

Philanthropy

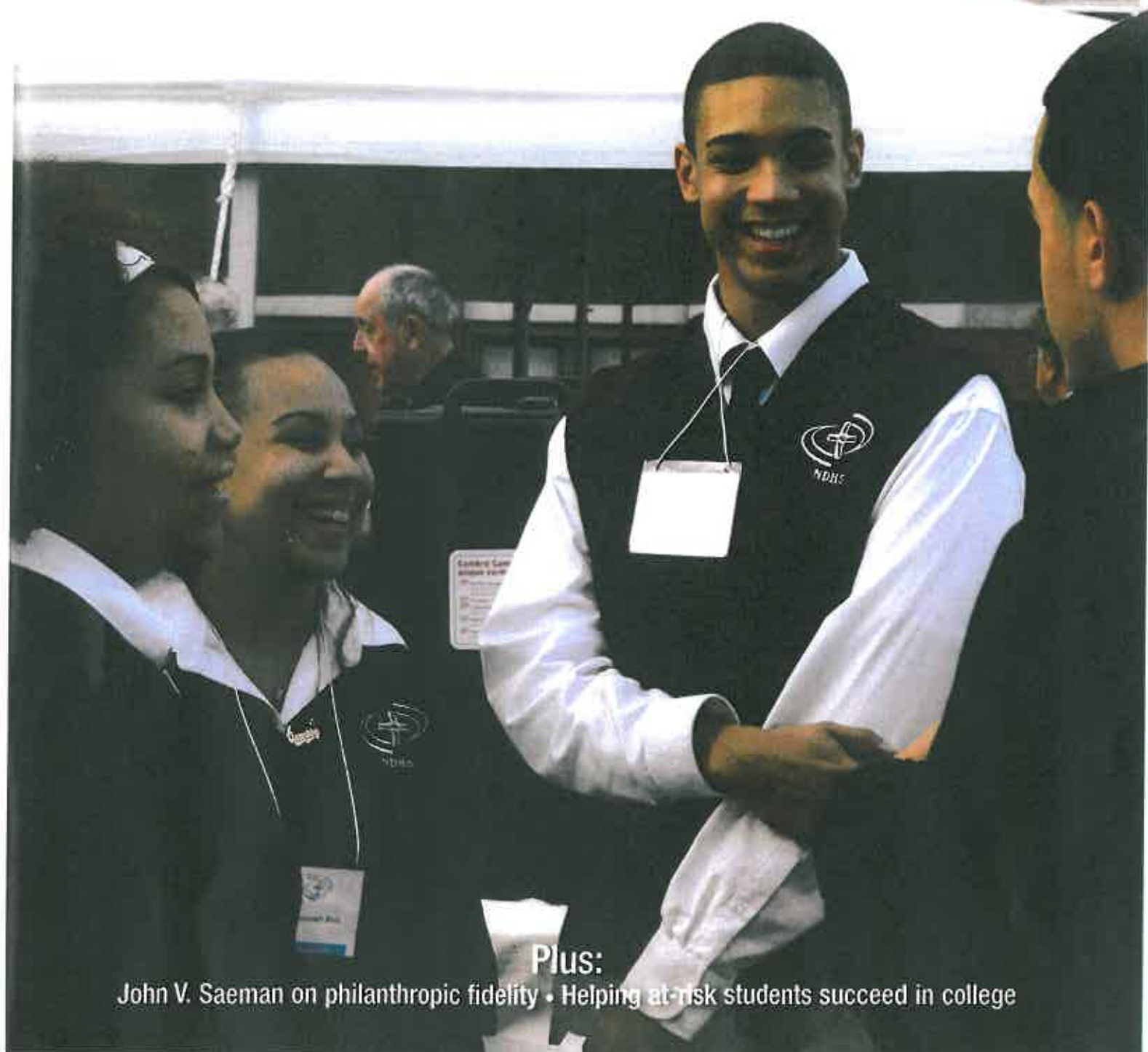
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Good Values, Great Value

Meet the non-Catholic benefactors of inner-city Catholic education



Plus:

John V. Saeman on philanthropic fidelity • Helping at-risk students succeed in college



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Meet the (non-Catholic) patron saints of inner-city Catholic education

By Christopher Levenick

ROBERT W. WILSON SPEAKS WITH A CALM, almost gentle, voice. With his wire rim glasses and closely cropped gray beard, Wilson could easily be mistaken for a senior professor at a small liberal arts college. But Wilson is not an academic. He is a legendarily successful Wall Street investor. Retired since 1986, the 83-year-old Wilson now devotes much of his time to philanthropy.

Among his many achievements, Wilson is the single largest benefactor of Catholic schools in the Archdiocese of New York. Since 2007, he has donated over \$30 million to inner-city Catholic education.

He is also an atheist.

"I remember the first time I had lunch with Cardinal Egan," says Wilson, a touch impishly. "We were finishing up, and he said, 'Well, now that you've given all this money to our schools, I should try to convert you.' I said to him, 'Well, Cardinal, if you do, I suppose I should try to convert you. The only problem is that if I succeed, you'll lose your job.'"

Wilson belongs to an elite order: non-Catholic donors who are the patron saints of inner-city Catholic schools.

"It Was Just a Form Letter"

"I NEVER GAVE MONEY TO EDUCATIONAL institutions until 2007," says Wilson. "Most of the rich people I know were already giving a lot of money to education—charter schools, private schools, colleges, universities. I decided that there were plenty of people in this field. I chose to direct my resources elsewhere."

Wilson plans to give away 70 percent of his net worth before he dies. "My primary interest has been conservation," Wilson told *Portfolio.com* in December 2007. He is drawn to "the idea that but for my money, this building or piece of land or that animal would be gone." Wilson describes himself as a "substantial donor" to the World Monuments Fund, the Nature Conservancy, and the Wildlife Conservation Society. Over the last 10 years, his contributions to charity have totaled about \$500 million; to reach his goal, he believes he will need to give away another \$100 million or so.

Christopher Levenick is editor-in-chief of *Philanthropy* and co-author of *Saving America's Urban Catholic Schools: A Guide for Donors*, a project funded by the William E. Simon Foundation.



Retired investor Robert W. Wilson, joined by Edward Cardinal Egan, announces a \$22.5 million donation to Catholic schools—the largest gift ever in the history of the Archdiocese of New York. (Photo by Susan Watts / New York Daily News)

Wilson's philanthropy is born of a fortune he earned in a long and storied career on Wall Street. He started investing in 1949 with a \$15,000 loan from his parents. Middling returns marred his first years. Around 1963, he began investing in jet aircraft technology and commercial carriers. From there, he enjoyed a series of spectacular successes. By the time he retired at age 59, he was worth \$225 million.

Wilson was a masterful hedger whose career has been compared to those of George Soros and Warren Buffett. "Wilson's investment strategy was to go both long and short," notes financial author Brett Fromson. "Long because he believed in the long-term future of America, and short because he never wanted to be wiped out in a downturn." "I was always net long," adds Wilson, "because I never wanted to get up in the morning hoping that things would be getting worse."

Catholic schools were brought to Wilson's attention by what must be history's most outrageously successful direct-mail fundraising letter. "I got this letter from Susan George, the executive director of the Inner-City Scholarship Fund," Wilson explains. "It was just a form letter from a mass mailing. It pointed out how little Catholic schools cost per student—and how superior their results are."

"Well," Wilson continues, "I checked it out, and discovered that the Catholic schools really don't get much support other than from Catholics who support the Catholic Church. I decided that this is one group of schools that I could support. Their enrollment has declined precipitously in the last 20 years, and I thought seeing these schools just disappear would be intolerable. Worst of all, nobody seemed to be doing much about it—including the Catholics themselves."

PATRON SAINTS



Peter Grauer, chairman of Bloomberg LP, visits Catholic schools in New York City through his work as president of the Inner-City Scholarship Fund. (Photos courtesy of the Archdiocese of New York)

The direct-mail fundraising letter yielded a \$22.5 million contribution to the Inner-City Scholarship Fund. It was the single largest donation to Catholic schools in the history of the Archdiocese of New York. It funded scholarships that enabled more than 3,000 low-income students to attend inner-city Catholic schools.

To commemorate the occasion, Cardinal Egan hosted a ceremony at Immaculate Conception School on Manhattan's East 14th Street, across the street from Stuyvesant Town. "I am an atheist," Wilson said, but the gift "is about getting an education. The donation has nothing to do with religion." When he took the podium, Cardinal Egan disagreed—politely.

A Culture of Performance

PETER T. GRAUER SPEAKS QUICKLY AND PRECISELY. There is a note of urgency in his voice. Partly it is a manifestation of his commitment to Catholic education; he is the president of the Inner-City Scholarship Fund. Partly it's because he's speaking during a 15-minute break between sessions. It's the annual board meeting at Bloomberg LP. Grauer is chairman of the board.

"I'm not Catholic," says Grauer. "I grew up in a household that was Presbyterian and Episcopalian. My mother was one and my father was the other. I don't really remember who was which. I went to Sunday school at both places, but these days I don't spend a lot of time in church, I'm ashamed to say."

"But," Grauer quickly adds, "what I care about is the kids. I want to make sure they have an opportunity to get a good education. I believe that the delivery mechanism in Catholic schools is really good. It equips these kids to ultimately go on to higher education and become productive citizens—maybe even work for Bloomberg. I don't think too much about whether a school or a donor or a student is Catholic or non-Catholic. I just think about rallying the troops to raise as much money as we can to make sure these kids have a decent opportunity."

A range of studies, past and present, validates Grauer's point. In 1982, James Coleman co-authored *High School Achievement*, which found that, after adjusting for family background, Catholic high schools consistently outperformed public high schools on every measure of academic achievement. Those findings were validated in 1993, when three researchers published a highly

regarded study, *Catholic Schools and the Common Good*, which detailed the benefits of Catholic education, especially among at-risk populations.

More recent evidence has further buttressed the case for the superiority of Catholic education. The National Assessment of Educational Progress (NAEP)—sometimes called “the nation’s report card”—is widely considered the gold standard among student achievement tests. In 2008, it released a report on long-term trends in reading (1971–2008) and mathematics (1973–2008). In each category, and for every age group, students in Catholic schools outperformed students in public schools. In 2006, NAEP assessments in civics and U.S. history found that Catholic schools again significantly outperformed public schools. The list goes on.

These achievements are all the more remarkable given that Catholic schools serve an increasingly low-income, minority, and non-Catholic student population. The trend lines are striking. According to the National Catholic Educational Association (NCEA), in 1970, minority students accounted for just over 10 percent of the Catholic school population. Today, minority students make up nearly 30 percent of the Catholic school population. Similarly, non-Catholic student enrollment has risen from under 3 percent in 1970 to almost 15 percent today.

“Now, there’s a very simple reason why a foundation with a definite Jewish background—you might even call it a Jewish foundation—gives to Catholic schools,” says Donn Weinberg, chairman of the Baltimore-area Harry and Jeanette Weinberg Foundation. “It’s that the Catholic schools in Baltimore and across the country take all comers. They’re educating poor kids in Baltimore—predominantly from black families. In other American cities, they serve mostly Latino families. Either way, these are usually kids from very low-income families.”

“There is another, somewhat intangible, benefit to Catholic schools,” Weinberg adds. “Part of their mission is to impart American civic norms and values to their students. Of course, they’re not the only schools that do this. But they definitely focus on the character, as well as the minds, of their students.”

The Harry and Jeanette Weinberg Foundation ranks among the 20 largest foundations in the country, with assets of nearly \$2.5 billion and annual giving of almost \$100 million. It is dedicated to assisting the poor by funding direct service organizations; within its mission, an emphasis is placed on supporting the elderly and

Why Do They Do It?

A culture of performance

Catholic schools have long been recognized for their superior academic performance, particularly among low-income and minority student populations. Their long record of getting results attracts philanthropic support from donors of all faiths.

A moment of crisis

From coast to coast, hundreds of schools are being closed, particularly in the inner cities. Many donors recognize the vital contributions of the nation’s largest non-public school system—and are working to preserve it.

A fresh set of eyes

Viewing the schools from the outside, non-Catholic donors are well-positioned to spot inefficiencies and opportunities that Catholics might miss. And lacking a spiritual relationship with church leaders, they are more comfortable demanding transparency—and results.

A personal matter

Some non-Catholics support Catholic schools as an expression of their faith, while others do it to honor the memory of a friend. Some see it as in their long-term economic self-interest, while others (those married to Catholics) hope to maintain domestic tranquility.

An invitation to innovation

The Cristo Rey Network may very well be the most exciting development in American private education. Donors of many faiths are drawn to this promising model, and are helping to scale the network nationwide.

A spur to competition

One reason non-Catholic donors support Catholic schools is because they believe that competition from a vibrant private and parochial school sector (alongside a thriving charter school sector) will improve the performance of traditional public schools.

A challenge to Catholics

A number of non-Catholic donors view their efforts as a sort of matching grant, a challenge that they hope will inspire even greater philanthropic commitment from Catholics themselves.

What's the Secret?

Catholics may be forgiven for attributing the success of Catholic schools to providential causes. Non-Catholics naturally tend to view the schools from a more down-to-earth perspective. *Philanthropy* asked four leading philanthropists: Why have inner-city Catholic schools consistently outperformed inner-city public schools?

“Look, let’s not get carried away. Catholic schools are not as good as top private schools, and are frequently not as good as top charter schools. You know, there’s a lot of room for improvement. But even if they aren’t the best, they’re a hell of a lot better than the union-dominated public schools. The AFT [American Federation of Teachers] and NEA [National Education Association] have featherbedded the living daylight out of the work rules in public school systems. I think the unions, particularly the teachers’ unions, have become a fifth column in this country.”

Robert W. Wilson
Retired investor

“I think it’s the structure of the Catholic schools. It’s partly the commitment of the faculty and the administration. But it’s also the disciplinary environment—kids wearing uniforms, doing their homework, and learning at an early age the importance of showing up on time—which gives the students a uniquely important experience. Kids seem to want that kind of guidance, discipline, and leadership.”

Peter T. Grauer
Chairman, Bloomberg LP
President, Inner-City Scholarship Fund

“Well, just like in charter schools, if you have teachers who truly care about their students, you are much more likely to see great results. Similarly, you cannot overlook the focus and commitment of parents who choose to send their kids to these schools. There are a number of factors that contribute to the success of charter schools and Christian schools, but I think the two most important are faculty commitment and family engagement.”

David Weekley
Founder, David Weekley Homes

“One of the keys of parochial education, in general, is that the children are not only given quality academics but also a sense of values and culture. The fact that these schools view it as part of their mission to impart proper values—which you might call Judeo-Christian—to their students is integral to their success. I think that’s very important in building a whole person.”

Donn Weinberg
Chairman, Harry and Jeanette Weinberg Foundation

the Jewish community. “By funding Catholic schools,” notes Weinberg, “we’re fulfilling our mission, which is to help people who are on the lower end of the economic spectrum.”

Perhaps most impressive of all, Catholic schools spend considerably less money per pupil than public schools to achieve these results. According to the NCEA, in 2009–10 the mean per-pupil cost at a Catholic elementary school is \$5,436; at a Catholic secondary school, \$10,228. The National Center for Education Statistics has found that the mean per-pupil cost at a public school is \$9,683. (The study does not differentiate the cost per pupil between elementary and secondary schools.) Since elementary schools enroll more students than secondary schools, and since secondary schools are usually more expensive than elementary schools, it stands to reason that Catholic schools, on average, get better outcomes for fewer dollars.

Another report from the NCEA puts the aggregate effect in stark relief. As the nation’s largest single provider of private education, Catholic schools save the American taxpayer \$20.5 billion each and every year.

A Moment of Crisis

ON MARCH 4, THE ARCHBISHOP OF BALTIMORE announced plans to shutter 13 of the archdiocese’s 64 schools at the end of the 2009–10 school year. The decision will displace more than 2,100 students—nearly 10 percent of the 22,700 students in the archdiocesan school system. “If we keep this up,” Archbishop Edwin O’Brien told the *Baltimore Sun*, “in a dozen years we won’t have a school system.”

Baltimore is the most recent episode in a long-running story. Statistics compiled by the NCEA reveal that enrollment in Catholic primary and secondary schools peaked around 1965, when almost 5.5 million students attended roughly 13,000 Catholic schools across the country. By the early 1970s, the numbers of both schools and students began to drop. Those declines have never been reversed. By 1990, there were approximately 2.5 million students in 8,719 schools.

The situation today is, if anything, even bleaker. For the 2009–10 school year, about 2.1 million students are enrolled in 7,094 Catholic schools (of which 5,889 are elementary and 1,205 are secondary schools). This year, 24 new Catholic schools are slated to open. But 174 oth-

ers will be consolidated or closed. Elementary schools have been the hardest hit.

The difficulties facing Catholic schools are enormous. But the scale of the challenge is inspiring some non-Catholic donors to step forward.

"We're not a Catholic foundation," says Tom Marino, executive director of the Memphis-based Poplar Foundation. "Nobody associated with the foundation is Catholic. That's not the reason we're associated with the Memphis Jubilee Catholic Schools."

Between 1999 and 2004, the Diocese of Memphis re-opened eight previously closed Catholic schools. The re-opened schools are known as "Jubilee Schools," named in honor of the Year of Jubilee proclaimed by Pope John Paul II in 2000. Today, the schools educate more than 1,400 students. Of the total student population, 86 percent are African American; 81 percent are non-Catholic. Accustomed to a litany of school closures, Catholic school supporters sometimes refer to the effort as the "Memphis miracle."

The effort required major philanthropic support—over \$60 million to date, for construction, renovation, and endowment funding—which came from both Catholic and non-Catholic donors. "Poplar has been involved with Jubilee from early on," explains Marino. "Our core mission is education for low-income kids in Memphis, Tennessee. So it made perfect sense for us to partner with the Jubilee Schools. That's exactly who they're serving."



Little Flower Elementary School in north Memphis is one of the Jubilee Catholic Schools: eight shuttered schools that the Diocese of Memphis has re-opened with the support of the Hyde Family Foundations, the Poplar Foundation, and other Memphis funders of all faiths.

"When I became a bishop in 1993, I was shocked that our schools were closing," Bishop J. Terry Steib recently explained in a 2008 report by the Fordham Institute. "I thought, 'that's not the Church's way.'" Steib saw Catholic schools—particularly in the inner cities—as a vehicle for evangelization. (Steib, himself African-American, had always hoped to be assigned to missionary



Mary McDonald, superintendent of Memphis' diocesan schools, visits students at Little Flower Elementary. "When you've got competent, committed, and compassionate leaders like Dr. McDonald, you can overcome enormous obstacles," says Tom Marino, executive director of the Poplar Foundation. (Photos courtesy of the Diocese of Memphis)

PATRON SAINTS



*Stephen Schwarzman—joined by his wife, Christine Hearst Schwarzman, and Cardinal Egan—meets fourth grader Victor Anoiske at Sacred Heart School in the Bronx. Victor is one of more than 30 students whom the Schwarzmans sponsor through the Inner-City Scholarship Fund. Prior to meeting that day, Victor and the Schwarzmans had traded holiday cards and letters—and Victor’s report cards.
(Photo by Librado Romero / New York Times)*

work in Africa.) “It is the mission of the Church to be where others aren’t.”

Steib tapped a hard-charging Philadelphia-born grandmother to lead the effort. Mary McDonald moved to Memphis in 1976 and spent over 20 years working in diocesan schools, picking up a doctorate along the way. Her new assignment plunged her into some of America’s poorest zip codes. She never flinched.

“Everything for us boils down to leadership,” says Marino. “That’s what first drew us to the Jubilee Schools. When you’ve got competent, committed, and compassionate leaders like Bishop Steib and Dr. McDonald, you can overcome enormous obstacles. They give their hearts, minds, and entire lives to accomplishing

the mission: helping every child achieve their God-given potential. And they do so not just by promoting academic excellence, but also by cultivating personal responsibility, social skills, and leadership, all balanced by faith and a sense of service to others.”

The Poplar Foundation views its support for the Jubilee Schools as one component of a ranging reform strategy. “There is no one answer to the dilemma faced by Memphis,” says Marino. “There are multiple answers to this problem. If we find the right people to work with, we say yes to Catholic schools, yes to Christian schools, yes to charter schools, and yes to traditional public schools. The common denominator is great leadership.”

A Fresh Set of Eyes

IN ONE IMPORTANT REGARD, NON-CATHOLICS enjoy a comparative advantage over their Catholic counterparts when it comes to supporting inner-city Catholic schools. Non-Catholics were not raised within the parochial school system. They are not habituated to its practices, nor do they feel deferential to its traditions. They can see Catholic schools with a fresh set of eyes—spotting problems and identifying solutions.

Stephen Schwarzman

STEPHEN SCHWARZMAN HAS PALE BLUE EYES. When he smiles, they light up, making him look younger than his 63 years. But when those eyes fix on something, they can quickly turn cool and analytical, capable of instantly sizing up possibilities.

From a young age, Schwarzman had a gift for seeing opportunities. He grew up in a solidly middle-class Jewish family in the Philadelphia suburbs. His father owned a retail goods store that specialized in linens, bedding, and other dry goods. When Schwarzman was 15 years old, he began thinking of strategies for taking the store to scale. He approached his father with a plan to open more stores and expand into a national chain—“like Sears.” (His father declined.)

Years later, Schwarzman would draw on those talents when he joined Peter Peterson in forming the Blackstone Group. They launched the partnership in 1985, with a balance sheet of \$400,000. In early 1987, Blackstone created its first private equity fund, and soon became a global leader in alternative investment management. Twenty years later, Schwarzman led Blackstone to a \$7.7 billion initial public offering.

In addition to his continued service as chairman and CEO of Blackstone, Schwarzman serves in a wide array of civic and nonprofit roles. He is chairman of the board at the Kennedy Center, a trustee of the Frick Collection, and a board member of the Asia Society, the New York Public Library, and the Inner-City Scholarship Fund.

“I have always been a big supporter of education in general,” says Schwarzman. “I’m especially impressed with the commitment the Archdiocese of New York has made to educate more than 40,000 inner-city students with a solid values-based academic program. They have achieved fantastic results—98 percent of the seniors graduate, and 97 percent of these graduates plan to pursue post-secondary education—especially for a student population that’s 93 percent minority, where 50 percent live near or below the poverty line.”



“It would be wonderful if we could find a way to keep these kids in the Catholic school system throughout their educational career,” says Schwarzman, chatting with a student at Sacred Heart.
(Photo by Librado Romero / New York Times)

Schwarzman praises the Inner-City Scholarship Fund for its “focus on accountability, both for students and teachers, which provides a foundation for academic and personal success.” He expresses his admiration with contributions of both money and time. “I make annual donations to support the organization,” continues Schwarzman, “as well as sponsor 30 children. (Over the next few years, this number will grow to over 100 children.) I take my role as a sponsor very seriously and keep in touch with my students on a regular basis.”

But perhaps Schwarzman’s biggest contribution is the donation of his innate problem-solving skills. While touring Sacred Heart School in the Bronx, it occurred to him that private scholarship funds needed to do a better job assuring low-income parents that tuition assistance would flow without interruption. The best way to attract committed parents is to present these scholarships not as tenuous annual grants, but rather as continuous 12-year pathways.

For middle-class, suburban Catholic families, although parochial school tuition can be a burden, it is rarely a deal-breaker. Not so, Schwarzman realized, for inner-city parents. “Many chil-

A Personal Matter

Donors of all faiths (and no faith at all) are inspired to support inner-city Catholic education for a wide range of deeply personal reasons.

"She made me do it"

Russell Carson is the co-founder and chairman of the Endowment for Inner-City Education. Over the years, he has given more than \$40 million to Catholic schools in the Archdiocese of New York. "I'm an Episcopalian," says Carson, "but my wife, Judy, is Catholic. We've been married for 39 years. When people ask me why I give to Catholic schools, I tell them—facetiously—that she made me do it. But the real reason is simple. It's because Catholic inner-city schools work."

"He had not finished his work"

"It was probably 10 or 12 years ago," recalls Peter T. Grauer, chairman of Bloomberg LP and president of the Inner-City Scholarship Fund. "I was having lunch with a dear friend of mine, Nick Forstmann. I mentioned that I wanted to take on another nonprofit responsibility. Nick was a very devout Catholic, and he said, 'I'd like to put you on the board of the Inner-City Scholarship Fund.' Well, Nick passed away in 2001, and I felt he had not finished his work. I was—and am—devoted to our friendship. I hope to build his legacy, to perpetuate one of the things that he believed in so strongly."

"There weren't any denominations when Christ was around"

"I look at Catholic schools in the broader context of Christian education," says David Weekley, founder of David Weekley Homes. "The way I understand my faith is that there weren't any denominations when Christ was around. So, to my mind, it's all Christian education, and I believe in and support Christian education whether it be Catholic, Episcopalian, Presbyterian—whatever it may be."

"Come work at Bloomberg"

"I feel very strongly that our efforts to help the Catholic schools system—with its high graduation and college-matriculation rate—are geared toward supplementing the workforce of tomorrow," adds Grauer. "So I certainly had a longer-term objective. I want to make sure we have a good flow of well-educated, highly productive citizens who will, I hope, ultimately come work at Bloomberg."

dren who receive tuition for grade school lose sponsorship for high school. They are then forced to go back into the public school system—an interruption that can be very disruptive."

Schwarzman's eyes light up. "It would be wonderful if we could find a way to keep these kids in the Catholic school system throughout their educational career." It's a problem he and others are now looking to solve.

Russ Carson

"I'M AN EPISCOPALIAN," SAYS RUSS CARSON, "but my wife, Judy, is Catholic. We've been married for 39 years. When people ask me why I give to Catholic schools, I tell them—facetiously—that she made me do it. But the real reason is simple. It's because Catholic inner-city schools work."

In 1979, Carson co-founded Welsh, Carson, Anderson, & Stowe (WCAS). With total capital of \$20 billion under its management, WCAS is one of the country's largest private investment firms. He's also involved in a wide variety of civic and philanthropic activities. He chairs the board of trustees at Rockefeller University, the board of overseers at Columbia Business School, and the Endowment for Inner-City Education.

Carson co-founded the Endowment for Inner-City Education in 1997, and it now provides tuition scholarships to nearly 8,400 low-income children annually, allowing them to attend high-performing elementary and secondary schools in the Archdiocese of New York. Through it and other, related organizations, the Carsons have provided more than \$40 million in funding to scholarship programs, capital repair efforts, and programmatic support to 105 inner-city Catholic schools in the archdiocese.

Though he is generally pleased with the archdiocesan schools' performance, Carson admits he is sometimes frustrated by one recurring problem in many Catholic schools: the lack of accountability. "At the end of the day," says Carson, "the adults have to be held accountable for what's happening to kids in the school. If they do not meet standards, people should lose their jobs."

To that end, Carson believes there is a crucial role for non-Catholic donors to Catholic schools: because they do not belong to the Catholic Church, non-Catholic donors are often less deferential to—and more honest with—church leaders.

"One of the things that we have been able to do at the endowment is to inject some humility



For investor Russ Carson, being a non-Catholic funder gives him greater leeway to probe the outcomes of Catholic schools. "One of the things that we have been able to do at the endowment," he says, "is to inject some humility into the system."

into the system," notes Carson. "The archdiocesan system as a whole has 83,000 kids in it across 279 schools. There are 105 schools classified as inner-city—84 elementary schools, 21 high schools. For years, these schools were touting the fact that 99 percent of their students graduated from high school and 95 percent or more went on to college."

"Now," Carson continues, "it did not seem plausible to me that 99 percent of the kids who started in Catholic high school were in fact graduating four years later. Sure enough, when we began to look more closely, the numbers proved closer to 80 percent—which is still, by the way, a fantastic statistic. And the 95 percent of graduates heading to college is, in fact, a legitimate number. But we as donors should continue to probe and ask for a high level of accountability from the system."

Robert W. Wilson

"I THINK IT'S A BIT OF A GAMBLE," SAYS ROBERT Wilson, the retired investor, atheist, and guardian angel of New York City Catholic schools. "It's a long shot. But if it works, it will spread throughout the country, and it may help to save these schools."

Wilson is referring to the Catholic Alumni Partnership, a pilot program he is funding. Its goal is to help Catholic elementary schools open a new revenue stream by reconnecting with their alumni. After all, very few elementary schools—especially in economically marginal neighborhoods—have the resources to staff even a part-time alumni development officer.

Wilson spotted a missed opportunity. "Private schools cannot survive without their alumni," he insists. "And the reason there's not a tradition of alumni support in Catholic schools is that for years they have had lots of nuns and priests. It kept costs low enough that the schools could rely on their parishes for support. But now without a volunteer workforce, labor costs have gone up. And Catholic schools haven't mobilized their alumni at all."

Recent research has confirmed Wilson's intuition. One study has found that 82 percent of the alumni of Catholic elementary schools would donate to their schools if they were asked. The problem? They've never been asked.

Wilson helped launch the Catholic Alumni Partnership to create a sustainable fundraising program, with alumni support as its foundation,

at every Catholic elementary school in the dioceses of Bridgeport, Buffalo, Norwich, and Rockville Centre, as well as the archdiocese of Hartford. (The Diocese of Brooklyn and the Archdiocese of New York also have a pilot group of schools participating in the program.) It is working with 303 schools, which together serve more than 100,000 elementary school students.

"It cost me somewhere between one and two million dollars just to get the names and addresses of all the schools' alumni onto a computer," says Wilson. "Now I'm involved in a further \$8 million program—of which I will fund 70 percent, and the various Catholic dioceses will come up with the rest—to actually go on out and fundraise among alumni."

Perhaps the most visible result of Wilson's efforts to date has been the launch of ClickYes.com. The website features an introductory video by Regis Philbin—class of '45 at the Bronx's (since-closed) Our Lady of Solace Grammar School—as well as links to Facebook groups and secure-donation portals. "It is certainly not the most impressive website in the world," sighs Wilson, "but it's probably better than nothing."

"I started out by getting weekly results," he explains. "I realized that was going to get me nowhere, so I told myself, 'At the end of three months, let's see how we're doing.' I can say that I recently had lunch with a major figure in the Catholic Church. He checks in more often than I do, and he thought things were going better than expected. He's cautiously optimistic. But until the three months is over, I'm not going to jump to any conclusions."

An Opportunity for Innovation

"I DON'T HAVE TIME TO SORT THROUGH ALL this," said David Weekley. He glanced down at the mountain of papers in front of him. "This—I'm not even going to look at this. I'll tell you what.

Come back tomorrow with a two-page executive summary. Then tell me how much you want."

The young Jesuit was momentarily speechless. Fr. T. J. Martinez S.J. had heard about Weekley, who has a reputation for funding programs he believes in—but only after asking tough, pointed questions. Even still, the young priest was slightly taken aback. He had expected Weekley to embrace his proposed project. "He pulls no punches," Martinez recalls, a broad smile breaking across his face.

Weekley is something of a legend around Houston. At age 23, he founded a home construction company, David Weekley Homes. He has since built it into the country's largest privately owned home-builder. David Weekley Homes has won hundreds of industry awards, including National Builder of the Year, the National Housing Quality Award, and America's Best Builder. *Fortune* has named David Weekley Homes as one of America's "100 Best Companies to Work For" a total of seven times, including a 17th-place ranking in 2008.

Weekley is equally well known for his

Texas-sized generosity. He devotes 50 percent of his income and, perhaps more impressively, 50 percent of his time to philanthropy. He supports a wide range of charities, but is particularly drawn to nonprofits that offer leverage, sustainability, and scalability. (For more information, please see Weekley's interview in the Winter 2009 issue of *Philanthropy*.)

When looking for leverage, Weekley wants opportunities where his dollars will catalyze bigger, better, and faster returns. When looking for sustainability, he likes to see nonprofits with external funding mechanisms, so they are not solely dependent on perpetual charitable dollars. And when looking for scalability, he tries to spot charities with the leadership, vision, and desire to grow and serve more people.



Fr. T. J. Martinez S.J. (right), the president of Cristo Rey Jesuit College Preparatory School in Houston, credits David Weekley with teaching him "how to market the school to businessmen, so they get it quickly." (Photo courtesy of Cristo Rey Houston)



When Cristo Rey came to Houston, David Weekley was intrigued. "I made a \$250,000 matching grant for the school's board," he says. "I wanted my gift to be leveraged—and it would be, with this matching grant—so I think it helped them move the school to a different place."

Martinez had approached Weekley, thinking he had a good match on all three criteria. Martinez wanted to open the first non-tuition-based Catholic school in Texas. He wanted to launch a Cristo Rey high school.

Cristo Rey schools may very well be the most exciting innovation in contemporary American private education. The schools were designed to resolve the deeply conflicted business model of contemporary inner-city Catholic education. On the one hand, in the absence of public support, urban parochial schools must charge tuition to cover operating expenses. On the other hand, such tuition payments are increasingly outside the reach of the low-income families the schools intend to serve. Private scholarships have alleviated some of the tension, but they do not address the fundamental contradiction.

Cristo Rey schools may have found an elegant solution to the problem. Each and every Cristo Rey student is required to take a part-time, entry-level office job through the school's Corporate Work Study Program. For these jobs, each student shares one full-time position with three other students. Together, the team of four students rotates so that each member works a full business day on a different day of the week; every fourth week, one member of the four-person team puts in a second day. The regular work cycle has

allowed the schools to design a staggered curriculum so that no student ever misses class for work.

Crucially, students assign their earnings to their Cristo Rey high school. The average salary per job (a job that is shared by four students, that is) is just over \$25,000. These salaries cover approximately 65 percent of the cost of each student's education.

Since 1996, when the original Cristo Rey High School opened in Chicago's gritty lower west side, private philanthropists have led a major, nationwide replication effort. Today, there are 24 schools in 18 states and the District of Columbia. (Six more are in development.) The schools serve nearly 6,000 students in total, 89 percent of whom are either African American or Hispanic. The average family income of a Cristo Rey student is \$35,682 per year.

Between the Cristo Rey model's potential for sustainability (through its work program) and scalability (through the network's ongoing rapid growth), there was a lot for Weekley to like. "I was aware of the Cristo Rey model and found it interesting," says Weekley. ("In fact, I might have read about it in your magazine," he adds.) "So when someone came and said they were starting a Cristo Rey school in Houston, I was curious. It seemed like it could be a natural fit."

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"I liked the idea because it was private, Christian education," says Weekley. ("I grew up Presbyterian," he explains. "Once I got married, my wife told me that I was really an Episcopalian. So I've been an Episcopalian for 20 years. And now, I'm back, Presbyterian again. The kids wanted to go to a church that was closer to our home.") "Plus, they had wonderful, passionate people with a total focus on the underserved here in Houston. But these folks just didn't have the experience in fundraising."

So Weekley, true to form, started looking for ways to leverage a potential contribution. "I met with the chairman of their capital campaign, a wonderful gentleman named John O'Shea. He was very generous and had a real passion for the school, but he had never run a capital campaign like this. Well, I ran the Kinkaid School's \$45 million capital campaign,

so I gave him some advice about where he could find some help. Then I made a \$250,000 matching grant for the school's board. I wanted my gift to be leveraged—and it would be, with this matching grant—so I think it helped them move the school to a different place."

Today, thanks to Weekley and other generous Houstonians, Martinez is president of Cristo Rey Jesuit College Preparatory School. The school, located on the city's east side, opened its doors in August 2009. Its first class of 82 students was 72 percent Hispanic and 23 percent African-American. Every child comes from a family close to or below the federal poverty line. Many students entered at a fourth- or fifth-grade achievement level; by mid-year, 25 percent were taking sophomore classes.

Martinez, who often pairs his Roman collar with an enormous Lone Star belt buckle,

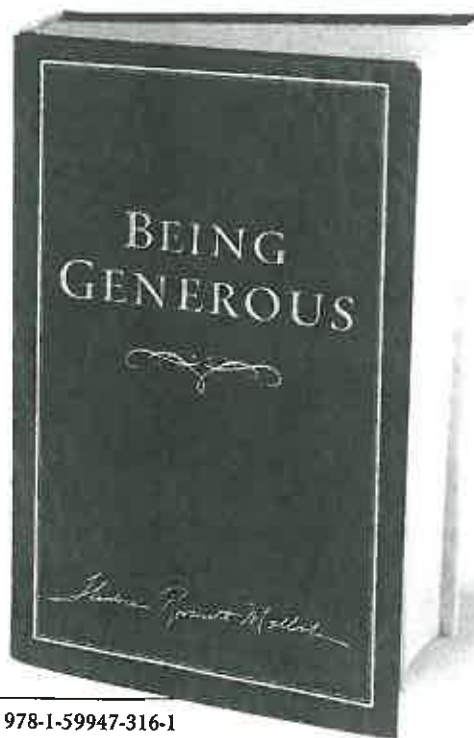
describes his first encounter with Weekley as a "watershed moment." Sure, the south Texas native (who sometimes styles himself "Fr. Fiscal Responsibility") has a master's in education from Harvard and a law degree from the University of Texas. But he credits Weekley with teaching him "how to market the school to businessmen, so they get it quickly."

A Spur to Competition

MANY DONORS SUPPORT private schools generally—and Catholic schools specifically—as part of an overarching education-reform strategy. They hope that by supporting private schools, they will introduce a measure of healthy competition into American public education.

"One of the arguments in favor of private schools," says Donn Weinberg, chairman of the Harry and Jeanette Weinberg Foundation, "is that they provide competition to the public school system. With competition, the public school

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"Our funding of Catholic schools, Jewish schools, and so forth, has worked, at least in Baltimore," says Donn Weinberg, chairman of the Harry and Jeanette Weinberg Foundation. "It has forced the public school system to take notice and to step up. And now, the public schools have improved—in some places, dramatically—as a result of the forces of competition."

system would have to respond, otherwise it would lose students—and funding."

To achieve that goal, the Weinberg Foundation has long supported private schools—Catholic, secular, and Jewish—in its principal geographic-funding areas: Maryland, New York, northeastern Pennsylvania, and Hawaii. (Weinberg also focuses on Israel and the former Soviet Union.) Since 2003, it has contributed nearly \$2.9 million to Catholic schools and scholarship funds in Baltimore, Hawaii, and Scranton, Pennsylvania. In addition to those donations, on February 5, the Weinberg Foundation announced a capital grant of \$1.2 million for Cristo Rey Jesuit High School in Baltimore, Maryland.

"What we've seen," says Weinberg, "in Baltimore at least, is that the public school system took up the challenge. In a market-like environment, it has improved as a result of competition from the private system. Our funding of Catholic schools, Jewish schools, and so forth, has worked, at least in Baltimore. It has forced the public school system to take notice and to step up. And now, the public schools have improved—in some places, dramatically—as a result of the forces of competition."

That competition is starting to cut both ways. "Now the private school system needs to respond in kind and find a way to compete more effectively with the public school system," Weinberg notes. "What we would like to see, I think, is more of this back-and-forth from competition to make both systems, public *and* private, ever better."

Other donors have seen the same dynamic take an interesting turn. In Memphis, increasing competition has given rise to increasing collaboration.

"I'm an Episcopalian who currently attends a Presbyterian church and is fascinated by Buddhism," says Barbara Hyde. A golden retriever puppy plays underfoot as she prepares for an upcoming trip to London. "So I guess you could say I'm ecumenical in my spiritual life, just like we're ecumenical in our philanthropic investments."

Barbara Hyde is the president of the J. R. Hyde III Family Foundation and a director of the J. R. Hyde Sr. Family Foundation. (The two Memphis-based entities share office space and staff; together they are known as the Hyde Family Foundations and hold about \$145 million in

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assets.) The Hyde Family Foundations have three major portfolios, one of which is improving K–12 education in and around the city of Memphis.

“At the Hyde Family Foundations, our mission is simple when it comes to education,” says program director Greg Thompson. “We are about closing the achievement gap. Period.” To that end, the foundations fund three key areas: high-performing schools, human capital, and policy advocacy. “Our partner schools include district, charter, independent, and faith-based schools,” notes Thompson. “Their success demonstrates that a top-notch education can be delivered through a variety of school systems.”

A major beneficiary of Hyde’s strategy has been the Memphis Jubilee Catholic Schools. The Hyde Family Foundations were a critical, early funder in the effort; their ongoing support includes a \$5 million challenge grant made in 2007. Barbara Hyde has been particularly pleased with the way Jubilee Schools are engaged with other reform-minded Memphis schools.

“What we’re seeing is the district looking closely at what other schools—charter and Catholic—are doing, and learning from it,” says Hyde. “We’re getting beyond the ‘us-them’ attitude and toward a much more cooperative

‘let’s learn from each other’ approach. Perhaps we’re moving beyond the benefits of competition, and into the benefits of cooperation.”

The impulse toward mutually advantageous cooperation is a Hyde family hallmark. Barbara Hyde’s husband, J. R. (“Pitt”) Hyde III, is one of the most accomplished entrepreneurs in Memphis. After years of running the family’s wholesale food distribution business, in 1979 Pitt Hyde opened an auto parts wholesale store in Forrest City, Arkansas. Today, 30 years later, AutoZone is a *Fortune* 400 company with \$6.5 billion in annual sales and over 4,200 stores in the United States and Mexico.

A core principle of AutoZone’s business model is teamwork on behalf of customer service. All employees—including corporate executives, whenever they set foot in an AutoZone store—wear the same company uniform. When customers walk in the door, “AutoZoners” have 30 seconds to greet them.

The Hyde Family Foundation is working to cultivate that same sense of collaborative teamwork among Memphis educators. “I’m forever an optimist,” says Barbara Hyde, “but I think in Memphis we’re beginning to see a much higher level of collaboration and openness from the



Students celebrate Black History Month at St. Patrick Elementary School—a Jubilee school re-opened just a few blocks from the Hyde Family Foundations’ headquarters in downtown Memphis. (Photo courtesy of the Diocese of Memphis)