Non-governmental entities, such as foundations and corporations, also make grants to public schools. Given the hundreds of billions of dollars spent on public schools each year, non-governmental funds account for only a small fraction (1 percent), but in dollar terms, the grants are still quite substantial and can have a notable impact on public education systems and schools that receive them. In fact, in 2000 the top 50 foundations alone donated over $862 million to elementary and secondary education programs.[1] Like federal funding, foundation and corporate dollars can spur innovative reforms and developments in schools, and are an additional way for the schools to receive funds without raising local or state taxes.

Foundations

A foundation is an entity that is established as a nonprofit corporation or a charitable trust, with the principal purpose of making grants to unrelated organizations, institutions, or individuals for charitable purposes. This definition applies to both private and public foundations. The most common distinguishing characteristic of a private foundation is that most of its funds come from one source, whether it be an individual, a family, or a corporation. A public foundation, in contrast, normally receives its assets from multiple sources, which may include private foundations, individuals, and government agencies.

While there are some well-recognized private and public foundations which are active in communities across the nation, the majority of foundations limit their giving to geographic areas: regions, states, counties, or specific cities where they are based.

Community Foundations

Many metropolitan areas have Community Foundations that make grants for charitable purposes, including education, in their specific community or region.[2] Community Foundations pool the contributions of many individuals and families into an endowment that is independently administered. Income earned by the endowment is then used to make grants, as advised by a board of trustees.

Corporate Funders

Corporations are also active donors to schools. They fall into one of two categories. *Company-sponsored foundations* are private foundations that are sponsored by a profit-making company. These foundations are legally recognized as separate entities and maintain small endowments, but rely on consistent contributions from the sponsoring company [3] Thus; their giving is generally aligned with company interests. *Corporate giving programs* are not separate from their sponsor and do not have an endowment. Grants made by these programs are drawn directly from corporate bankrolls. Some companies make grants through both a *company-sponsored foundation* and a *corporate giving program.*

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[1] Foundation Center Statistical Services, *Top 50 US Foundations Awarding Grants for Elementary & Secondary Education, circa 2000.* Online: http://fdncenter.org/fc_stats/pdf/04_fund_sub/1999/50_found_sub/sub_b2_00.pdf.

[2] Most community foundations are classified as public charities, rather than private foundations, and are thus eligible for the maximum in tax-deductible contributions from the general public.

[3] While a company-sponsored foundation may maintain close ties with its parent company, it is an independent organization with its own endowment and as such is subject to the same rules and regulations as other private foundations.

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Unlike foundations, charitable giving is a small side project for most companies and involves a combination of philanthropy and self-interest. Companies give to support employee services, guarantee well-trained potential employees, build both local and national community relations, enhance their image, and secure tax deductions. Often corporations focus their philanthropy on specific education interests related to their area of work. Many companies, whether giving through a foundation or directly, restrict their giving to the areas in which they work or sell their products.

Many corporations also make non-cash or "in-kind" donations to schools. In kind donations include the company's products, or unused equipment and supplies. In-kind donations can go so far as to include the time and talent of employees. Companies may also support volunteerism among their employees to foster better community relations. Some corporations also offer matching contributions to charitable causes given to by an employee. Matching programs can exist in place of, or in addition to, other corporate giving strategies.

Large corporations or company-sponsored foundations can use all or any combination of these giving strategies. For example, the **Verizon Foundation's** grantmaking program is divided into four areas. E-Solutions is a program that focuses on training, education, and understanding of new and innovative communications software. The Good Citizen's program encourages past and present employees to put their skills to use in the community and lend a hand to issues facing today's nonprofits. The in-kind gift program provides donated computers and other office equipment to qualifying organizations. Finally, the Grant program makes monetary grants to innovative and original organization or programs that hold a strong interest in literacy, mathematics and science.

Applying to Foundations

Private and public foundations may accept applications for funding, give only to pre-selected charities, or say that they do not accept unsolicited applications. In the last case, a potential applicant should make an initial phone call or write a proposal letter to determine if her project is aligned with the foundation's giving priorities. Some foundations only make contributions to certified nonprofits; school districts may establish their own nonprofit entities in order to apply to these funders.[4] Finally, some foundations accept "common applications." The Associated Grantmakers (AGM) of Massachusetts, New Hampshire and Rhode Island and the New York Regional Association of Grantmakers (NYRAG) offer common applications that many givers based in those states accept.

Occasionally foundations will seek to support a specific activity and issue a Request for Applications (RFP) for projects based on their guidelines, such as arts education programs or innovative uses of technology. The recently completed Annenberg Challenge projects expressly supported both of those activities.

Applications for grants from foundations of corporations have advantages and disadvantages relative to government funding. Applications for non-government funding are generally much less rigorous and bureaucratic than applications for public, especially federal, funds. Private funds can support new and innovative project ideas or serve students not targeted for government

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[4] Robert J. Miller and Associates, an affiliate of School Funding Services, offers consultations to schools about how to create a nonprofit. For more information, please contact us at schoolfundingservices@nasdc.org or 703.647.1600.

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assistance. However, schools may have to compete with other interests such as medical research and the arts for a share of private funding, rather than access the funds reserved especially for education from public sources. Competition for funding from private grantors who give nationally is especially fierce as compared to most government funding which is distributed within states. Additionally, some foundations are reluctant to commit to multi-year funding engagements, while many federal and state grants are designed to continue over a period of several years necessary to implement and sustain school improvement activities.

How School Funding Services Can Help:
SFS distinguishes non-government funders by their giving practices and priorities. The funding streams and grantors featured in SFS are broken down into two basic categories: "Foundation" and "Corporate." The School Funding Services database contains information on grants offered by both national and regional givers.

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