

Divine Intervention: Who's Giving to Faith-Based K-12 Schools?

By Caitlin Reilly
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The John and Daria Barry Foundation recently pledged \$2 million to Catholic schools in New York City. Managed through the archdiocese's Inner-City Scholarship Fund, the grant will pay for physical improvements, teacher training and scholarships for low-income families.

Gifts to religious schools, which tend to be smaller and come from more low-key giving operations, don't get much attention. However, taking a closer look at the Barry Foundation is a valuable lens through which to examine how giving to faith-based education tends to work.

In this case, most of the gift—about \$1.7 million—will fund capital improvements at the campus of one school in Manhattan, the School of the Blessed Sacrament. Those improvements center on supporting better STEM education opportunities for students. That includes adding 3-D printers, audio and video capture and editing tools, and traditional arts and crafts supplies. The renovated spaces will be renamed after the family.



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An additional \$100,000 will fund teacher training at two elementary schools. The training will focus on personalized learning with an emphasis on facilitating the approach through technology. The remaining \$700,000 will provide financial aid through the Inner-City Fund. Students who receive aid through the program will be known as “Barry Scholars.”

There are a few elements here found in many gifts

to religious schools, and a few anomalies. First, let's start with the focus of the gifts. Like charter schools, faith-based schools don't get public funding to maintain or renovate their facilities, so improvements are a popular cause for private donors. The focus on teacher training and curriculum is a little unusual and more reminiscent of the interventions pushed by larger, more strategic funders.

The William H. Hannon Foundation, for one, is known for its support of Catholic-run social services in the Los Angeles area, including parochial schools. The foundation, which reported about \$18

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million in assets in 2015, often supports renovations and repairs at Catholic schools. William Hannon was a builder and developer, so his heirs have a soft spot for gifts to improve the physical space at schools.

Tuition assistance is another popular destination for donations. Faith-based schools have to compete with publicly funded, tuition-free options. As the cost of education increases, religious schools are forced to raise tuition. Higher costs mean falling enrollments and lower revenues, which only push tuition higher for families who remain.

Falling enrollments pose a problem in general for faith-based schools confronting growing secularism, demographic change and increased competition in the form of charter schools. For Catholic schools, add the priest sex abuse crisis to that list. That's one reason increasing enrollment—which can mean subsidizing tuition, or marketing the a school to reach new families—is a big focus for donors.

In Philadelphia, the Connelly Foundation includes Catholic grade schools in its giving. Past gifts include a \$30,000 grant to Our Mother Consolation School and a \$36,000 gift to St. Katherine of Siena School.

The 2013 gift to Our Mother Consolation supported expanding pre-K and marketing the school to attract new families. The Maguire Foundation, another local Philly funder, added another \$100,000 to that gift.

That touches on another aspect common in a lot of these gifts to faith-based schools share with the Barry gift—they tend to be local. The Barrys draw their wealth from the financial firm Prospect Capital, where John Barry is CEO and his wife Daria is head of administration. Like the Inner-City Fund, Prospect Capital makes its base in New York.

The three other foundations mentioned—Connelly, Hannon and Maguire—also keep their giving local to the regions where their founders lived or made their money. They also tend to give to other local causes. The Connelly Foundation also supports education—though it excludes public and charter schools—health and human services, civic and cultural institutions in Philadelphia and the surrounding counties. The foundation reported nearly \$260 million in assets in 2015.

The Maguire Foundation also supports local organizations, including several others providing a range of social services run by the Catholic church. The Hannon Foundation has a pretty similar profile, but does most of its giving in the Los Angeles area.

One of the ways in which the Barry gift to the Inner-City Fund is an outlier is its size. So many of the gifts mentioned above go to individual schools and tend to be in the range of tens of thousands of dollars, rather than millions.

There are other exceptions, though. The Barry Foundation gift wasn't even the biggest to the Inner-City Fund. That distinction goes to Stephen A. Schwarzman and his wife Christine, who gave \$40 million to the fund back in 2015.

Schwarzman, the CEO of the Blackstone Group, achieved notoriety for a different education gift last year. He gave \$25 million to his alma mater Abington Senior High School in Pennsylvania—the largest donation to a single public school from a donor ever—only to face backlash when the public discovered the terms he'd attached to the deal.

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That brings us to the last common characteristic among givers to faith-based education. They tend to be living donors, who formally give through a foundation, but are in practice are essentially individual donors; or they're family foundations that still conform closely to the founder's giving habits and intentions.

They tend not to be very strategic givers, though that can change over time. The Bainum Family Foundation is a prime example of that strategy shift.

Bainum's founders, Jane and Stewart Bainum, both attended Seventh-Day Adventist schools growing up. For a long time, the foundation mostly focused on helping kids attend faith-based schools, usually through scholarships.

In the last several years, though, Bainum's education giving shifted to focus instead on expanding early childhood learning opportunities in the most underserved neighborhoods in Washington, D.C. The foundation still funds Seventh-Day Adventist work where it can, and in some cases, will find areas where that giving can intersect with its new strategic priorities.

Most donors prioritizing religious schools tend to run small outfits, intensely local in their focus. However, cases like Bainum demonstrate why it's useful to track these smaller givers, which have the potential to grow and evolve over time.

It's important to note in closing that giving to Jewish schools often tracks with the patterns noted above, but also differs in some ways. The funding community supporting Jewish education tends to be more robust and active, at least in some localities. We'll take up that topic up in a separate article.