



Public involvement. Public education. Public benefit.

STANDARDS for Local Education Funds

PUBLIC EDUCATION NETWORK

**Approved at the
Annual Members Meeting
Sunday, November 6, 2011
Washington, D.C.**

Introduction

The following standards have been adopted by Public Education Network (PEN). They were first developed and recommended for use by education support organizations by the National Commission on Civic Investment in Public Education (2011), which had adapted standards contained in the Independent Sector's *Statement of Values and Code of Ethics for Nonprofit and Philanthropic Organizations* (2004). PEN's Membership Committee, with suggestions from a broad range of local education funds, tailored the Commission's standards to more closely align with the work of Local Education Funds.

Local Education Fund (LEF) Standards

The Public Education Network subscribes to the following 'core values.'

As a network, we are committed to the well-being of the entire community, beyond that of a single school. We address inequities at the systemic policy level and aim to transform policy and practice in the district, as well as at the individual schools, both district operated and charter. We work to equalize opportunity of all forms -- school funding, learning opportunities, facilities, teaching quality -- and address historic, chronic, and persistent achievement gaps among groups of students. Public education is vital to the well-being of a community and of a democratic society. Public schools are accountable to the public, and need to be transparent to their constituencies about their practice and performance.

The following standards for Local Education Funds are adapted from standards for nonprofit organizations developed by Independent Sector.¹

I. Standards Associated with Mission and Programs

A. Mission

The Principle: The mission of Local Education Funds (LEFs) is to support the improvement of public education, and foster equity and excellence through external support to the school(s) and/or district(s) with which they work. Local Education Funds (LEFs) support whole-school and system reform on a single or multi-district basis, and engage the public, in districts with a high proportion of children from low-income families.

Good Practices: Each LEF has a mission statement; it is clearly stated and approved by the board of directors. The mission is responsive to constituencies and communities served by the LEF.

B. Programs

The Principle: All LEF programs derive from and support its mission, and all who work for or on behalf of the LEF understand and subscribe to its mission and purpose.

Good Practices:

An LEF ensures that its programs:

- Are aligned with its mission
- Are aligned with the needs of the community it serves
- Address the systemic equity and excellence gaps in the school system
- Seek to produce measurable metrics of systemic impact
- Support the organization’s sustainability
- Are guided by priorities set through consultation between board and staff, informed by systematic visioning and strategic-planning processes every three to five years; and the resulting plans are monitored regularly by the organization’s board of directors and staff to ensure alignment between and among the needs which the organization is attempting to meet, its mission and operations (its own fundraising, its programs; its internal and external expenditures; its staffing), and the results of its work.
- Are, to the extent feasible, carried forward in clearly defined partnerships or collaborations with other organizations and constituencies – arrangements in which the goals and both operating and financial responsibilities are clearly defined - in order to increase the effectiveness and efficiency of its work
- Are evaluated regularly against mission and against the full set of standards to which the organization agrees (also see section II below - Good Practices – Programs)

Example:

PEN’s Local Education Funds annually report* to the community prospectively about their intended theory of change and impacts, and retrospectively about their actual impacts, successes and challenges in reaching their goals.

C. Resource Allocation Guidelines for making grants to schools or school districts

The Principle: LEFs may give grants in support of school(s) and/or district(s) for purposes consistent with the mission of the LEF. All decisions about use of resources raised by the LEF are made by the LEF’s board and staff; and, to the extent feasible, they are made in consultation with the LEF’s own funders, appropriate representatives of the district or school and of other major constituencies (such as unions, parents, and students, where feasible, who are intended to benefit from the grant) – in each instance depending on the purpose(s) and intended recipient(s) of the grant.

Good Practices:

In so much as they play a grant-making role, LEFs:

- have constructive relationships with grantseekers, based on mutual respect and shared goals;
- communicate clearly and on a timely basis with potential grantees;
- treat grantseekers and grantees fairly and with respect;
- respect the expertise of grantseekers in their fields of knowledge;
- seek to understand and respect the organizational capacity and needs of grantees seeking support;
- respect the integrity of the mission of those grantees;
- award student scholarships through a process that is clear about the goals and selection criteria for each type of scholarship and that is transparent and fair in its execution.

II. Standards Associated with Evaluation and Transparency

The Principle: LEFs are committed to ensuring that they are serving the schools and communities with which they work as effectively as possible. All information about the organization fully and honestly reflects its policies and practices.

Good Practices:

External Organization Review

Each LEF periodically (every 4-5 years) conducts an “**external organization review**” in conjunction with its periodic visioning and strategic planning processes, so as to receive input from constituents and partners about the performance of the organization as to whether it effectively addresses the needs of the schools and communities with which it works.

Program Evaluation

The LEF regularly reviews **program effectiveness** and has mechanisms to incorporate lessons learned into future programs. The LEF is committed to improving program and organizational effectiveness and develops mechanisms to promote learning from its activities and the field. The LEF is responsive to changes in its field of activity and is responsive to the needs of its constituencies.

The LEF ensures that its programs:

- Demonstrate alignment with the organizational mission;
- Demonstrate appropriate and measurable results for students, schools, districts, policy, and community in relation to the funding supplied; and
- Produce evidence of sustainable outcomes.

Example:

LEFs report* annually on the impact of their work on (1) student achievement (including college and career readiness metrics) and (2) the public’s commitment to ensuring a quality public education is available to every child in the district(s) served (such as citizen and parent involvement in the schools, support for bond issues, etc.) As part of this disclosure, LEFs engage in community dialogue about program effectiveness, lessons learned, and measurable impact.

Financial Management

The board and staff of the LEF manage the organization’s funds responsibly and prudently to ensure that resources spent are having the desired impact consistent with the mission of the organization. This includes consideration of the proportion of the budget spent on program, administrative expenses, staff compensation, fundraising, and building an endowment. The board authorizes an external annual financial audit or review, and ensures that all financial reports are factually accurate and complete in all material respects.

Investments

The board and staff of the LEF, aware that investment funds exist because of the commitment and generosity of donors, invest in ways that not only increase the organization's assets but protect their donors' investments in the organization. They act in good faith and consider such issues as the duration and preservation of endowment funds, the purposes of the institution, general economic conditions, possible effects of inflation or deflation, the expected total return from income, and the appreciation of investments.

Financial Disclosure

Each LEF ensures that:

- Basic informational data about the LEF, such as the Form 990, reviews and compilations, and audited financial statements are publically available;
- All solicitation materials accurately represent the LEF's policies and practices and will reflect the dignity of program beneficiaries;
- All financial, organizational, and program reports will be complete and accurate in all material respects;
- Annual reports are prepared and distributed to stakeholders;
- The LEF reports to the public information about significant contributions to the community using the organization's funds and programs, and strongly evidences commitment to ethical behavior;
- The LEF is prepared to disclose to any potential donor who requests it the costs of fundraising in comparison to the amount of funds raised; and
- LEFs that raise funds from the public or from donor institutions are truthful in their solicitation materials, respect the privacy concerns of individual donors, and expend funds consistent with donor intent and in consultation with the governing board, staff, and constituencies to be served. Financial resources shall not be used in such a way as to cause or exacerbate economic disparities between schools or districts.

External Communications

Board members and staff are constant and vigilant public advocates for the LEF, using frequent and clear communications to attract and retain donors, and establish public consciousness about the needs and values of the LEF as it seeks to strengthen public education for the community's children and families.

Websites and IT Services

The board and staff of the LEF adopt and carry out measures to ensure the confidentiality of the LEF, its donors, its board and staff in the uses of its website, email communications and associated IT information and the integrity (including reliable recovery measures) of the IT system and its data.

Governance and Organizational Practice Disclosure

An LEF annually assesses and reports on the extent to which it has followed these ethical and effective governance and organizational practices.

III. Standards Associated with Responsible Stewardship

The Principles: The LEF has an active governing body that is responsible for setting its mission and strategic direction. The board is accountable for and actively exercises oversight of the finances, operations, policies, and programs of the organization. It represents a diverse array of experience, perspectives, and communities. It is able to tell the organization’s story in terms of investments and outcomes. To be effective, the board of each LEF must 1) maintain their independence from the schools and the school districts with which they interact and which they hope to strengthen; and 2) must ensure that their perspectives on issues of equity and related matters draw from, as well as contribute to, the communities they serve.

Good Practices:

The Governing Body:

- Sets the strategic direction and policy for the organization, with the staff leadership team
- Annually reviews the mission and strategic direction to ensure programs align
- Ensures that the board membership reflects the diverse racial, ethnic, socioeconomic, experiential, and professional communities they serve, so as to ensure broad perspectives on issues of equity; understands the issues the community is trying to address, and has the skills, experience, content and policy knowledge to address them.
- Ensures that the organization is fair and inclusive in its recruitment, hiring, retention, promotion policies and practices for all board, staff and volunteer positions; and that its staff, board and volunteers reflect diversity in order to enrich its programmatic effectiveness.
- Is responsible for the selection, hiring, firing, and regular review of the performance of the chief executive officer, and ensures that the compensation of the chief executive officer is reasonable and appropriate;
- Ensures that minutes of board meetings are detailed and disseminated to the full board, and that “executive sessions” are used only for a limited number of appropriate matters.
- Has a conflict-of-interest policy that ensures that any conflicts of interest, or the appearance thereof, are avoided or appropriately managed through disclosure, recusal, or other means;
- Ensures that the CEO and appropriate staff provide the governing body with timely and comprehensive information so that the governing body can effectively carry out its duties;
- Ensures that the LEF conducts all transactions and dealings with integrity and honesty;
- Ensures that the LEF promotes working relationships with board members, staff, volunteers, and program beneficiaries that are based on mutual respect, fairness and openness;
- Participates in establishing and enforcing organizational policies and procedures to guide the LEF to fulfill its mission.
- Ensures that policies of the LEF are in writing, clearly articulated and officially adopted;
- Ensures that the resources of the LEF are responsibly and prudently managed; and,
- Ensures that the LEF has the capacity to carry out its programs effectively.

- Participates in fundraising activities in a variety of ways and makes an annual financial contribution according to personal and/or professional means to assure the organization has adequate funding to fulfill its mission.

The Chief Executive Officer (CEO):

- Carries out the policies, procedures and strategic plan adopted by the governing body of the organization
- Is effective in the use of the LEF's assets, human resources and program delivery, and assists the governing body in setting high goals for the LEF to achieve
- Assures compliance with legal, financial, accounting and ethical requirements of the LEF.

IV. Standards Associated with Legal Compliance

The Principle: The LEF's stewards are aware of and comply with all laws, regulations and applicable conventions.

Good Practices:

Each organization:

- Has a lawful purpose for its existence.
- Practices respect and complies with the regulations and oversight of the IRS, which grants and administers tax exempt status, including timely completion of IRS form 990, and audits.
- Ensures that its Articles of Incorporation include provisions essential for federal tax exemption eligibility, restrictions on legislative advocacy, prohibit private financial distributions to individual members except as reasonable compensation for service rendered and address director's immunity from liability to the corporation.
- Secures appropriate risk management for its organization by
 - Purchasing appropriate Director's and Officer's liability insurance to cover all risks
 - Passing appropriate policies and procedures to protect the staff, donors, board and assets of the organization
- Complies with any and all applicable State Department of Education (DOE) guidelines relating to education foundations.
- Where applicable, has a timely and mission-justified Memo of Understanding (MOU) outlining the working relationship between the organization and the school(s) or district(s) it serves.

V. Standards Associated with Personal and Professional Integrity

The Principle: LEFs promote a working environment that values respect, fairness and integrity.

Good Practice:

All staff, board members and volunteers of the LEF act with honesty, integrity and openness in all their dealings as representatives of the organization. LEFs are publicly transparent and accountable, are well-managed, and continually build trust with the public by appropriate financial reporting, communications with the public about significant contributions to the community with the organization's funds and programs, and strongly evidence commitment to ethical behavior.

¹ Adapted from *Statement of Values and Code of Ethics for Nonprofit and Philanthropic Organizations*; Independent Sector, 2004, and other reputable standard-bearers, recommended for all 501(c)(3) organizations.

* These reports do not necessitate that the LEF produce a costly independent publication.