

SMART MONEY

Informing Higher Education Philanthropy

A BRIEF BY THE INSTITUTE FOR HIGHER EDUCATION POLICY

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Intended to inform philanthropic decision making, this report describes how local and regional economic and civic clusters offer distinct opportunities for private philanthropy to support postsecondary education.

Over the past decade, expectations about the role of private philanthropy in expanding access to and success in postsecondary education have increased. These expectations are based on assumptions that philanthropic organizations—both national and community foundations—can enhance the capacity and performance of postsecondary institutions. These organizations can provide direct support for programs and convenings; assist students with financial, academic, and social preparation; and influence the adoption of federal and state policies.

The recent funding actions of private philanthropy demonstrate support for postsecondary access and success initiatives. Between 2007 and 2010, for example, private philanthropy committed upwards of \$6.3 billion to postsecondary education institutions or related enterprises (SEE FIGURE 1).

Given the significant allocation of resources private philanthropy continues to make in support of postsecondary education, it is essential that funding decisions be properly informed and address key questions such as:

- *What activities* should be funded,
- Toward *what* goal,
- At *what level* of support,
- For *how long*, and
- *Where*.

Ideally, well-reasoned resource allocation decisions are grounded in empirical evidence of target area or group needs, as well as strategic considerations of prior and ongoing initiatives and relationships that could support

advancement of funder goals. Funding decisions also need to recognize and adapt to an emergent demographic profile of the nation; one that is increasingly more metropolitan.

America's Metropolitan Landscape

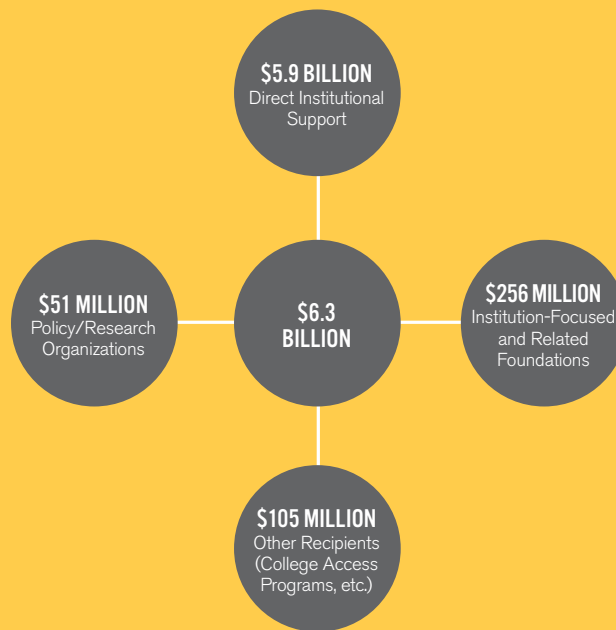
The face of the American landscape is overwhelmingly metropolitan, making metro areas important spaces for philanthropy to explicitly consider when crafting postsecondary funding strategies. This is the case for two primary reasons. First, metropolitan areas are drivers of economic activity and innovation. Over three-quarters of the nation's economic output and nearly 9 out of 10 jobs are found in the nation's metro areas.¹

Second, four out of every five Americans—nearly one-quarter billion individuals—live in a metropolitan area; locations that are expected to grow well into the next decade. More critically, underrepresented populations, such as those from low-income or first-generation college-going families, racial/ethnic minorities, and displaced workers, overwhelmingly

¹ Metropolitan Policy Program. 2010. *State of Metropolitan America*. The Brookings Institution: Washington, D.C.

FIGURE 1

Private Philanthropy Commitments to Postsecondary Education, 2007–10²



² Data on grant recipients were retrieved using the Foundation Center's Philanthropy In/Sight database. This database pulls from over 97,000 foundations and grantmaking public charities in the United States. From this dataset, information was extracted on grant recipients from 2007 to 2010 whose grant subject pertained to higher education. The results contained the recipient's name, city, state, total grant amount, and the total number of grants received. These recipients were then placed into one of four categories based on their mission and function: Higher education institutions; policy/research organizations; foundations; and other.

live in these areas.³ New access and success initiatives aimed at eliminating persistent educational attainment gaps of underrepresented groups must therefore pay heed to the nation's residential patterns and demographic trends.

A Focus on Meeting Placed-Based Educational Need

With the importance of metropolitan areas in mind, this report offers a unique and innovative approach for assisting national and community foundations in crafting answers to critical questions such as:

- *Where* to engage in funding activities,
- *For how long*, and
- *What types of activities* are likely to succeed in specific metropolitan areas.

Intended to inform philanthropic decision making, the empirical analysis presented in this report describes how metropolitan areas offer distinct opportunities for private philanthropy to support postsecondary education practice and degree attainment goals. Toward this end, the report maps the nation's metropolitan areas⁴ into designated *quadrants* (or action zones) and articulates how this placement should inform philanthropic efforts in these areas.

³ Metropolitan Policy Program. 2010. *State of Metropolitan America*. The Brookings Institution: Washington, D.C.

⁴ Based on data gathered by the Census Bureau, the U.S. Office of Management and Budget defines Metropolitan Statistical Areas (MSAs) as areas associated with at least one urbanized area that has a population of at least 50,000. MSAs comprise a central county or counties containing the core, urbanized center plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting. For the analysis undertaken in this report 267 MSAs were used in the analysis.

Informing Philanthropic Activities: Mapping Metropolitan Areas to Quadrants

Using national data, four quadrants were developed to capture the distinct local demographic, economic, and policy contexts of metropolitan areas. Following empirical analysis, each metropolitan area was mapped into a specific quadrant, offering insight into the type of philanthropic intervention that would be most appropriate for that space to meet education and economic needs; **FIGURE 2** illustrates the quadrants.

The mapping of each metropolitan area into a quadrant was the result of calculations along two dimensions: Current educational need—reflected in the percentage of adults with a college degree in 2009—and extent of inertia present in a metro area—measured by the change in the college degree attainment rate from 2000 to 2009. Placement of a metropolitan area in a given quadrant is therefore a result of both the current degree attainment rate and the change in that rate over the past decade.

As a result of the analysis, 22 percent of the 267 metro areas used in analysis are placed in the *Targeted Programs* quadrant, 16 percent in the *Capacity Building* quadrant, 36 percent in the *Large-Scale Investment* quadrant, and 26 percent in the *Workforce Development* quadrant.

Brief descriptions of each quadrant, as well as topline considerations for successful philanthropic interventions in these metropolitan areas are provided below. **FIGURE 3** describes each quadrant and provides links to profiles of successful interventions for these spaces.

The *Targeted Programs* quadrant shows it will require engaging leaders at public, four-year institutions to increase existing efforts to enroll local high school graduates from disadvantaged backgrounds.

The most striking feature of the *Capacity Building* quadrant is the large percentage of individuals who are 18 years old or younger.

Targeted Programs

Metropolitan areas in the *Targeted Programs* quadrant have the highest degree attainment rates and the largest increase in this rate from the start of the decade. With one in five of these areas home to a state flagship university and more public two- and four-year postsecondary institutions located within their boundaries than any other quadrant, these metro spaces are rich with postsecondary options.

Ongoing economic challenges in these areas, specifically the growing rates of Blacks and Latinos in poverty, will increase the number of disadvantaged students interested in exploring these options.

Given the local contexts of these metropolitan areas, the ideal *Targeted Programs* intervention will engage leaders at public, four-year institutions to step up existing efforts to increase the enrollment of local high school graduates from disadvantaged backgrounds, as well as transfer students from neighboring community colleges.

Capacity Building

Although the degree attainment rates in the metropolitan areas in the *Capacity Building* quadrant are the second highest of the four quadrants, the improvement in their degree attainment rate since 2000 has been modest. The most striking feature of this quadrant is the large percentage of individuals who are 18 years old or younger. Couple this with the fact that public, flagship universities are least likely to be located in these metro areas compared to those in other quadrants, and the need to enhance postsecondary educational opportunities is clear.

The ideal *Capacity Building* intervention will award grants to community colleges to improve both institutional and instructional capacity through brick-and-mortar and online

expansion, as well as incentives to increase the faculty ranks at community colleges and minority-serving institutions.

Large-Scale Investment

The *Large-Scale Investment* quadrant has the lowest overall degree attainment rates of any quadrant and has progressed the slowest over the last decade in improving that rate. The metropolitan areas in this quadrant are, on average, worse off economically compared to other metro areas. Low household income, particularly for Black and Latino households, and limited postsecondary options within each metro area will hamstring efforts to improve college access and success.

In many ways, the educational challenges that exist in these metropolitan areas require drastic investments in pre-college programs over a number of years, if not generations. Therefore, the ideal *Large-Scale Investment* intervention will provide long-term assistance to K-12 school districts to establish and augment a wider range of academic and social supports that reduce drop outs and improve college readiness, such as college preparatory courses, early college awareness programming, and summer bridge programs.

Workforce Development

Metropolitan areas in the *Workforce Development* quadrant have degree attainment rates similar to *Large-Scale Investment* areas, but unlike those areas, there has been substantial improvement in *Workforce Development* area rates since 2000.

The economic conditions of metropolitan spaces in this quadrant lag noticeably behind other quadrants. In recent years these metropolitan areas have seen a further dwindling of manufacturing occupations coupled with high rates of Blacks and Latinos in poverty. Thus,



FIGURE 3

Quadrant Characteristics and Corresponding Intervention Profiles



Targeted Programs At-a-Glance

- Forty-seven percent attainment in 2009, an increase of 4.2 percentage points since 2000
- One in five are home to a state flagship university
- Poverty rates of Blacks and Latinos are growing relative to Whites
- 6.4 million degrees needed to reach 60 percent attainment



Capacity Building At-a-Glance

- Forty-five percent of the adult population has a college degree, up from 43 percent since 2000
- Under 18-year-old "bubble" is approaching college
- Roughly one in 10 contains a flagship university
- 3.8 million degrees needed to reach 60 percent attainment



Large-Scale Investment At-a-Glance

- Forty percent attainment in 2009 and 38 percent attainment in 2000
- Fewest postsecondary options
- Lowest household income, particularly for Black and Latino households



Workforce Development At-a-Glance

- Forty-two percent of adults have a degree, an increase of 4 percentage points since 2000
- Manufacturing occupations continue to dwindle
- Poverty is decreasing among Blacks and Latinos relative to Whites



Profile of Ideal Targeted Programs Intervention

Engage leaders at public, four-year institutions to step up existing efforts to increase the enrollment of local high school graduates from disadvantaged backgrounds, as well as transfer students from neighboring community colleges.



Profile of Ideal Capacity Building Intervention

Award grants to community colleges to improve both institutional and instructional capacity through brick-and-mortar and online expansion, as well as incentives to increase the faculty ranks at community colleges and minority-serving institutions.



Profile of Ideal Large-Scale Investment Intervention

Provide long-term assistance to K-12 school districts to establish and augment a wider range of academic and social supports that reduce school dropout and improve college readiness, such as after-school activities, college preparatory courses, and summer bridge programs.



Profile of Ideal Workforce Development Intervention

In partnership with local, private foundations, target key community groups and labor organizations to further develop wrap-around educational, (re)training, and employment services for adult learners and displaced workers.

interventions that link work-based skills to the classroom and then back to the workplace have the best chance of succeeding in these areas.

The ideal *Workforce Development* intervention will, in partnership with local private foundations, target key community groups and labor organizations to further develop wrap-around educational, (re)training, and employment services for adult learners and displaced workers.

Moving Postsecondary Philanthropy Forward

Private philanthropy will continue to play a vital role

in assisting students, postsecondary institutions, and communities in moving toward national degree attainment goals. To assist leaders of philanthropy in crafting initiatives that are likely to be successful, this report highlights the critical necessity of addressing educational need in metropolitan areas, and offers unique insights into the types of interventions that are most appropriate given current levels of educational attainment and historic performance. Considering metropolitan areas in this way advances the relevance of placed-based strategies for reaching educational attainment goals, and offers a framework for future strategic decision-making.



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