded projects over past 5 years
4. Amount of money raised and spent; what percentage of the overall school budget does that represent?
 - how much in last 5 years
 - current account/endowment account
 - how raised/how many in community participated in contributions
5. Administration:
 - type of governing board (school board controlled, autonomous board, or "imbedded" – separate corporation, but members include school board reps.
 - how administered, by whom
 - how are directors chosen, term
 - paid employees/fundraisers/directors - what is budget
 - relationship with Board of Education
6. Decisions about grants:
 - how made
 - how does interface with school board operate/relationship
7. Impact on school taxes over last 5 years or any significant change or effect since foundation was established
8. Expectations for future re: fundraising, expenditures - are there any financial statements available?
9. Effect on community
 - availability of volunteers
 - participation in fundraising
 - effect on other local charities, PTA, "mini-foundations"
 - effect on community spirit
 - effect on community support of school budget
10. Other issues

Sources

Names and positions of people interviewed, date and contact information

Education Foundation Study
2009 Update to Research Questionnaire

- 1) Contact person(s) associated with community education foundation, explaining this is a follow-up to information we obtained from them (provide name of original contact if available)

- 2) Determine what has changed over the past 3 years in the applicable categories from the original questionnaire, paying particular attention to #4 under Foundations, and add the following question under #9:
What other local charities, PTA or “mini-foundations” in your community provide additional support to the schools? How much \$\$? What type of support?

- 3) Visit foundation web site (if there is one) and obtain additional information, including a copy of most recent grants