

Giving to Government: The Policy Goals and Giving Strategies of New and Old Foundations

Leslie K. Finger

Harvard University

January 2018

Abstract

Scholars have found differences between older and newer foundations and their giving priorities and strategies. Foundations founded since the 1980s with still-living benefactors have been more vocal and targeted in their grantmaking, especially when it comes to education, as they explicitly support charter schools, teacher quality reforms and accountability initiatives. In this paper, I examine foundation grants to state departments of education in order to provide new evidence on the differing education giving patterns of new and old foundations. Using data on the largest 1,000 foundations, in addition to grants from the Gates and Wallace Foundations, two of the largest examples of new and old foundations, I find that new, but not old, foundations, are more likely to support education reform policies when giving to state education agencies. I also find that they are more likely to support state education agencies where education challenges and capacity needs are greater but education reform is politically feasible. These findings suggest that, by taking advantage of state needs while seeking out political allies, new, but not old, foundations behave like interest groups in their grants to government.

Keywords: Foundations, bureaucracy, interest groups, education politics

Foundations have always sought to address intractable societal problems. They have traditionally done this by funding a wide variety of organizations and strategies, exemplified by the Ford Foundation and its comprehensive efforts to tackle poverty and delinquency and achieve civil rights (Jenkins 1998, O'Connor 1999, Zunz 2011). However, in recent years, foundations with still-living benefactors like the Gates and Broad Foundations, or “new foundations,” have become more vocal and focused on advancing innovations outside the traditional system, especially in K-12 education. Rather than funding many approaches to tackling education challenges, they have begun converging on specific solutions, funding charter school networks and the groups advocating for them, along with accountability initiatives and teacher quality reforms, policies commonly referred to as “education reform.” Meanwhile, they have begun using the voice and influence of benefactors to advocate for these types of policies in the public sphere (Hassel & Way 2005, Reckhow 2016, Snyder 2015). Altogether, these younger foundations are more activist in their education giving and more likely to advance institution-changing policies than their older counterparts, who are more problem-driven, interested in building capacity, and supportive of a broad array of approaches.

How do we know these assertions are true? In fact, evidence is limited. The best systematic evidence for the differing behaviors and priorities of new and old education grantmakers come from interviews with foundation officers carried out by Megan Tompkins-Stange and network analyses done by Sarah Reckhow and Jeffrey Snyder (Reckhow 2013, 2016, Reckhow & Snyder 2014, Snyder 2015, Tompkins-Stange 2016). However, these studies include only largest foundations and a handful of years. Additionally, they are descriptive, documenting general trends without exploiting grantmaking variation.

This paper tests whether new and old foundations have different aims and strategies when giving education grants. It does so by examining one crucial grantmaking recipient has not been studied - state governments. Grants to state education agencies represent a tiny fraction of all foundation giving. However, there are substantive and methodological reasons to look at gifts to state departments of education: Substantively, grants to government, which are tax-deductible like grants to non-profits, have the potential to disproportionately impact policy because state involve-

ment in education has grown in recent years. Methodologically, analysis of such grants allows for variation across recipients. In other words, we can move beyond a descriptive mapping of grants to derive concrete explanations for grant receipt by focusing on variation in giving to one very important recipient.

This study uses grants to state education agencies to test whether new and old foundations differ in their funding priorities. I first examine the purposes of education agency grants listed for the two types of foundations to determine if new foundations give for education reform initiatives more than old foundations. Next, I consider whether new, but not old, foundations strategically target grants toward states where education reform policies are politically feasible, while old foundations are driven by the degree of state need and the severity of the problem, as the literature would predict. Lastly, I examine whether the impact of political factors on new, but not old, foundations' grantmaking is conditioned by the level of need. If true, this suggests that new foundations seek out cash-strapped allies as a way to influence policy, making them similar to run-of-the-mill interest groups.

I test these propositions by examining state- and grant-level data spanning 2003 to 2014 from the Foundation Center, in addition to hand-coded data from the largest new and old donors to education agencies: the Bill & Melinda Gates Foundation ("Gates") and the Wallace Foundation ("Wallace"). I find support for the argument that new foundation grants are more likely to go toward education reform initiatives, particularly accountability and data-infrastructure initiatives, than grants from old foundations. As to the correlates of grants, I find that new foundations support states with weaker education reform opponents and stronger education reform allies. However, new foundations also support states with greater poverty and weaker capacity, suggesting that new foundations consider both their political goals and direct need. Old foundations, on the other hand, do not seem to target grants to education agencies based on any of these factors, but instead consider partisanship and urbanization. Overall, I provide new evidence that new foundations fund education reform more than old foundations and give strategically for that purpose.

This study pushes the literature forward by suggesting that new foundations behave more like

interest groups than has been previously acknowledged. Just as interest groups lobby friendly legislators needing assistance, new foundations focus on those states that are both politically-friendly to foundation goals and that have capacity needs. While they may be patrons of other interest groups, they also act as interest groups in their own right and should be incorporated into interest group studies accordingly.

New and Old Foundations in the Literature

Foundations have long sought to use their giving to influence policy. In the 1960s, liberal foundations led by the Ford Foundation funded demonstration projects to experiment with community control of schools and address juvenile delinquency (O'Connor 1999, Zunz 2011). These types of small-scale projects, which were later emulated by conservative foundations seeking to illustrate the effectiveness of market-based policies, were, if effective, meant to be scaled up by the government (O'Connor 2011). Starting in the 1960s, foundations engaged in "social movement philanthropy," funding an array of advocacy groups from civil rights to environmental organizations (Jenkins 1998). By choosing to support some organizations and by professionalizing others, foundations channeled the direction of social movements (Bartley 2007, Jenkins & Eckert 1986). By the 1980s, citizen groups like the NAACP and the Sierra Club relied heavily on foundation and independent donations (Walker 1991, Skocpol 2003). In these efforts, foundations supported a number of groups and efforts to address broad social ills, rather than working toward clearly-defined policy prescriptions.

Scholars have identified a shift, however, in foundation behavior, documenting a "new philanthropy" where foundations are bolder in their strategies and more targeted in the goals they seek to achieve. Scholars have noted this behavior in particular for foundations founded in recent decades. These "new foundations" have living, hands-on donors whose fortunes were made in modern industries, like retail, tech, or finance, while "old foundations" were founded mid-century by now-deceased benefactors with wealth from printing and manufacturing (Colvin 2005, Snyder 2015,

Tompkins-Stange 2016). The former engage in “venture philanthropy” or “philanthrocapitalism” (Bishop & Green 2015, Moody 2008, Scott 2009). This is giving that seeks to produce data-based, measurable results, that prizes innovation, and that uses language from the private sector. “Old foundations,” on the other hand, tend to focus on political mobilization and on-the-ground input, seeking to help organizations build capacity and engage in collaboration, rather than focusing on specific outcomes. That is not to say that old foundations do not want to pursue policy change; they do. However, they seek to do it in a way that empowers marginalized communities rather than pursuing specific policies. In her in-depth study of four foundations, Tompkins-Stange (2016: 99) cites an official from the Ford Foundation, a well-known “old” foundation, referencing two “new” foundations: “There’s no vaccine for public education...It’s about building a field as opposed to injecting a specific idea or a specific technical solution. And it’s what some people might say old school - that’s just not how the Gates and the Broads do it anymore.”

Both types of foundations seek to influence education. Education was the most frequently cited issue priority for 194 living philanthropists at the helm of some of the largest U.S. foundations (Goss 2016). All types of foundations have given more dollars to education causes and organization than to any other issue since 2002, according to the Foundation Center.¹

Yet, while old foundations support traditional public school institutions, new foundations seek to reshape or bypass the public school system (Snyder 2015). To this end, new foundations have focused on a specific set of choice and accountability-oriented education policies known among education advocates as “education reform.” Among these policies, new foundations have been especially interested in giving to programs outside of the traditional system, like voucher programs, alternative certification, and charter schools, which are considered “higher leverage” (Greene 2005) and are sometimes known as “jurisdictional challengers” (Mehta & Teles 2011, Scott 2009). Indeed, the largest new foundations increasingly engage in convergent grant-making, funding the same alternative certification organizations (e.g., Teach for America, the New Teacher Project), the same charter school networks (e.g., KIPP, Aspire), and the same education reform advocacy

¹This statistic only includes recipients within the U.S. When international recipients are included, health and education have alternated as the top issues.

groups (e.g., Stand for Children, the National Alliance for Public Charter Schools etc.) (Reckhow 2013, Reckhow & Snyder 2014, Snyder 2015). New foundations have promoted education reform policies at the federal level, most notably through the Race to the Top initiative and teacher policies (Koppich & Esch 2012, Tompkins-Stange 2016), and they have funded national organizations that advocate for such policies (Reckhow 2016). New foundation donors have stepped out of the shadows to take an active role in explicitly promoting their education reform policy goals in the public sphere to support their initiatives (Reckhow 2013, 2016).

Scholars have sought to make sense of the bold, targeted behavior of new foundations in favor of education reform. Scott & Jabbar (2014) characterize new foundations as a “hub” bringing together the “spokes” of civil society and activist organizations committed to education reform. Quinn, Tompkins-Stange & Meyerson (2014) call foundations “institutional entrepreneurs” for their creation and support of new institutional forms like charter networks. Hassel & Way (2005) provide evidence that foundation giving fosters both supply and demand for school choice through a range of choice-supporting grantees from think-tanks to charter networks, scholarships, legal defense, and grassroots organizing. Sarah Reckhow has applied the familiar term “policy entrepreneur” to describe the new foundations, while Janelle Scott has called them “advocacy coalitions” (Reckhow 2013, 2016, Scott 2009).

The degree to which these concepts adequately capture the behavior of new foundations requires additional evidence. A stronger case for foundations as policy entrepreneurs would be made if we knew they actually pressured governments directly, as do policy entrepreneurs. Moreover, a better case that new foundations support education reform would require evidence that foundations push for such policies in their direct dealings with government agencies. Yet the literature has not systematically addressed these questions, as it has been focused on tracking the giving of certain foundations rather than looking explicitly at the government as a recipient. This paper uses grants to state departments of education to examine whether new and old foundations strategically push for education reform in their grants to government.

Why State Education Agencies?

There is good reason to study grantmaking to state education agencies. Grants to state education agencies constituted less than 2 percent of giving from the largest foundations in 2010 (Reckhow & Snyder 2014), which makes them a small drop in the sea of education funding (Greene 2005). Therefore, it is not surprising that they have not been systematically studied. However, grants to government, which are tax-deductible like grants to non-profits, have the potential to disproportionately impact policy. State involvement in education has reached its height in recent years, with state agencies administering standardized testing under No Child Left Behind and implementing new, complex data systems and teacher evaluation systems (Manna 2007, McGuinn 2012, 2016). The formal powers of state governors have increased as more of them gain the power to appoint state superintendents of education (Henig 2013). Meanwhile, they have pursued ambitious new content standards, standardized testing and other policies. These changes have opened up an opportunity for foundations to shape policy through assistance to influential state education agencies in the process of expanding their capacities and jurisdictions.

There are also methodological reasons to analyze grants to state agencies. The fact that states have similar agencies across statelines allows researchers to exploit variation in the receipt of gifts and in the amount of gifts across different units. This way, we can examine the degree to which state political characteristics are associated with grant funding.

The Reasons Why New and Old Foundations Give

Why might foundations give grants to state departments of education? One justification for the tax-exempt, privileged place of foundations is that they substitute or supplement public services when government provision is inadequate (Young 1998). This suggests that foundations would support those education agencies with the largest capacity needs, as captured by low funding, in order to improve the provision of education. This would be true, in particular, for older foundations, which support the development of their grantees' capacity and infrastructure, rather than the pursuit of

specific policies (Tompkins-Stange 2016). Therefore, *state departments of education in states with lower per pupil spending will be more likely to receive grants from old foundations than states with higher spending (H1)*. New foundation grants, which are expected to be driven by policy goals rather than capacity-building, should not be related to grants for states with funding needs.

Another justification for foundation privileges is that foundations are redistributive (Prewitt 2006). If true, they would want to improve education where it would most benefit the poor. Indeed, poverty is a major challenge for educating children, and the education deficiencies of poor children are far more severe than their affluent counterparts; improving education for them would have a major impact on their life trajectories. However, this giving strategy is more likely among older foundations, since their grants are focused more on broad societal problems than targeted policies. *State departments of education in states with higher rates of poverty will be more likely to receive old foundation grants than states with lower rates (H2)*. New foundation grants should not be related to poverty.

For new foundations, giving is likely driven by the desire to enact and support education reforms. Interest group theories are useful here because, if new foundations push state agencies to enact specific policies, they are likely acting like interest groups and their giving decisions would be expected to be similar to interest groups' decisions on whom to lobby. Interest groups are simply organizations outside of the government that seek to influence government (Berry & Wilcox 2009: 5). They try to advance their goals by lobbying policymakers and supporting candidates. On the one hand, due to their tax status, foundations cannot lobby,² endorse, or contribute to politicians.³ On the other hand, foundations are permitted to provide grants to government agencies and to engage in a host of non-lobbying advocacy activities, such as working on regulations or providing information. Foundations may use such actions along with grantmaking as a way to influence policy without directly lobbying.

²Foundations cannot lobby on specific pieces of legislation. Exceptions include providing research or discussing general social problems. They can also testify at hearings when invited and lobby for their own self-defense.

³The tax rules are slightly different for private and community foundations. Community foundations are considered public charities and can lobby. However, their lobbying must be a small part of the foundation's activities and they cannot contribute to candidates.

If their goal is to use grants to state bureaucracies as a way to influence policy, new foundations would be expected to act like interest groups in their grantmaking. Interest groups choose where to lobby and whom to work with based on political feasibility. They engage in venue-shopping to seek out auspicious policy venues for their policies (Baumgartner & Jones 1993). They are also cognizant of other interest groups and are more likely to lobby where they will be part of a coalition (Holyoke 2003). Moreover, they deliberately target legislative allies, knowing their chance of getting politicians to focus on their priorities is higher when politicians are already sympathetic to their goals (Bronars & Lott 1997, Hall & Deardorff 2006, Hall & Wayman 1990).

If they aim to enact policy, new foundations would be similarly cognizant of the other interests present. Interest group theory would predict that foundations search for states where there are groups advocating for policies the foundations support, and where groups opposed to foundation priorities are weak. This means they would support states where there are education reform groups present. Such groups, like StudentsFirst, Stand for Children, and 50-CAN, advocate for accountability and choice-oriented policies - precisely the policies that new foundations have favored. They would also support states with weak teachers' unions, since teachers and their unions usually oppose education reform policies (Peterson, Henderson & West 2014). Teachers' unions are the strongest interest group involved in education in most states (Hrebener & Thomas 2004, Moe 2011), and, while evidence is mixed, states with powerful teachers' unions are less likely to pass education reform (Finger 2017, Hartney & Flavin 2011, Moe 2011). In other words, *having an education reform group in the state will increase the probability that a state education agency receives a grant from a new foundation (H3), and teachers' union strength will be inversely related to the probability of a state education agency receiving a grant from a new foundation (H4)*. Grants from old foundations, who are expected not to act like interest groups, would not be related to reform groups or teachers' unions.

Like interest groups, foundations might consider both the capacity or need of their state agency grantees and the political context in conjunction. When it comes to interest groups, scholars have shown that interest groups provide assistance in bill drafting, research, and other needs. They are

most influential when targeting allies with the greatest capacity deficiencies (Hall & Deardorff 2006, Hertel-Fernandez 2014). Foundations might make similar calculations. Where grant recipients have lower capacity and greater education challenges, they may be more open to the extra support and may be more willing accommodate foundation preferences, especially if there is an advocacy coalition in favor of foundation preferences. Thus, *the effect of lower per pupil spending will be conditioned on having a favorable political environment (H5)*. Similarly, *the effect of higher poverty rates will be conditioned on having a favorable political environment (H6)*.

It is worth noting that this analysis does not seek to argue that political and other factors *cause* foundations to choose states as recipients. Rather, this study argues that foundations *consider* political, capacity, and need-based factors, among other things. Moreover, it may not be the case that foundation officers are concretely thinking about whether teachers' unions are strong or whether there are reform groups. These factors may simply shape a holistic impression of whether the state would be amenable to reform. Whether considered explicitly, or holistically, this would still indicate that such factors played a role in encouraging foundations to choose some states over others.

Data

Foundation Data

I test these hypotheses by analyzing the relationship between the characteristics of state departments of education and grants. I look at the correlates of grant receipt and grant amount for new and old foundations using data from the Foundation Center. The Foundation Center gets its data from two sources: some foundations report grants directly to the Foundation Center, and for the rest, the Foundation Center collects grants from foundations' annually-required IRS 990 forms, foundation websites, and other public sources.⁴ The Foundation Center claims that the data include all of the 1,000 largest foundations' grants of at least \$10,000, but, as I confirmed with an

⁴See <http://data.foundationcenter.org/about.html>

employee, there is the possibility that self-reporting foundations only provide a sample of grants. Nevertheless, the Foundation Center states it has “the most comprehensive, reliable information about the social sector,”⁵ and scholars have used data from the Foundation Center in analyses of foundation giving (e.g., Greene 2005, Quinn, Tompkins-Stange & Meyerson 2014). Still, the self-reporting is cause for concern, and, indeed, cross-checking IRS-listed grants from the Gates and Wallace Foundations with the Foundation Center data shows that, while similar, the Foundation Center data have slightly different grants and grant amounts in some cases. For this reason, I also carry out the analysis using hand-coded grants from the Gates and Wallace Foundations, the two largest grantmakers to state education agencies. The Gates Foundation, established in its earliest form in 1994, is the paradigmatic new foundation, while the Wallace Foundation brought together four foundations founded in the 1950s and 1960s by the creators of *Reader’s Digest*. It is a major old foundation.

I transform the Foundation Center data into two different data sets: state and grant-level data from 2003 to 2014. The former examines the receipt and size of grants where the unit of analysis is the state. In contrast, the unit of analysis in the grant-level data are yearly grants from individual foundations, where a “grant” is the total amount from a particular foundation provided in a given year.⁶ I cannot carry out the receipt analysis with the grant-level data, as that would require including all foundations that *did not give any grants* to state education agencies. Such an undertaking is beyond the scope of this study. Table 1 describes the four datasets used in this analysis.

For the state-level analyses, I subset the data based on whether the foundations are new or old. I carry out the analysis this way, rather than using an interaction for being new, because the unit of analysis is the state rather than foundation grant-year. However, for the analysis with the grant-level data, I am able to include an interaction rather than subset the data, since each observation is at the foundation level.

⁵See <http://foundationcenter.org/gain-knowledge/foundation-data>

⁶Note that some foundations appear in the data only once - if only a single state was funded in a single year - whereas those providing grants across states and years appear multiple times.

Table 1: Data Information

Dataset	Unit of Analysis	Year Span	Foundations Included	Total N	Original Source	Data Used With DV
State Data	State-Year	2003-2014	multiple	600	Foundation Center	Grant receipt & amount
Grant Data	Grant ^a -Year	2003-2014	multiple	425	Foundation Center	Grant amount
Gates Data	State-Year	2002-2014	Gates	650	990 tax forms	Grant receipt & amount
Wallace Data	State-Year	2001-2010	Wallace	500	990 tax forms	Grant receipt & amount

^a I consider a grant the total amount given by an individual foundation in a year. This means that for the couple of instances where a state agency receives multiple grants from a single foundation in a single year, I combine those into one “grant.”

The categorization of a foundation as “new” is determined based on foundations’ founding years. I qualify foundations as “new” if they were founded in 1980 or later.⁷ This cutoff makes sense since foundations established in this period and later are more likely to possess the characteristics of new foundations described in the literature; benefactors in the 1980s or later are more likely to still be alive and have earned their wealth in tech, retail, and investment. Moreover, *A Nation at Risk*, the report that kickstarted the modern education reform movement, was released in 1983. Indeed, foundations frequently cited by scholars as being paradigmatic of the new foundations are the Walton Foundation, which was founded in 1987; the Gates Foundation, founded in 1994; and the Dell Foundation, founded in 1999.⁸ The foundations included in the analysis, in addition to summary statistics from the “new” and “old” subsetted data, are provided in Table 2.

There might be concern with the validity of the analysis if states select into grant receipt. Indeed, the conventional wisdom is that grantees approach foundations for funding, not vice versa. This is largely not the case. Most foundations seek out the recipients they want to fund. In 2011,

⁷The founding year is the year of incorporation as described in Foundation Center foundation profiles. Where it could not be identified, I use the year of formation listed on 990 tax forms. Where the latter was not available, I use the IRS tax-exempt ruling year.

⁸However, with this cutoff, the Annenberg Foundation, which was founded in 1989, is classified as a new foundation. The 1993 Annenberg Challenge is frequently cited as emblematic of the old style of foundation giving. Nevertheless, re-classifying new foundations as those founded from 1990 on does not change the results. The inclusion of Annenberg as a “new” foundation shows that within the new and old categorizations, foundation behavior varies to a certain extent.

60 percent of all U.S. foundations did not consider unsolicited proposals (Smith 2009), while 77 percent of family foundations did not in 2009 (Snow 2009). Scott (2009) writes that new foundations are less likely to accept applications than old foundations. Still, of those foundations that do accept applications, their ability to consider and fund proposals is limited.⁹ In sum, states do not freely determine if they get grants; they are deliberately selected by foundations.

Figures with new and old foundation funding over time by state (Figure A1), as well as Gates and Wallace grants over time by state (Figure A2) are displayed in the appendix.

Operationalizing the Correlates of Foundation Grants

The dependent variables are receipt of any funding, which is a binary variable, and grant size, in millions of current 2015 dollars. Where dependent variables are grant receipt, I use logistic regressions, and where the dependent variables are grant amount, I use OLS.

The explanatory variables for the two old foundation hypotheses are per pupil spending and poverty. If foundations give to improve state capacity to offer public education, they should give - and give more - where spending is lower. Per pupil spending is measured in thousands of 2015 dollars, and these data comes from the National Center for Education Statistics. The explanatory variable for the second hypothesis is the state's poverty rate. If old foundations give based on need, we would expect states receiving any grants and larger grants to be poorer. The variable is logged and comes from the Current Population Survey.

The third and fourth hypotheses posit that new foundations give based on the political feasibility of education reform goals. Education reform groups are operationalized using data from the Policy Innovators in Education (PIE) Network, a national education reform network that affiliates groups that engage in pro-education reform advocacy.¹⁰ I take PIE affiliation as an indication that an organization qualified as an education reform group. I then determine the groups' founding

⁹A Foundation Center survey of 11,000 foundations reported that 76 percent had less than four staff members, and the president of the Foundation Center noted that in his experience only about 8 percent of grant applications are funded (Smith 2009).

¹⁰PIE is the only organization of its kind, and it currently affiliates 77 advocacy groups in 34 state. See pie-network.org.

Table 2: Summary Statistics, Grants Given to State Departments of Education Between 2003 and 2014 (“Grant Data”)

	New Foundations	Old Foundations
Foundation (founding year) ^a	AT&T Foundation (1984), Annenberg Foundation (1989), BNSF Railway Foundation (2007), Barr Foundation (1987), Bill & Melinda Gates Foundation (1994), Buffett Early Childhood Fund (2005), Citi Foundation (1994), Daniels Fund (1997), Eli & Edythe Broad Foundation (1999), Freeman Foundation (1993), Gill Foundation (1994), Idaho Community Foundation (1988), Intel Foundation (1997), Jack Kent Cooke Foundation (1997), Lumina Foundation (2000), McCune Charitable Foundation (1992), Micron Technology Foundation, Inc. (1999), Raikes Foundation (2002), Rockefeller Philanthropy Advisors, Inc. (1992), Rose Community Foundation (1995), Silicon Valley Community Foundation (2007), Sorenson Legacy Foundation (2007), State Street Foundation, Inc. (2006), The Colorado Trust (1985), The Francis Family Foundation (1989), The Grove Foundation (1986), The Highland Street Connection (1989), The M & T Charitable Foundation (1993), The Michael and Susan Dell Foundation (1999), The Milken Family Foundation (1982), The Sherwood Foundation (1999), Verizon Foundation (1985), Walton Family Foundation, Inc. (1987)	Alcoa Foundation (1964), Bonfils-Stanton Foundation (1962), Boston Foundation, Inc. (1917), Burroughs Wellcome Fund (1955), Bush Foundation (1953), Carnegie Corporation of New York (1911), Charles Stewart Mott Foundation (1926), Claude Worthington Benedum Foundation (1944), Communities Foundation of Texas, Inc. (1960), Community Foundation of Greater Memphis (1969), Dennis & Phyllis Washington Foundation, Inc. (1978), El Pomar Foundation (1937), Emma Eccles Jones Foundation (1972), Ewing Marion Kauffman Foundation (1966), Ford Motor Company Fund (1949), Gates Family Foundation (1946), Gaylord and Dorothy Donnelley Foundation (1952), George S. and Dolores Dore Eccles Foundation (1960), Geraldine R. Dodge Foundation, Inc. (1974), Greater Kansas City Community Foundation (1978), Hall Family Foundation (1943), Harold K. L. Castle Foundation (1962), Hawaii Community Foundation (1916), J. A. & Kathryn Albertson Foundation, Inc. (1966), Kansas Health Foundation (1978), Kate B. Reynolds Charitable Trust (1947), Monsanto Fund (1964), Otto Bremer Trust (1944), Park Foundation, Inc. (1966), Ramson Foundation (1955), State Farm Companies Foundation (1963), Stuart Foundation (1937), The Abell Foundation, Inc. (1953), The Annie E. Casey Foundation (1948), The Baltimore Community Foundation (1972), The Bank of America Charitable Foundation, Inc. (1958), The Bristol-Myers Squibb Foundation, Inc. (1953), The Charles A. Dana Foundation, Inc. (1950), The Cleveland Foundation (1914), Community Foundation for the National Capital Region (1973), The Eugene McDermott Foundation (1972), The Ford Family Foundation (1957), The George Gund Foundation (1952), The John D. and Catherine T. MacArthur Foundation (1970), The Joyce Foundation (1948), The Oregon Community Foundation (1973), The PNC Foundation (1970), The PepsiCo Foundation, Inc. (1962), The Philadelphia Foundation (1918), The Robert Wood Johnson Foundation (1936), The San Francisco Foundation (1948), The Seattle Foundation (1946), The Wallace Foundation (1965), The William and Flora Hewlett Foundation (1966), The Winthrop Rockefeller Foundation (1956), Turrell Fund (1935), W. K. Kellogg Foundation (1930), Wells Fargo Foundation (1979), William Bingham 2nd Betterment Fund (1970)
# Foundations	33	59
# Grants ^b	209	216
Median Founding Year	1994	1956
Mean Grant Amount	\$587,883.10	\$526,735.20
Total Grant Dollars	\$122,900,000	\$113,800,000

^aThe founding year is the year of incorporation according to Foundation Center foundation profiles. Where it could not be identified, I use the year of formation listed on 990 tax forms. Where the latter was not available, I use the IRS tax-exempt ruling year.

^bI consider a grant the total amount given by an individual foundation in a year. This means that for the couple of instances where a state agency receive multiple grants from a single foundation in a single year, I combine those into one “grant.”

year, which often occurred before PIE's founding. Where I could not determine the group's founding year, the IRS ruling year was used. Some groups focus exclusively on school choice policies, while others work on a wide variety of education reform policies. I include both types of groups, since foundations support a wide range of education reform policies. I operationalize teachers' union strength using a binary indicator for whether collective bargaining is required. Because there is debate over whether this is the best proxy for teachers' union strength (Hartney & Flavin 2011), I carry out a robustness check replacing this variable with other measures of teachers' union strength. If new foundations support states for political reasons, we would expect states with education reform groups to be more likely to receive any grant and more grant dollars. The opposite would be true for states with stronger teachers' unions.

I test the fifth and sixth hypotheses - that political factors in combination with need or capacity shape giving - by interacting both teachers' union strength and education reform group with the state's poverty rate. I do the same for per pupil spending.

I control for several variables that we would expect to shape whether foundations fund states. I include an indicator for whether the governor is a Democrat to account for the possibility that foundations fund states that are more ideologically similar to them. According to campaign contribution data on Followthemoney.org, individuals who work for foundations overwhelmingly support Democrats. This could make them more inclined to support states with Democratic governors, since state education bureaucracies are more closely involved with the governor.

I control for the logged percentage of the population living in urban areas from the 2000 U.S. Census. Many of the most visible education challenges - segregation, inequality - are concentrated in cities. Therefore, foundations might aim to support states that have large cities to attend to. Moreover, foundations are often located in cities. Thus, there are multiple reasons why more urbanized states may be more likely to receive grants.

I include lagged dependent variables in both the state-level and grant-level models, since foundations often fund the same states over time. In some cases the initial grant was a multi-year grant. For example, as part of the Wallace Foundation's leadership initiative, participating states were el-

igible to have their grants renewed.¹¹ Moreover, scholars have found that foundations converge on the same grant recipients (Reckhow 2013, Reckhow & Snyder 2014, Snyder 2015). If this is true for grants to state agencies, foundations might choose to fund states that others have also funded. In the state-level dataset, a lagged dependent variable cannot distinguish which foundations gave previously, although it will capture whether a state received any funding (when the dependent variable is receipt) or the amount received (when the dependent variable is grant amount) in the previous year. For the grant-level models, the lagged dependent variable is the amount received by the same foundation the prior year. Summary statistics for the variables used in the analyses are reported in Table 3. Note that all independent variables are lagged one year.

Table 3: Summary Statistics, States Receiving Grants in 2010 (From “State Data”)

	mean	sd	min	max
<i>Dependent Variables</i>				
Received Grant from:				
New Foundations	0.58	0.50	0	1
Old Foundations	0.20	0.40	0	1
Grant Size (in constant 2015 dollars) ^a from:				
New Foundations	210,000	480,000	0	2,350,000
Old Foundations	69,000	250,000	0	1,390,000
<i>Explanatory Variables</i>				
Poverty Rate ^b	14.2	3.37	6.50	22.5
Spending Per Pupil (in constant 2015 dollars) ^a	11,853	2,981	7,014	19,749
Collective Bargaining	0.68	0.47	0	1
Education Reform Group	0.62	0.49	0	1
<i>Controls</i>				
Democratic Governor	0.54	0.50	0	1
Percent Urbanized ^b	71.69	14.76	38.2	94.4
<i>N</i>	50			

^aIn the analysis I transform grants to millions of dollars and spending per pupil to thousands of dollars. ^bIn the regressions, I use the logged poverty rate and logged percent of the population living in urban areas.

¹¹See <http://www.wallacefoundation.org/how-we-work/our-work/Pages/Past-Initiatives.aspx> for more information.

Results

Grant Descriptions

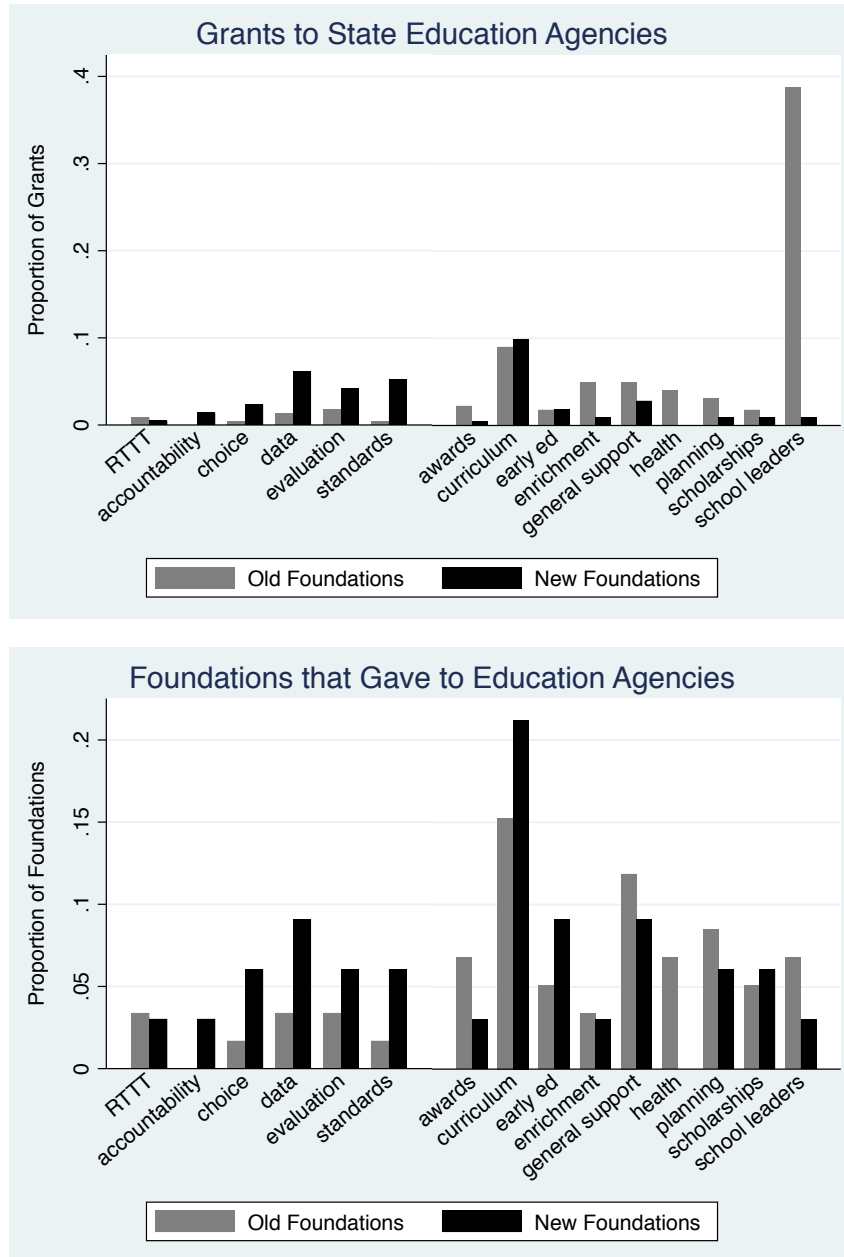
As a first pass, I categorize the grants given to state departments of education to gauge the degree to which foundations give for education reform or other types of policies. Grant descriptions were either listed on 990 forms or were self-reported along with grant amounts to the Foundation Center. This categorization is imperfect, however, because 31% of all grants do not have any description listed, or the description is too vague to categorize (e.g., “For Department of Education”). I categorized the remaining 299 grants into 21 categories meant to capture the policy that the grant focuses on. The results are reported in Figure 1.¹²

The top panel displays the proportion of new and old foundation grants that target various policy areas. The left side lists education reform policies. RTTT stands for Race to the Top, the Obama Administration grant competition that rewarded states for implementing a host of education reforms. The right side of the figure lists the proportion of grants going to non-education reform policies. “General support” indicates that the grant was not earmarked but was instead provided “for general operating support,” meaning the bureaucracy could use it as necessary.

The top left panel indicates that a larger proportion of new foundation grants went toward education reform policies than did old foundation grants. New foundation grants were more likely to support standards, teacher and principal evaluations, accountability systems, the development of data systems to track student results and link them to teachers, and school choice initiatives. The only reform policy for which old foundations were more likely to offer support was Race to the Top, although this category had very few grants total (only 3), and it may be that the new foundation reform grants in other categories also targeted RTTT applications and implementation, even if it wasn’t mentioned in the grant description listed in 990s.

¹²In the Figure, I leave out grants for library computer access (which was funded exclusively by the Gates Foundation). I also leave out other technology initiatives unrelated to student data systems or libraries, postsecondary grants, grants for stakeholder engagement, and grants explicitly for refugees and immigrants, all of which had among the lowest number of grants (4 or 5 each). I also leave out other miscellaneous grants that didn’t fit into the other categories.

Figure 1: Descriptions of New and Old Foundation Grants to State Departments of Education



The right side of the top panel suggests that old foundation grants were more likely than new foundation grants to go toward developing school and district leaders, scholarships for students, health initiatives, enrichment activities - meaning afterschool and summer programming - and awards recognizing outstanding educators. Old foundation grants were also more likely to support planning, meaning technical reports making policy suggestions. Interestingly, more new founda-

tion grants went toward curriculum development and implementation and the same proportion of new and old foundations supported early childhood education.

The bottom panel shows the proportion of new and old foundations giving at least one grant in the various categories. This addresses the concern that the top panel is driven by a few foundations that simply give many small grants, making the focus on certain policy areas appear inflated. It provides additional support that new foundations are more likely to fund education reform than old foundations. According to the left side, for every education reform category except RTTT, new foundations are more likely to provide funding than old foundations. The right side shows that old foundations are more likely to issue at least one grant for most non-education reform categories, with the exception of early childhood, enrichment activities, and curriculum development and implementation, which new foundations were more likely to fund.

Altogether, Figure 1 provides initial descriptive evidence that the two foundations support different initiatives, and that new foundations may be driven by education reform policies, while old foundations support a host of policy issues and programs.

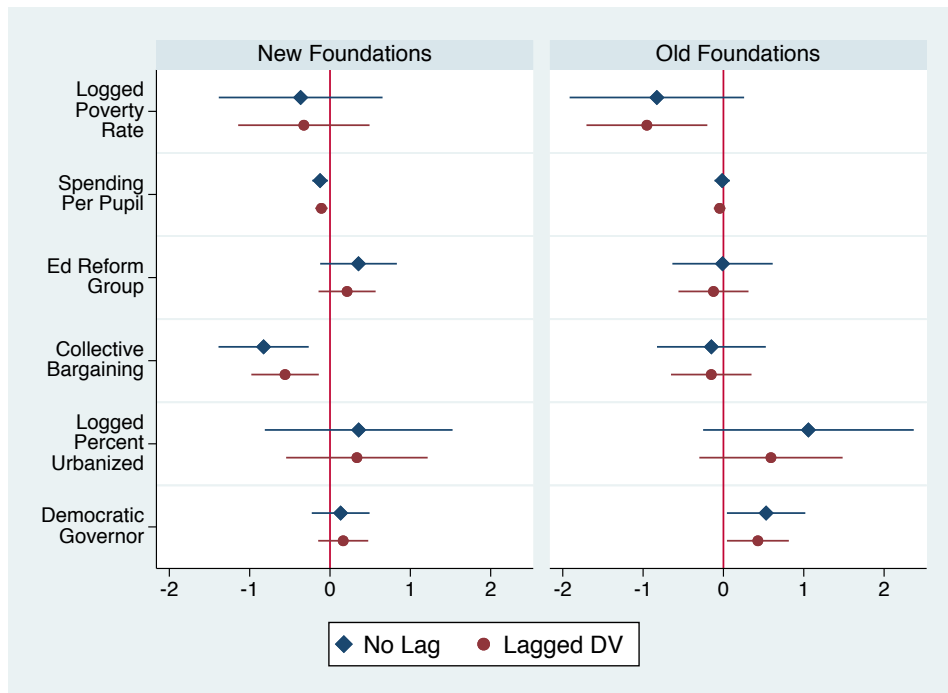
State Need or Political Feasibility?

If new foundations support education reform, do they give strategically to that end? And do old foundations focus capacity-building and need? Figure 2 displays the results from a series of regressions using the state-level data where the dependent variable is grant receipt. The results are also provided in a table in the appendix. According to Figure 2, states with higher poverty rates are not more likely to receive grants from either new or old foundations, suggesting that foundations do not fund based on need. However, new, but not old, foundations are more likely to fund states with lower per pupil spending, contradicting hypothesis one. Increasing per pupil spending levels \$1,000 decreases the probability of receiving a grant from a new foundation 2 percentage points ($p < .05$).¹³

¹³The marginal effect is taken holding reform groups, the lagged dependent variable, collective bargaining and Democratic governor at zero and all other variables at their means.

When it comes to the political variables, there are again differences across the two types of foundations. Education agencies in states with politically amenable contexts are more likely to receive funding from new foundations, but not old foundations; states with weaker teachers' unions are more likely to receive grants from new foundations ($p < .05$). According to the specification with the lagged dependent variable, states with collective bargaining are 8.8 percentage points less likely to get a grant than those without collective bargaining¹⁴ ($p < .05$). This holds even when controlling for having received a grant the prior year. However, I cannot reject that education reform groups are unrelated to the receipt of a new foundation grant; the coefficient is statistically insignificant.

Figure 2: Correlates of Foundation Giving to State Departments of Education



Dots are coefficients. Bars are 90% confidence intervals. All models use data from 2003 to 2014. Standard errors are clustered by state. The results in table form are displayed in the appendix.

For old foundations, neither political nor need-based factors matter. The one exception is poverty, which is inversely related to receiving an old foundation grant - higher poverty decreases

¹⁴The marginal effect is taken holding reform groups, the lagged dependent variable, and Democratic governor at zero and all other variables at their means.

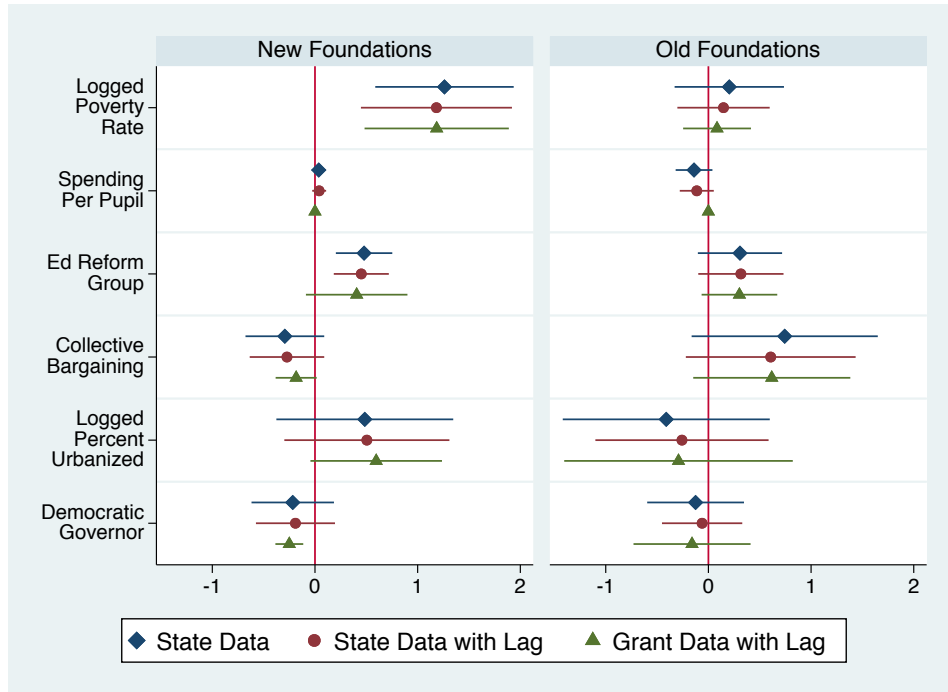
the chance of receiving a grant, contrary to expectations. This coefficient reaches statistical significance in only one specification. It may, therefore, be a function of chance. Otherwise, the coefficients on both education reform groups and teachers' unions are statistically insignificant. Rather, education agencies that receive grants from old foundations are in states with Democratic governors, as expected ($p < .1$). While insignificant, the direction of the other control is as expected, with more urbanized states positively correlated with grant receipt.¹⁵

Figure 3 displays the result when the dependent variable is grant amount, and the results are shown in table form in the appendix. Interestingly, when the dependent variable is grant amount, spending is no longer negatively related to new foundation giving. Rather, a positive relationship between poverty and grant-amount appears for new foundations. Education agencies in states with higher rates of poverty receive more new foundation grant dollars than wealthier states ($p < .01$). No such relationship exists for old foundations. As to political factors, the results differ from the grant receipt results reported in Figure 2, but are consistent with the proposition that new foundations consider the political feasibility of education reform when giving grants; education agencies in states with education reform groups receive larger grants from new foundations than those in states without such groups ($p < .05$). According to the model that uses state data and the lagged dependent variable, having an education reform group increases a state's grant size by \$205,679, all else equal¹⁶ ($p < .01$). New foundation grant size is unrelated to collective bargaining, however. For old foundations, education reform groups and collective bargaining are unrelated to grant size.

¹⁵I also carried out specifications including a variable for how the head of the education department, usually called the Chief State School Officers (CSSO), is selected. Where CSSOs are elected, especially in off-cycle elections (Anzia 2011, 2012), they would be expected to be susceptible to electoral pressure from teachers' unions and other education groups, and this might shape foundations' willingness to support the state. On the other hand, where CSSOs are appointed and not elected, they may be less susceptible to electoral incentives. Indeed, when it comes to foundation donations to urban school districts, foundations prefer to give to districts with mayoral or state control, rather than to those with elected school boards (Reckhow 2013: 47). In order to account for the possibility that CSSO selection impacts foundation giving, I carried out specifications including either a binary variable for whether the CSSO is elected or a variable for whether the CSSO is elected in non-partisan elections (this is the case only in Wisconsin, California, North Dakota, and Washington). However, regressions using either variable are never statistically significant, so I leave out the variable in the results presented here. Results are available upon request.

¹⁶The marginal effects are taken for a state where there is no collective bargaining or a Democratic governor and all other variables are held at their means.

Figure 3: Correlates of Foundation Grant Size



Dots are coefficients. Bars are 90% confidence intervals. All models use data from 2003 to 2014. Standard errors clustered by state in the state data specifications and by foundation in the grant data. The results in table form are displayed in the appendix.

Another way to assess whether new and old foundations consider different factors when making grants to state agencies is to include an interaction rather than subset the data into grants from new and old foundations. I rerun the grant amount analysis using the grant data and interacting each explanatory variable with a dummy for whether the foundation is “new” or not. Interestingly, when this is done, the coefficients on the explanatory variables are insignificant. One way to make sense of the discrepancy between the significant findings in the state-level analysis and lack of significance in this grant-level analysis is to consider foundation coordination. If new foundations coordinate their giving - perhaps deliberately combining their dollars in some cases and purposely spreading themselves out in others - then there may not be a clear relationship between individual foundation grants and state characteristics. In this case, foundations would be making their decisions while maintaining an awareness of how their giving fits into the overall amount a state will receive. This would mean that the more relevant unit of analysis, and the one that should bear

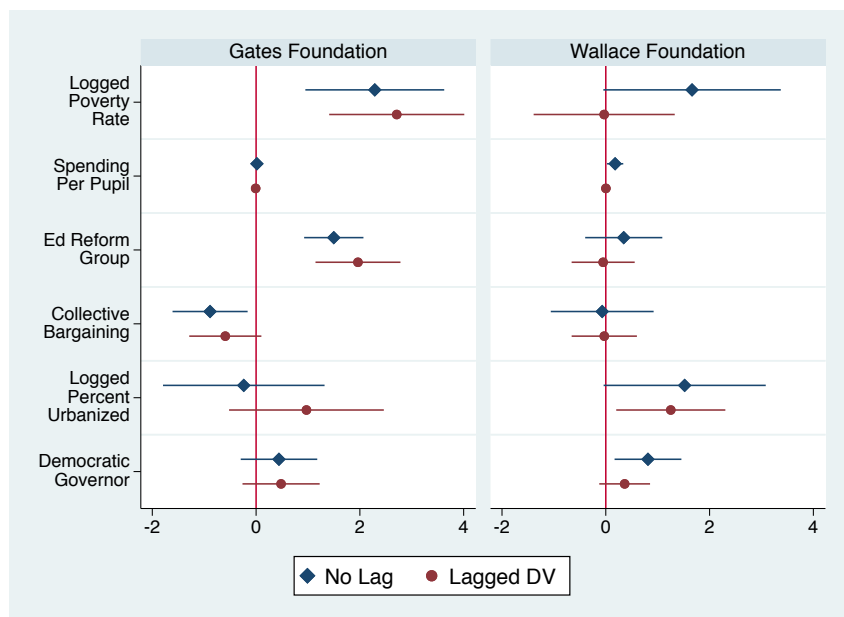
out any relationships between grant dollars and state characteristics, would be the at state level, where the dependent variable is *total yearly grant amount received by a state from any foundation*. The possibility of coordination across foundations is an interesting question that cannot be fully addressed here, however. Nevertheless, the results displayed across the state-level analyses suggest that new foundations target states with low capacity and weaker teachers' unions for grant receipt, but give larger grants where there are education reform groups present and higher levels of poverty.

In order to ascertain that the results above are not a function of self-reporting in the Foundation Center dataset, I rerun regressions where the dependent variable is grant receipt and grant size using data on the Gates and Wallace Foundations collected directly from the foundations' 990 tax forms. While foundation coordination could raise concern about this analysis, Gates and Wallace are the two largest givers to state departments of education. Therefore, if any individual foundation's giving patterns are emblematic of overall patterns, it should be theirs.

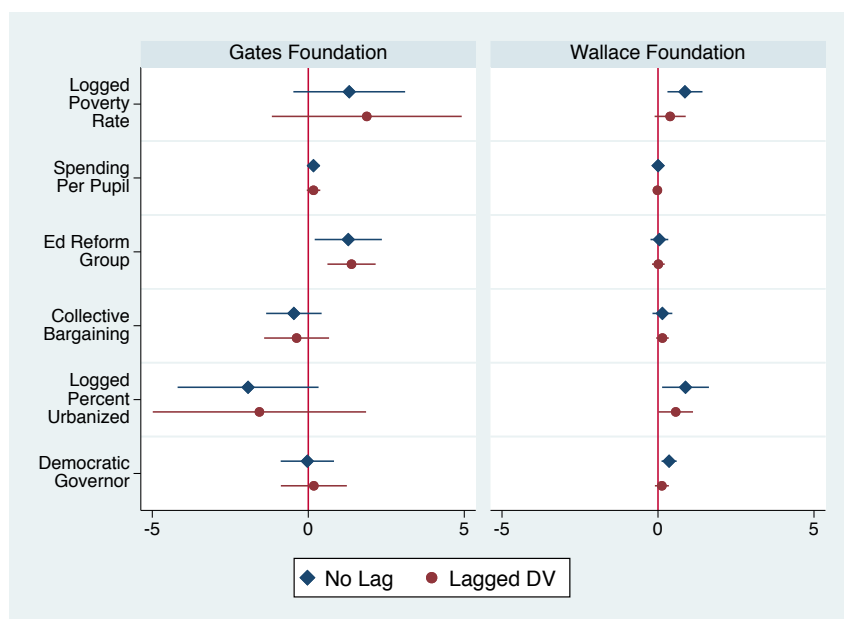
The results are displayed in Figure 4, and in a table in the appendix. The top panel shows the results for grant receipt. It shows that the Gates Foundation, but not the Wallace Foundation, gives to states with higher rates of poverty. Per pupil spending, however, is not related to grant receipt. When it comes to political factors, the Gates Foundation is more likely to award grants to states without collective bargaining and with education reform groups, while these factors are not related to Wallace giving. According to the specification without the lagged dependent variable, having a reform group increases the probability of getting a Gates grant 13 percentage points, all else equal¹⁷ ($p < .01$). For Wallace, more urbanized states with Democratic governors are more likely to receive grants than other states.

¹⁷The marginal effect is taken for a state where there is no collective bargaining, no Democratic governor, and all other variables are held at their means.

Figure 4: Correlates of Foundation State Education Department Grant Receipt and Grant Amount



(a) Grant Receipt



(b) Grant Size

Dots and other symbols are coefficients. Bars are 90% confidence intervals. Data are from 2002 to 2014 for the Gates Foundation and 2001 to 2010 for the Wallace Foundation, after which time the foundation stopped rewarding grants to departments of education, according to PF-990 tax forms. All models use standard errors clustered by state.

The second panel of Figure 4 displays the results for the Wallace and Gates' grant amounts. Poverty is positively correlated with larger Gates grants, although it fails to reach statistical sig-

nificance. Interestingly, it becomes statistically significant for Wallace, suggesting that this old foundation gives where states are poorer. Again, the foundations differ when it comes to political factors. The Gates Foundation gives less to states with collective bargaining, although the coefficient loses significance when I include the lagged dependent variable. Gates gives larger amounts to states with education reform groups, and this result remains statistically significant and positive ($p < .01$), while the coefficient on the presence of reformers is close to zero and statistically insignificant for the Wallace Foundation. The results for the Gates and Wallace Foundations are consistent with the Foundation Center findings, and support that new foundations target their giving toward states where there is need (in terms of capacity or poverty) and the interest group environment is friendly to education reform, while old foundations focus on urbanized, Democratic states.

As to political factors, the results presented so far suggest that new foundations target states without collective bargaining when it comes to choosing state education agency recipients, but consider education reform groups when deciding how much to give. This supports the hypothesis that new foundations determine funding based on political factors beneficial to education reform; they look for weak opponents when deciding where to go, and allies when deciding how much to give. As expected, this was not the case for old foundations.

The Combination of State Need and Political Feasibility

It may be that new foundations condition their need-based giving on political factors similar to how interest groups offer much-needed services to aid policymaker allies. I test this by including an interaction between poverty and each of the political feasibility variables, and I do the same for spending per pupil. For spending, the interaction is not statistically significant in any specifications, so I do not include results here. This means the effect of low capacity is not conditional on political feasibility.

For poverty the results using the Foundation Center data are reported in Table 4. According to the left panel, the interaction between collective bargaining and poverty is statistically related to both grant receipt and amount for new foundations ($p < .01$). This means that new foundations

Table 4: The Correlates of Foundation Grants and Grant Size, with Interactions

DV =	Receipt New Foundations	Amount (2)	Receipt Old Foundations	Amount (4)
	(1)	(2)	(3)	(4)
Collective Bargaining	5.105* (2.432)	5.929** (1.963)	4.957+ (2.539)	-0.695 (1.323)
Ed Reform Group	0.621 (2.398)	-1.679 (1.593)	3.833 (2.567)	1.225 (1.407)
CB X Poverty	-2.190* (0.960)	-2.411** (0.786)	-2.003* (0.984)	0.501 (0.608)
Group X Poverty	-0.178 (0.946)	0.847 (0.633)	-1.593 (1.020)	-0.366 (0.550)
Logged Poverty Rate	1.135 (0.975)	1.824** (0.558)	1.033 (1.044)	-0.0247 (0.471)
Controls	Yes	Yes	Yes	Yes
Lagged DV	Yes	Yes	Yes	Yes
<i>N</i>	550	214	550	173
<i>R</i> ²		0.192		0.161
pseudo <i>R</i> ²	0.172		0.226	

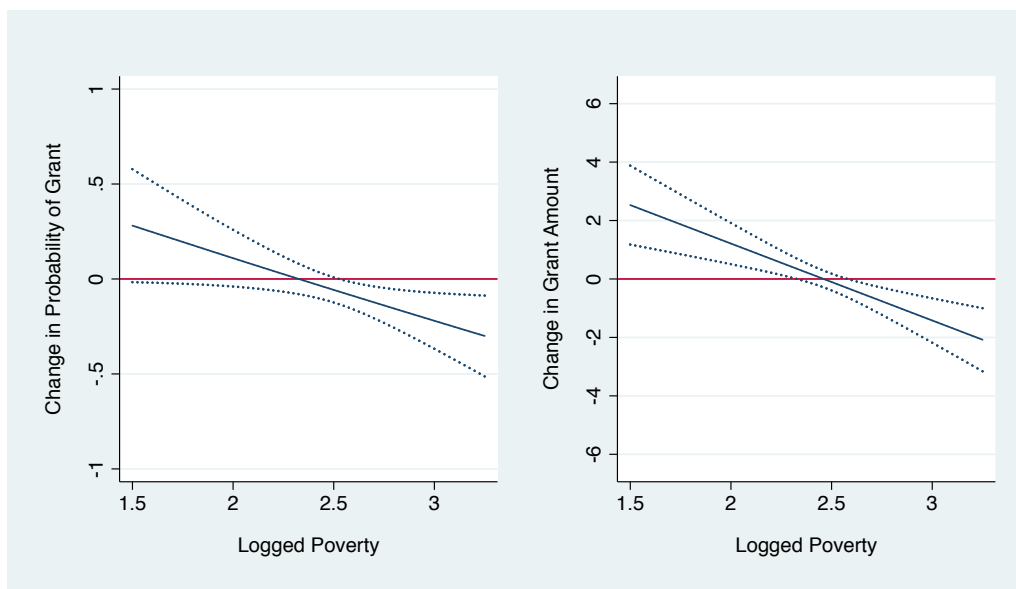
+ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$. All models use state-level data. Standard errors clustered by state in parentheses. There are fewer observations in the amount regressions because only states that received grants are included. Controls are Democratic governor, spending per pupil and logged percent urbanized.

fund poorer states, only insofar as their teachers' unions are weaker than in other states. In other words, the effect of poverty is weakened where there is collective bargaining. This relationship is displayed in Figure 5. According to the model in the left panel, the marginal effect of collective bargaining where poverty is at the average level of Mississippi (19.9%) is to decrease the probability of a grant by almost a third (21.5 percentage points) ($p < .05$), and, according to the right panel, the size of the grant amount by \$1,376,558 ($p < .01$). Returning to Table 4, the right side of the table shows that, unexpectedly, the interaction between collective bargaining and poverty is also statistically significant for old foundations. However, it loses significance in the amount

specification.

Table 5 displays the results when using the Wallace and Gates Foundation data. For the Gates Foundation, neither interaction is statistically significant. This suggests that the original specifications without the interactions were better models for Gates Foundation giving - the Gates Foundation seems to pay attention to political factors and need separately; the presence of one doesn't affect the degree to which the Foundation considers the other. However, for grant amounts, the interaction between collective bargaining and poverty becomes statistically significant ($p < .01$). This means that, as with the Foundation Center results, collective bargaining decreases the effect of poverty on the amount Gates' education agency recipients receive. In other words, the existence of collective bargaining discourages Gates from offering more to poorer states. The interaction between poverty and reform groups is not statistically significant when the dependent variable is grant amount. For the Wallace Foundation, none of the interactions is consistently related to either grant receipt or size, as expected. Again, this supports that for new, but not old, foundations, political feasibility shapes the degree to which dire needs are considered.

Figure 5: The Marginal Effect of Collective Bargaining on Receiving a New Foundation Grant and on Grant Size



With 90% confidence intervals. Both models use state data and include standard errors clustered by state. Marginal effects taken with all variables held at their means, with the exception of reform groups, the lagged dependent variable and Democratic governor, which are all held at zero. Grant amounts are in millions of dollars.

Table 5: The Correlates of Gates and Wallace Grants and Grant Size, with Interactions

DV =	Gates Foundation			Wallace Foundation		
	Receipt (1)	Grant Amount (2)	Grant Amount (3)	Receipt (4)	Grant Amount (5)	Grant Amount (6)
Collective Bargaining	-1.653 (3.841)	14.07** (4.394)	19.89** (6.353)	2.307 (4.070)	0.803 (1.502)	0.325 (1.307)
Ed Reform Group	5.485 (4.559)	-5.491 (6.204)	-6.373 (12.58)	5.826+ (3.493)	0.520 (1.397)	0.248 (1.337)
CB X Poverty	0.391 (1.436)	-5.752** (1.721)	-7.812** (2.442)	-0.935 (1.606)	-0.259 (0.600)	-0.0719 (0.520)
Group X Poverty	-1.297 (1.660)	2.545 (2.283)	2.805 (4.484)	-2.376+ (1.380)	-0.192 (0.566)	-0.0959 (0.554)
Logged Poverty Rate	3.644* (1.616)	1.082 (1.755)	0.971 (4.034)	1.622 (1.481)	1.117 (0.683)	0.481 (0.637)
Controls	Yes	Yes	Yes	Yes	Yes	Yes
Lagged DV	Yes	No	Yes	Yes	No	Yes
<i>N</i>	600	57	50	450	105	104
<i>R</i> ²		0.212	0.240		0.204	0.377
pseudo <i>R</i> ²	0.333			0.452		

+ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$. Standard errors clustered by state in parentheses. There are fewer observations in the amount regressions because only states that received grants are included. Controls are Democratic governor and logged percent urbanized.

In sum, new, but not old, foundations consider both political and needs-based factors when choosing whom to fund and how much to provide. In particular, the strength of teachers' unions shape the degree to which new foundations consider poverty. Table 6 displays the best models for new foundations and the Gates Foundation. The specifications do not include the group/poverty interaction or the spending/political factors interactions, as they were not statistically significant in any models. The table shows that grants are more likely and grant amounts increase where there are weak opponents and high levels of poverty, and also where there are education reform groups, regardless of poverty levels. For new foundations generally, but not for Gates, grants are also more likely where spending is lower. Altogether, these findings support that new foundations, but not old

foundations, behave like interest groups, targeting state governments where their education reform goals are feasible and education bureaucracies face more severe needs and can use the help.

Table 6: The Correlates of New Foundation and Gates Foundation Grant Receipt and Size

DV =	New Foundations		Gates Foundation	
	Receipt (1)	Amount (2)	Receipt (3)	Amount (4)
Collective Bargaining	4.973* (2.403)	6.916** (1.648)	-1.817 (3.774)	14.74* (5.325)
Ed Reform Group	0.173 (0.221)	0.487** (0.146)	1.975** (0.502)	1.269* (0.595)
CB X Poverty	-2.137* (0.945)	-2.814** (0.658)	0.462 (1.410)	-5.998** (2.079)
Logged Poverty Rate	1.019 (0.658)	2.601** (0.515)	2.507** (0.901)	2.860* (1.306)
Spending Per Pupil	-0.125** (0.048)	-0.001 (0.044)	-0.006 (0.053)	0.192+ (0.096)
Controls	Yes	Yes	Yes	Yes
Lagged DV	Yes	No	Yes	No
<i>N</i>	550	233	600	57
<i>R</i> ²		0.179		0.201
pseudo <i>R</i> ²	0.172		0.332	

+ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$. Standard errors clustered by state in parentheses. There are fewer observations in the amount regressions because only states that received grants are included. Controls are logged percent urbanized and Democratic governor.

Robustness Check: Alternative Teachers' Union Measures

It is possible that the collective bargaining variable does not actually capture teachers' union strength. Indeed, some have argued that the use of labor law to capture teachers' union strength fails to account for political incentives driving politicians to heed teachers' unions preferences (Hartney & Flavin 2011). In order to probe the robustness of this result, I carry out the new foundation models replacing collective bargaining with other measures for teachers' union strength. I

use right-to-work law, public sector union membership rates,¹⁸ and campaign contributions.¹⁹

Figure 6: The Marginal Effect of Collective Bargaining on Receiving a New Foundation Grant and Grant Size



With 90% confidence intervals. All models use state-level data and do not include lagged dependent variables. Standard errors are clustered by state.

Figure 6 displays the results for the alternative teachers’ union strength measures using the state-level data.²⁰ The interaction between the teachers’ union measure and poverty is statistically significant for both grant receipt and size when the teachers’ union measure is public sector union membership, and for grant size when the measure is campaign contributions. While new foundations tend to provide grants to poorer states, a poor state’s probability of receiving a grant

¹⁸I include public sector union membership rates rather than teachers’ union membership rates because the latter are not available every year. The public sector union membership rates are from the Current Population Survey (CPS), and they are highly correlated with teachers’ union membership rates. Pairwise correlations of teachers’ union membership rates from the Schools and Staffing Survey (SASS) and public sector membership are .89 in 2000, 2004, and 2008, and .86 in 2012.

¹⁹These are four-year moving averages of contributions from teachers’ unions as a percentage of all contributions to state races. The data come from FollowtheMoney.org

²⁰For the Gates data, the interaction is significant for campaign contributions, but not the other variables (Results available upon request).

falls if public sector union membership is high, or if teachers' unions are large campaign contributors. These results support that the results are not a function purely of collective bargaining, as they hold for alternative measures of teachers' union strength. Rather, foundations are considering teachers' union strength broadly when determining the degree to which they should factor in a state's poverty.

Oddly, however, for some models where the dependent variable is grant amount, the interaction is also statistically significant for low levels of poverty and strong teachers' unions. New foundations give larger grants where union membership rates are high or where teachers' unions have high campaign contributions and poverty is low. This is also true where there is collective bargaining as well (see Figure 5). In order to ascertain that it is not being driven by relatively wealthy, union-friendly states that are also foundation darlings, like Oregon, Washington, and New York, I removed these states and reran the regressions. However, even removing different state combinations, the relationship persists. This suggests that when it comes to the size of grants, new foundations also increase grants for states with strong unions and low poverty.

In order to better understand why this relationship exists, I examine the grants from new foundations to states with collective bargaining and with poverty rates below the mean. Interestingly, among this subset of grants, the number of grants that are too vague to categorize or that lack any description is much higher than in the grants sample as a whole. Of the 68 new foundation grants to states with strong unions and low poverty, 36 (52.9%) cannot be categorized. This is almost twice as many as in the full sample of new and old grants and is more than among all the other new foundation grants (45%). Of those that are categorizable, there are grants of all sizes going to both education reform and non-education reform policies. It remains unclear, therefore, why new foundations give where teachers' unions are strong and poverty is low - it may be that in some cases foundations aim to deliberately target states with politically challenging environments, perhaps in order to weaken teachers' unions or support weak reformers. Whatever the cause, this is an interesting finding that raises new questions about heterogeneity across the nature of grants and grant recipients. This finding does not contradict the political feasibility finding - it is still the case

that weaker teachers' unions increase the impact of high poverty.

An Illustrative Case

The case of Kentucky is illustrative of how new foundations consider capacity and education deficiencies along with the political feasibility of education reform when supporting state education agencies. In 2008, the Gates Foundation was looking for states to invest in to encourage new teacher evaluations. Gates sought out states with at least 45 percent of students receiving free and reduced-price lunch and without prohibitions on tying teacher evaluations to student test scores. Taking into account these two conditions, a Gates officer explained to me that they “could have selected the whole South based on our criteria.”

However, the Gates Foundation also looked for states where they could be part of a political coalition for bold teacher reform. The Gates officer explained that in Kentucky, “there was a community looking at ‘How do we push continuous improvement?’” An education reform advocacy organization called the Prichard Committee was working on education reform within the state, and Gates saw “groups like this” as a “natural fit.” Moreover, the teachers' union was willing to be part of the coalition, although it was skeptical. This may have been due to weakness; the union in Kentucky, while not the weakest of all states, was not strong - the state does not require collective bargaining, and only 58.4 percent of teachers were union members.²¹ The Gates officer explained that “Mississippi and West Virginia, compared to Kentucky, were less resource rich. I don't mean dollars, I mean in terms of assets from the community. You had this group of advocates ‘staying the course’ in KY.”

At the same time, the state needed the assistance. According to a top bureaucrat, Gates fulfilled a need “at a time when the state was getting cuts in education resources and we didn't receive Race to the Top funding.” Gates targeted its assistance toward reform; it brought those tasked with reforming teacher evaluations to conferences, it introduced them to experts, and it funded

²¹This is according to the 2007-2008 round of the Schools and Staffing Survey (SASS)

a data analyst to work on the teacher evaluation pilot. A new teacher evaluation bill based off this Gates-funded work was passed in 2013 without controversy. After its passage, the Gates Foundation funded local trainings in collaboration with the state teachers' union. In sum, the Gates Foundation's involvement in Kentucky took into account both political feasibility and need.

Conclusion

In this study, I provided additional evidence that new and old foundations differ in terms of the content of their grants and their grantmaking strategies, showing that the previous distinctions in the literature hold for grantmaking to governments. I used Foundation Center data along with hand-coded (new) Gates and (old) Wallace Foundation data to study the case of grantmaking to state education agencies. First, I categorized all the grants made to state departments of education. I showed that new foundations are more likely to give grants for education reform initiatives like standards, data systems, accountability programs, school choice and evaluation systems, while old foundations are more likely to fund a variety of non-education reform programs, including the development of school leaders, scholarships, health initiatives, and awards for outstanding educators.

Second, I found evidence that new, but not old, foundations are more likely to provide grants and to provide larger grants to states with high needs and low capacity where reform is politically feasible. Specifically, I found that poor states with low spending that also have weak teachers' unions and education reform groups received more funding from new foundations than other states. While the importance of political factors confirmed my expectations, the role of state capacity and need went against expectations, as these were predicted to matter for old, but not new, foundations. These findings show that new foundations are also concerned about capacity-building and the severity of societal need among grantees, and it raises doubt on whether these factors are as important for old foundations. Rather, old foundations support more urbanized states with Democratic governors. They may also give for other reasons that have not been addressed here - perhaps

proximity or personal connections - but capacity and the severity of need do not appear to matter as much as the literature describes. The other correlates of old foundation giving is a fruitful topic for future researchers to address in order to continue to push forward our understanding of the differences between these two types of foundations.

Third, I provided evidence that political factors - specifically the strength of teachers' unions - condition the degree to which new foundations consider a state's poverty when making grants, in line with my expectations. I confirmed the robustness of this result by substituting the teachers' union measure (collective bargaining) for other relevant measures of teachers' union clout. This finding indicates that new foundations behave like interest groups, seeking venues where they will achieve the most influence on policy due to an absence of strong opponents and high needs on the part of states. This is not to say that old foundations are not strategic. They well may be. But they do not seek to advance a specific set of policies in the same way that new foundations do. They neither give grants for these policies with the same frequency nor target areas where such policies are feasible. Fourth, I provided a case study of Kentucky to illustrate the findings.

The political government grant-making behavior of new foundations should be considered as scholars continue to examine the new generation of philanthropists. Indeed, if grantmaking to government is a form of influence-seeking, they may be acting like interest groups and this should be recognized and studied by interest group scholars. Leaving out the government grantmaking behavior of foundations risks overlooking an important area of policy influence, especially in education.

References

- Anzia, Sarah F. 2011. "Election Timing and the Electoral Influence of Interest Groups." *The Journal of Politics* 73 (2): 412–427.
- Anzia, Sarah F. 2012. "The Election Timing Effect: Evidence from a Policy Intervention in Texas." *Quarterly Journal of Political Science* 7: 209–248.
- Bartley, Tim. 2007. "How Foundations Shape Social Movements: The Construction of an Organizational Field and the Rise of Forest Certification." *Social Problems* 54 (3): 229–255.
- Baumgartner, Frank R. and Bryan D. Jones. 1993. *Agendas and Instability in American Politics*. Chicago: University of Chicago Press.
- Baumgartner, Frank R., Jeffrey M. Berry, Marie Hojnacki, David C. Kimball and Beth L. Leech. 2009. *Lobbying and Policy Change: Who Wins, Who Loses, and Why*. Chicago: University of Chicago Press.
- Berry, Jeffrey M. and Clyde Wilcox. 2009. *The Interest Group Society*. New York: Routledge.
- Bishop, Matthew and Michael Green. 2015. "Philanthrocapitalism Rising." *Society* 52 (6): 541–548.
- Bronars, Stephen G. and John R. Lott. 1997. "Do Campaign Contributions Alter How a Politician Votes? Or, Do Donors Support Candidates Who Value the Same Things That They Do?" *Journal of Law and Economics* 40 (2): 317–350.
- Colvin, Richard Lee. 2005. A New Generation of Philanthropists and Their Great Ambitions. In *With the Best of Intentions: How Philanthropy is Reshaping K-12 Education*, ed. F. M. Hess. Cambridge: Harvard Education Press.
- Finger, Leslie K. 2017. "Vested Interests and the Diffusion of Education Reform Across the States." *Policy Studies Journal* .
- Goss, Kristin A. 2016. "Policy Plutocrats: How America's Wealthy Seek to Influence Governance." *PS: Political Science & Politics* 49 (3): 442–448.
- Greene, Jay P. 2005. Buckets into the Sea: Why Philanthropy Isn't Changing Schools, and How It Could. In *With the Best of Intentions: How Philanthropy is Reshaping K-12 Education*, ed. F. M. Hess. Cambridge: Harvard Education Press.
- Hall, Richard L. and Alan V. Deardorff. 2006. "Lobbying as Legislative Subsidy." *American Political Science Review* 100 (1): 69–84.
- Hall, Richard L. and Frank W. Wayman. 1990. "Buying Time: Moneyed Interest and the Mobilization of Bias in Congressional Subcommittees." *American Political Science Review* 84: 797–920.
- Hartney, Michael and Patrick Flavin. 2011. "From the Schoolhouse to the Statehouse: Teacher Union Political Activism and State Education Reform Policy." *State Politics and Policy Quarterly* 11 (3): 251–268.
- Hassel, Bryan C. and Amy Way. 2005. Choosing to Fund School Choice. In *With the Best of Intentions: How Philanthropy is Reshaping K-12 Education*, ed. F. M. Hess. Cambridge: Harvard Education Press.
- Henig, Jeffrey R. 2013. *The End of Exceptionalism in American Education: The Changing Politics of School Reform*. Cambridge: Harvard Education Press.
- Hertel-Fernandez, Alexander. 2014. "Who Passes Business's 'Model Bills'? Policy Capacity and Corporate Influence in U.S. State Politics." *Perspectives on Politics* 12 (3): 582–602.
- Holyoke, Thomas T. 2003. "Choosing Battlegrounds: Interest Group Lobbying across Multiple Venues." *Political Research Quarterly* 56 (3): 325–336.

- Hrebenar, Ronald J. and Clive S. Thomas. 2004. Interest Groups in the States. In *Politics in the American States*, ed. V. Gray and R. L. Hanson. Washington, D.C.: Congressional Quarterly Press.
- Jenkins, J. Craig. 1998. Channeling Social Protest: Foundation Patronage of Contemporary Social Movements. In *Private Action and the Public Good*, ed. W. W. Powell and E. S. Clemens. New Haven: Yale University Press.
- Jenkins, J. Craig and Craig M. Eckert. 1986. "Channeling Black Insurgency: Elite Patronage and Professional Social Movement Organizations in the Development of the Black Movement." *American Sociological Review* 51 (6): 812–829.
- Koppich, Julia E. and Camille Esch. 2012. "Grabbing the Brass Ring: Who Shapes Teacher Policy?" *Educational Policy* 26 (1): 79–95.
- Manna, Paul. 2007. *School's In: Federalism and the National Education Agenda*. Washington, D.C.: Georgetown University Press.
- McGuinn, Patrick. 2012. "Stimulating Reform: Race to the Top, Competitive Grants and the Obama Education Agenda." *Educational Policy* 26 (1): 136–159.
- McGuinn, Patrick. 2016. "From No Child Left behind to the Every Student Succeeds Act: Federalism and the Education Legacy of the Obama Administration." *Publius* 46 (3): 392–415.
- Mehta, Jal and Steven Teles. 2011. Jurisdictional politics: A New Federal Role in Education. In *Carrots, Sticks, and the Bully Pulpit: Lessons from a Half-Century of Federal Efforts to Improve America's Schools*, ed. F. M. Hess and A. P. Kelly. Cambridge: Harvard Education Press.
- Moe, Terry M. 2011. *Special Interest: Teachers Unions and America's Public Schools*. Washington, D.C.: Brookings Institution.
- Moody, Michael. 2008. "'Building a culture': The Construction and Evolution of Venture Philanthropy as a New Organizational Field." *Nonprofit and Voluntary Sector Quarterly* 37 (2): 324–352.
- O'Connor, Alice. 1999. The Ford Foundation and Philanthropic Activism in the 1960s. In *Philanthropic Foundations: New Scholarship, New Possibilities*, ed. E. C. Lagemann. Bloomington: Indiana University Press.
- O'Connor, Alice. 2011. Bringing the Market Back in: Philanthropic Activism and Conservative Reform. In *Politics and Partnerships: The Role of Voluntary Associations in America's Political Past and Present*, ed. E. S. Clemens and D. Guthrie. Chicago: University of Chicago Press.
- Peterson, Paul E., Michael Henderson and Martin R. West. 2014. *Teachers versus the Public: What Americans Think about Schools and How to Fix Them*. Washington D.C: Brookings Institution Press.
- Prewitt, Kenneth. 2006. American Foundations: What Justifies Their Unique Privileges and Powers. In *Legitimacy of Philanthropic Foundations: United States and European Perspectives*, ed. K. Prewitt, M. Dogan, S. Heydemann and S. Toepler. Russell Sage Foundation.
- Quinn, Rand, Megan Tompkins-Stange and Debra Meyerson. 2014. "Beyond Grantmaking: Philanthropic Foundations as Agents of Change and Institutional Entrepreneurs." *Nonprofit and Voluntary Sector Quarterly* 43 (6): 950–968.
- Reckhow, Sarah. 2013. *Follow the Money: How Foundation Dollars Change Public School Politics*. Oxford: Oxford University Press.
- Reckhow, Sarah. 2016. "More than Patrons: How Foundations Fuel Policy Change and Backlash." *PS: Political Science & Politics* 49 (3): 449–454.
- Reckhow, Sarah and Jeffrey W. Snyder. 2014. "The Expanding Role of Philanthropy in Education

- Politics.” *Educational Researcher* 42 (4): 186–195.
- Scott, Janelle. 2009. “The Politics of Venture Philanthropy in Charter School Policy and Advocacy.” *Educational Policy* 23 (1): 106–136.
- Scott, Janelle and Huriya Jabbar. 2014. “The Hub and the Spokes: Foundations, Intermediary Organizations, Incentivist Reforms, and the Politics of Research Evidence.” *Educational Policy* 28 (2): 233–257.
- Skocpol, Theda. 2003. *Diminished Democracy: From Membership to Management in American Civic Life*. Norman: University of Oklahoma Press.
- Smith, Bradford K. 2009. “‘Don’t Call Us, We’ll Call You’.” *Philanthropy News Digest* March 04, 2011.
- Snow, Page. 2009. “Applying for Funding from Family Foundations: Results of a New Survey.” *GuideStar: Blog* August 1, 2009.
- Snyder, Jeffrey W. 2015. How Old Foundations Differ from New Foundations. In *The New Education Philanthropy: Politics, Policy, and Reform*, ed. F. M. Hess and J. R. Henig. Cambridge: Harvard Education Press.
- Tompkins-Stange, Megan E. 2016. *Policy Patrons: Philanthropy, Education Reform, and the Politics of Influence*. Cambridge: Harvard Education Press.
- Walker, Jack L. 1991. *Mobilizing Interest Groups in America: Patrons, Professions, and Social Movements*. Ann Arbor: The University of Michigan Press.
- Young, Dennis R. 1998. Government Failure Theory. In *The International Encyclopedia of Public Policy and Administration*, ed. J. Shafritz. Boulder, CO: Westview Press.
- Zunz, Olivier. 2011. *Philanthropy in America*. Princeton, N.J.: Princeton University Press.

Appendix

Table A1: Correlates of Foundation Grants to State Education Departments

	New Foundations			Old Foundations		
	(1)	(2)	(3)	(4)	(5)	(6)
Logged Poverty Rate	-0.422 (0.597)	-0.365 (0.620)	-0.325 (0.497)	-0.957 (0.679)	-0.829 (0.660)	-0.953* (0.457)
Spending Per Pupil	-0.119* (0.0596)	-0.123* (0.0592)	-0.107* (0.0472)	0.00149 (0.0592)	-0.0156 (0.0581)	-0.0465 (0.0447)
Ed Reform Group	0.395 (0.278)	0.355 (0.290)	0.212 (0.216)	0.129 (0.412)	-0.0111 (0.380)	-0.124 (0.265)
Collective Bargaining	-0.805* (0.334)	-0.826* (0.341)	-0.560* (0.255)	-0.0956 (0.425)	-0.150 (0.412)	-0.152 (0.305)
Percent Urbanized		0.357 (0.710)	0.335 (0.536)		1.058 (0.797)	0.592 (0.542)
Democratic Governor		0.133 (0.219)	0.164 (0.189)		0.531+ (0.297)	0.429+ (0.234)
Lagged Dependent Variable			1.729** (0.218)			2.353** (0.257)
<i>N</i>	600	600	550	600	600	550
pseudo R^2	0.053	0.054	0.164	0.009	0.027	0.218

+ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$. Standard errors clustered by state in parentheses. Columns 3 and 6 have fewer observations because there is no lagged dependent variable for the first year of the analysis (2003). I lack prior data with which to construct a lagged dependent variable for that year.

Table A2: Correlates of Grant Size

	New Foundations			Old Foundations		
	(1)	(2)	(3)	(4)	(5)	(6)
Logged Poverty Rate	1.261** (0.402)	1.183** (0.438)	1.185** (0.415)	0.203 (0.316)	0.147 (0.267)	0.0841 (0.198)
Spending Per Pupil	0.037 (0.041)	0.041 (0.040)	0.000 (0.000)	-0.140 (0.106)	-0.113 (0.099)	-0.000 (0.000)
Ed Reform Group	0.478** (0.164)	0.451** (0.160)	0.406 (0.292)	0.308 (0.244)	0.316 (0.247)	0.302 (0.220)
Collective Bargaining	-0.294 (0.228)	-0.273 (0.216)	-0.183 (0.118)	0.743 (0.539)	0.607 (0.491)	0.617 (0.458)
Percent Urbanized	0.485 (0.513)	0.505 (0.479)	0.596 (0.378)	-0.411 (0.599)	-0.258 (0.501)	-0.291 (0.666)
Democratic Governor	-0.217 (0.239)	-0.190 (0.229)	-0.250** (0.0801)	-0.125 (0.280)	-0.0612 (0.232)	-0.160 (0.341)
Lagged Dependent Variable		0.160 (0.116)	0.0813 (0.0903)		0.278+ (0.140)	0.436** (0.0573)
<i>N</i>	233	214	209	182	173	216
<i>R</i> ²	0.131	0.152	0.101	0.090	0.159	0.104

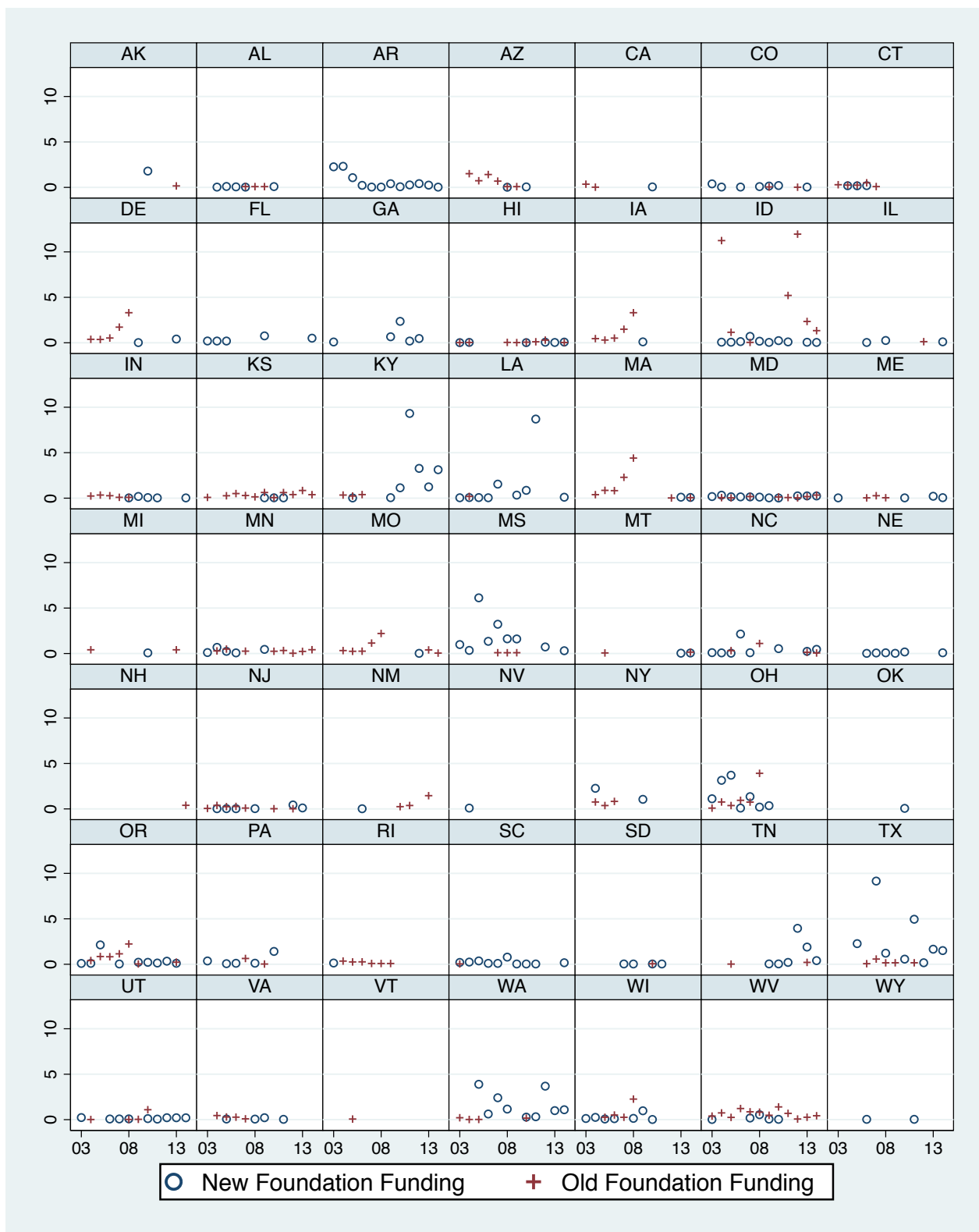
+ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$. Standard errors clustered by state in parentheses in specifications using state data and by foundation in specifications using grant data. The specifications with lagged dependent variables lose observations because there is no lagged dependent variable for the first year for each foundation's first grant in the grant dataset (columns 4 and 8).

Table A3: Correlates of Foundation Grants and Grant Size, Gates and Wallace Foundations

	Grant Receipt				Grant Amount			
	Gates		Wallace		Gates		Wallace	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Logged Poverty Rate	2.288** (0.813)	2.710** (0.791)	1.663 (1.039)	-0.0310 (0.827)	1.313 (1.041)	1.875 (1.736)	0.864* (0.326)	0.390 (0.290)
Spending Per Pupil	0.017 (0.070)	-0.008 (0.053)	0.180+ (0.095)	0.002 (0.053)	0.166 (0.121)	0.168 (0.123)	0.003 (0.050)	-0.019 (0.036)
Ed Reform Group	1.497** (0.347)	1.963** (0.498)	0.346 (0.452)	-0.051 (0.369)	1.282+ (0.625)	1.386** (0.441)	0.045 (0.165)	0.011 (0.118)
Collective Bargaining	-0.887* (0.440)	-0.593 (0.423)	-0.069 (0.602)	-0.029 (0.382)	-0.462 (0.516)	-0.375 (0.594)	0.141 (0.185)	0.143 (0.118)
Percent Urbanized	-0.237 (0.946)	0.970 (0.907)	1.520 (0.950)	1.253+ (0.639)	-1.930 (1.313)	-1.567 (1.950)	0.882+ (0.436)	0.569+ (0.321)
Democratic Governor	0.441 (0.448)	0.482 (0.452)	0.813* (0.391)	0.364 (0.298)	-0.0302 (0.496)	0.178 (0.603)	0.356* (0.141)	0.125 (0.130)
Lagged Dependent Variable		2.461** (0.335)		3.926** (0.293)		0.161 (0.168)		0.466** (0.113)
<i>N</i>	650	600	500	450	57	50	105	104
<i>R</i> ²					0.154	0.191	0.202	0.377
pseudo <i>R</i> ²	0.152	0.332	0.087	0.446				

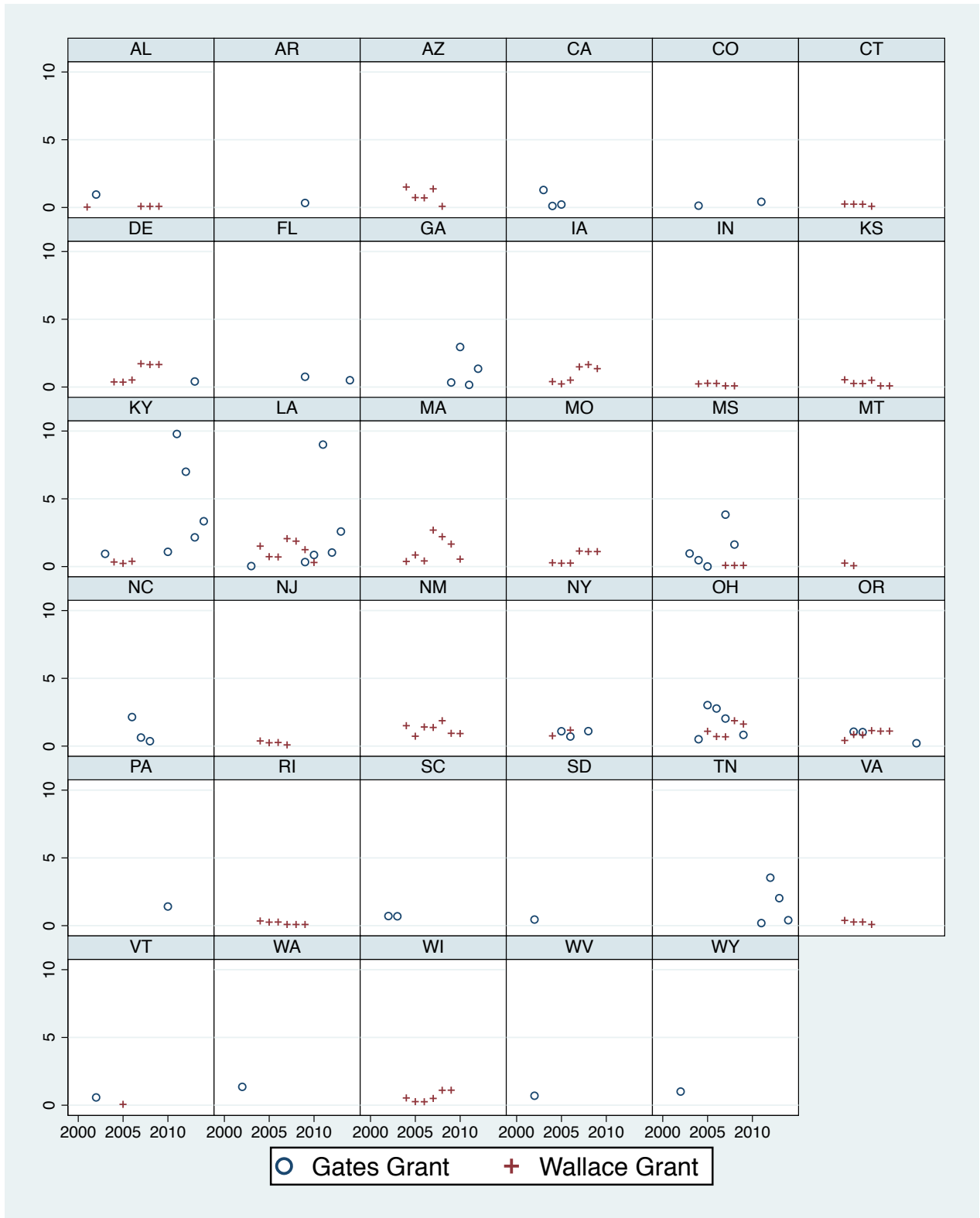
+ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$. Standard errors clustered by state in parentheses. Specifications with lagged dependent variables have fewer observations because there is no lagged dependent variable for the first year of the analysis (2002 for Gates and 2001 for Wallace). I lack prior data with which to construct a lagged dependent variable for that year.

Figure A1: Foundation Funding of State Departments of Education from 2003 to 2014



Grant amounts in millions of dollars. X-axis values are years (e.g., 03 is 2003). North Dakota is not included because its department of education did not receive any foundation dollars between 2003 and 2014.

Figure A2: Gates and Wallace Foundation Funding of State Departments of Education from 2000 to 2014



Grant amounts in millions of dollars. States whose education departments did not receive grants from either the Gates or the Wallace Foundations are not included.