

**ALEXANDRIA CITY PUBLIC SCHOOLS
BOARD BRIEF**

Date: June 7, 2019
For ACTION _____
For INFORMATION X
Board Agenda: Yes _____
 No X

FROM: John L. Porter, Strategic Partnerships—Office of School, Business and Community Partnerships

THROUGH: Gregory C. Hutchings, Jr., Ed.D., Superintendent of Schools

TO: The Honorable Cindy Anderson, Chair and Members of the Alexandria City School Board

TOPIC: Establishing an Education Foundation Fund

SUMMARY: In my presentation to the School Board on March 7, 2019, I indicated an option of creating an Education Foundation Fund through ACT for Alexandria to support the Alexandria City Public Schools. The advantages of establishing a fund through ACT for Alexandria instead of developing a separate 501(c)3 nonprofit are immeasurable, particularly in relation to ease of set-up, logistics, resource allocation and costs. This fund could easily transition to a separate 501(c)3 nonprofit in the future if a determination is made that such action would provide increased value to its purpose and function.

Establishing a fund at ACT for Alexandria is relatively simple and can be quickly accomplished. Considerations and steps needing to be taken are:

- Determine whether an Education Foundation Fund would be of value to support the Alexandria City Public Schools. This should include discussion of the need and purpose for establishing such a fund. At minimum, a fund would allow the school division to accept donations from individuals and organizations which will not donate to governmental entities.
- This fund would technically be a Field of Interest Fund with ACT for Alexandria—the “field” being educational support of the Alexandria City Public Schools. The advantages of a field of interest fund are that it provides a broader opportunity for raising additional funds and expending those funds within the designated field of interest.
- Opening a fund requires completion of paperwork noted in a later bullet and an initial “donation” of \$10,000. Funds may possibly be started with less initial outlay but cannot be accessed for use until the \$10,000 threshold has been reached.
- Select members for the fund’s advisory committee—a minimum of three members must be selected. These members have the responsibility for overseeing management of and making recommendations for disbursements from the fund. I recommend the initial committee be comprised of five members to include the superintendent/his designee and one school board member. The committee chair and additional two members should not have a direct affiliation (employee or elected official) with ACPS.

- The paperwork required has been attached and includes:
 - Field of Interest Establishing Document—This form is the official agreement to establish the fund. It includes a statement of purpose and an outlining of operational rules/procedures for the fund.
 - Advisory Committee Form—This provides the names and contact information for advisory committee members for the fund.
 - Investment Recommendation Form—Monies in community foundation funds may be invested in a choice of pooled investment options, from risk-adverse mix to aggressive mix, as determined by the Advisory Committee. Gains or losses are posted to the fund balance.
- A 1.5% annual fee (minimum \$500) is assessed quarterly for ACT’s management of the fund.
- ACT for Alexandria works through Greater Horizons, a subsidiary of the Greater Kansas City Community Foundation, for back-office accounting and investment services. The Greater Kansas City Community Foundation holds assets of over \$3 billion as noted in 2017 financial records and provides this back-office service for approximately 40 smaller, local community foundations nationally. This arrangement also provides fund related legal services to ACT and its fund holders.
- It is important to note that monies donated to such funds are technically, according to IRS rules, the property of the community foundation. Donations are charitably deductible and thus become assets of the designated 501(c)3. Community foundations, however, traditionally honor recommendations of fund holders as part of the understanding of the advised funds process.

BACKGROUND: The 2016-17 school year brought renewed interest by ACPS senior staff in the feasibility of creating an education foundation to support the school division. The concept had been attempted in 2011 but, due to logistical and procedural reasons, was not successful.

RECOMMENDATION: The Superintendent recommends the School Board review the information provided in the brief.

IMPACT: While the creation of a separate 501(c)3 education foundation to support the Alexandria City Public Schools may be desirable, current feedback from the community indicates it may not be advisable particularly in relation to the possible impact on the Scholarship Fund of Alexandria. The Scholarship Fund, established in 1986, has served extremely successfully as a singularly focused education foundation providing scholarship to deserving T. C. Williams students. Opportunities to work collaboratively while not competing with the Scholarship Fund should be further explored. The creation of an education fund through the local community foundation would provide a vehicle, as stated previously, for the school division to accept donations from organizations which generally will not provide donations to governmental entities. It would also allow the school division to initiate the education foundation concept on a smaller-scale which would also prove less expensive and provide lower risk-exposure.

ATTACHMENTS:

- 1) ACT for Alexandria Field of Interest Fund Fact Sheet
- 2) Field of Interest Fund Establishing Document

- 3) Field of Interest Fund Advisory Committee Form
- 4) Investment Recommendation Form

CONTACT: John Porter, Strategic Partnerships—Office of School, Business and Community Partnerships
john.porter@acps.k12.va.us
703.801.4167