Though we found that schools with affluent socioeconomic indicators (higher income, higher parent/adult education, fewer minority students) are more likely to fall into the Super Group category, there are schools from the lower socioeconomic brackets, or Standard population, that achieve a level of fundraising success. The best possible outcome for private fundraising in public schools would be for all schools to attain the Super Group level of fundraising performance. For maximum impact, focus should be given to identifying and applying best practices and external improvement influences within the Standard population. Given that some schools in this set can attain Super Group levels, what is holding the others back?

**References:**
Brunner, Eric, Jennifer Imazeki. (2003). *Private Contributions and Public School Resources.* San Diego State University, Center for Public Economics. San Diego, CA

**RECOMMENDATIONS**

1. **Further research:** Conduct in-depth case studies of schools falling into the Standard population in order to determine the on-the-ground differences accounting for fundraising model differences between schools with the same socioeconomic characteristics. What are the Super Group schools in the Standard population doing differently that can be applied to the others? What incentives or capacity building efforts could move these schools into higher performing groups?

2. **Further research:** Learn more about the Parent Group model, including analysis of balance sheets of student body accounts at elementary schools and observation of Parent Group meetings.

3. **Identification and analysis:** Investigate policy options that increase equity in private fundraising across schools. Possible policy opportunities worthy of future analysis may include:
   a) Deregulation of school driven fundraising
   b) District level fundraising with revenues allocated to schools not fundraising in order to increase those schools’ access to corporate/non-parent funds
   c) Education and resources for parents who want to fundraise
   d) Targeted Parcel Tax

**LAUSD ELEMENTARY SCHOOLS** are the unit of analysis because the majority of private fundraising is done at the school level through parent organizations, and parental involvement is highest during these years.

**The Role of Private Funding Resources in Public Schools: An Analysis of LAUSD Elementary Schools**
Prepared for RAND
by Jen Lieberstein, Wilma Morales-Franco, Lexi Richards, Stephen Terry

As a way to work around inefficiency in the public school system, parents in California have increased private fundraising efforts by establishing organizations that operate separately from schools, such as local education foundations, booster clubs, and PTAs (Sonstelie, Brunner, Ardon, 2000). Their efforts and this research are particularly timely because ongoing school budget cuts have increased the importance of private sources of funding.

Recent research by UCLA IDEA found that schools with higher family incomes received more donations than high poverty schools (2010). Private contributions, while helpful in supporting public schools and potentially increasing efficiency, may be undermining the intentions of state finance reform aimed at ensuring equity amongst schools in California (Brunner et al, 2003). This project provides information and analysis that will better inform the dialogue around efficiency and equity in California’s public schools.
RESEARCH QUESTIONS

- What fundraising activities are conducted to support the educational goals of urban public schools?
- Who drives fundraising, and how are they organized?
- What level of fundraising success is achieved across the school population?
- How are private funds allocated within the schools?
- How does fundraising success vary with the parental incomes and racial makeup of its students, and what are the policy implications of these differences?

METHODOLOGY

This project focused on the collection, analysis and thoughtful presentation of public school fundraising data in order to offer our client practical opportunities for further research. Our group employed primarily quantitative analysis to address the project’s research questions, while also taking opportunities to pursue, when possible, qualitative work. Project work was responsive to data limitations and led to a research plan that generated as reliable and complete data as was feasible.

Responding to the paucity of information that exists on the role of private resources in urban schools, our group created a data set comprised of a random and representative sample of 287 schools from LAUSD’s 544 elementary schools. Our data set included fundraising, demographic, and specific school information for each school in our data set. We collected fundraising information about each school in our sample primarily through phone surveys with school representatives and Internet research, including data from GuideStar, an online database of financial information based on 990 filings that are required annually by the IRS for registered non-profit organizations. Key demographic and school data was gleaned from public sources such as Ed Data and the US Census.

After collating all of our information into a single dataset, we were able to generate an integrated presentation of our findings and conduct further analysis of school fundraising behaviors, school demographics, school performance, and socio-economic conditions of surrounding communities. Comparative analysis allowed us to focus on key populations and note significant trends or differences. These observations informed our project findings and led to a set of worthwhile recommendations.

RESULTS

Based on results from the phone survey and investigation of the GuideStar non-profit database, we have been able to identify four prevailing operating models that occur across LAUSD elementary schools (see graph and chart below). These models are primarily defined by the organizational structure, fundraising success, and allocation of privately raised funds. Importantly, each of the four models also faces a different set of restrictions or rules that limit their fundraising activities, the allocation of funds, or both. LAUSD policies place the highest restrictions on the School Driven model, and dictate the frequency and types of fundraisers allowed. On the other hand, schools in the Super Group category have the highest level of flexibility in terms of fundraising activities and their allocation of funds.

FINDINGS

1. Current private funding levels are not able to fill the funding gap created by prevailing budget cuts.

   Our research indicates that the amount of money raised by schools through private funding efforts varies across the population of elementary schools within LAUSD. The most sophisticated schools, 21% of our sample, raise anywhere from $20,000 to $600,000 per Year. Our analysis of 501c3 filings for successful schools indicates that on average up to 60% of revenue is spent on fundraising activities. In assessing the impact of these private funds we discounted for this cost of revenue acquisition. Our analysis then indicates that when you consider private funds on a per student basis, the average amount raised per year per student is $25. Even if this number were doubled, when compared to the $1,000+ per pupil cuts that LAUSD schools fiscal years, it becomes clear that private funding in its current form does not represent a feasible source of revenue to close funding gaps.

   2. The variation in magnitude of private funds is enough to impact student educational experience.

   Although the magnitude of funds is not of great significance compared to state and federal funding, we cannot discount the impact of these variations on the educational experience within public schools. Based on our survey findings, any level of private funding could increase a school’s ability to provide additional educational resources to students.

   The funds raised by School Driven model could allow a school to provide its students 4% of a teacher’s salary. The Parent Group model funds could provide 24% of a teacher salary and schools in the Super Group could provide their students 300% of a teacher salary, based on the current average LAUSD teacher salary.