

T R A N S F O R M I N G L I V E S



2007 | 2008
Niswonger Foundation
ANNUAL REPORT

MESSAGE FROM THE PRESIDENT



Across the nation the hand-wringing continues over how to make poor schools successful. The *New York Times* reported recently that as many as 1,000 California schools could be taken over by the state for failing to meet the academic benchmarks set by federal law. Not surprisingly, many of these schools are located in low-income communities.

Our Foundation has a message of hope for the nation that we can back up with hard data: *Given the proper instruction, low-income students can learn at the same level as their middle and upper-income, suburban counterparts.*

Most of you already know about our partnership with the Grassy Fork School in Cocke County. Although 100% of their student body once qualified for free-and-reduced lunches, Grassy Fork is now ranked in the top 10% of all Tennessee schools academically. Their state report card boasts seven A's and one B this year. (They missed making straight A's by one point!) When we went to Grassy Fork five years ago, they had mostly D's. To their credit, they have continued to improve every year since our partnership ended more than two years ago. Now that's REAL educational reform.

Lest you think this a fluke, consider our partnership with Hancock County – Tennessee's poorest county. This year, their upper-elementary students moved from an F to an A in their reading scores! Then, there was our math partnership in Carter County – another economically challenged community. Over a two-year period, we saw a 60% increase in the number of students passing the Algebra I Gateway Exam. This was done while spending less than \$100 per student per year in new money. And, in our own Greene County, through a highly successful credit-recovery partnership and after-school tutoring program, we have already seen the graduation rate move to 90% – the level required by federal law in 2014. The point is there are no schools that cannot become successful and no students who cannot learn. With high expectations, the necessary teaching and learning tools, well-trained teachers, involved parents and visionary school leaders, we can and are solving the educational crisis that confronts our state and our nation.

Take a few minutes to read this report, and you'll see why I'm so optimistic about the prospects for improving public education in our state. Then, roll up your sleeves and join us as we seek to give Tennessee kids the education they deserve.

A handwritten signature in black ink that reads "Scott M. Niswonger". The signature is written in a cursive, flowing style.

Scott M. Niswonger



SCHOOL PARTNERSHIPS

Drops that gather one by one finally become a sea.

Persian Proverb



At the heart of the Niswonger Foundation lies a core belief. We believe that all students can learn, regardless of race, gender or economic status. The goal of our school partnerships is to help transform education in Northeast Tennessee. We want to encourage effective teaching and to graduate engaged, hopeful young people. We believe in these communities; we believe in these teachers; we believe in the potential of each and every student.

The projects described below reflect our commitment to this belief. Each project is a partnership that enjoys the enthusiastic support of parents, teachers, and

administrators. Together, we explore the key challenges and identify what will work best to address a school's most pressing needs. Most importantly, we stick with our partners for three years. Some partnerships are new this year; others are in their second and third year. We want to give the school enough time and support to absorb and grow. We are very proud of what our partner schools accomplish every year. Our greatest success, however, is when they continue to out perform all expectations long after we are gone.

Bristol City

TENNESSEE HIGH SCHOOL E-LEARNING

The Niswonger Foundation and Bristol City Schools have partnered to create East Tennessee's first on-line high school learning center. More than 20 high school courses are now available online ranging from algebra I and II to creative writing and a GED preparation course. The courses were developed by some of the region's premier teachers and are aligned with Tennessee curriculum and standards.

Based on results from a field test, the program was granted permission from the Tennessee Department of Education to offer these interactive, on-line courses to every high school in our service region. Eventually, this web-based approach will allow students to take courses that would otherwise be unavailable such as Mandarin Chinese.

Carter County

MATHEMATICS INITIATIVE

Since we began our partnership with Carter County, there has been a steady increase in the number of students who passed the Algebra Gateway test at Unaka High School. When we started in 2004, 51.7% of the students did not pass the Algebra Gateway. One year later, in 2005, 43.7% showed below proficient scores. That's a 16% increase in the number of students passing the math test that is required for graduation. After a three-year partnership with the Niswonger Foundation, Unaka High School is defying the experts. The pass rate on the Algebra Gateway Exam has gone from 49% to 78% — a 60% increase. The pass rate on math foundations has gone from 41% to 77%— a 90% increase. ACT scores have risen nearly a point, and the dropout rate has been cut in half.

Greene County

READING INITIATIVE

Last year, the Greene County Reading Initiative was implemented in 6 elementary schools in Greene County.

At each school site, two teachers were selected as mentor/coaches. While all teachers were provided training, the mentor/coaches were given additional support and are responsible for the on-going training of their respective faculties, maintaining the software systems, and providing teacher support to insure success. These mentor/coaches will also conduct the after-school tutorials and adult education courses.

All six schools have shown significant gains in reading/language arts in both academic achievement and value added scores. This bodes well for the remaining six schools that were engaged in the project this year.

CAREER GUIDANCE PROGRAM

A team of seven school counselors and four classroom teachers was created to develop a career guidance course. This course is required for all 9th grade students in Greene County. The class is designed to help identify each student's strengths and interests, provide one-on-one counseling, and develop an individualized "career plan" for each student. This career plan will include the necessary high school, technical school, and college requirements to prepare the students for his or her chosen career.

INSTRUMENTAL BAND PROGRAM

The Niswonger Foundation's first partnership was to provide instrumental music programs for the Greene County Schools. West Greene High School and Chuckey-Doak High School band programs are continuing to show excellent student participation.

The band rooms for South Greene and North Greene will be ready for use in the fall of 2008. The Foundation's band programs for 6th and 7th grade students at the feeder schools for North Greene High School and South Greene High School are continuing to prepare students enrolled at Baileyton, Camp Creek, DeBusk, Nolachuckey, Ottway, and West Pines. Instrumental music has been shown to improve academic performance in other subjects and band students are less likely to use drugs and alcohol.

HIGH SCHOOL CREDIT RECOVERY

In the third year of our summer credit-recovery program, 114 students successfully recovered 146 credits. The after-school tutoring and in-school "second chance" programs designed to cut down on the number of students needing to attend summer school has also proven successful. During the three years of this partnership, the graduation rate in Greene County has increased by more than 10% to the current rate of 90%.

Greeneville City

VIRTUAL LEARNING

Our first foreign language course to be taught in a virtual setting will begin in January 2008. In conjunction with the East Tennessee Virtual Learning Center at Tennessee High School, this course will be available to all high school students in the Niswonger Foundation's service area. Students will be able to access the foreign language classes in "real time" as it is being taught at Greeneville High School or retrieve each lesson from an archival bank.

HIGHLAND ELEMENTARY SCHOOL AFTER-SCHOOL PROGRAM

After-school remediation and enrichment opportunities are offered to approximately 50 to 60 students many of whom are "at-risk." The students participate in two forty-five minute periods each day in reading/language arts and math. At 5:00 p.m., transportation home is provided to the students. Test scores at Highland have steadily increased since the implementation of this program.

Hamblen County

INTERNATIONAL CENTER

Hamblen County has the highest percentage of non-English speaking students in Tennessee. The goal of the International Center is to prepare non-English speaking students as quickly as possible for a successful experience in the Hamblen County Schools. Students are in the Center for a half-day. The remainder of the day is spent in regular classrooms with English-speaking students. The Center provides a safe, nurturing atmosphere where students can take risks with their new language and have fun.

The Center also provides tutoring in other core academic areas, citizen training and adult education classes for parents. So far, more than 27 students have successfully completed the program. In addition, forty-five adults are currently enrolled in the Basic Adult Education program.

Hancock County

ELEMENTARY SCHOOL

The Hancock Elementary School Partnership has experienced amazing results. This year alone, value-added scores increased from "F's" to "A's" in both reading and social studies and from an "F" to a "B" in math. Students showed gains of almost three years growth over a one-year period. Two years ago, more than 32% of all 5th graders were below proficiency in reading. This year only 8% (the State average is 12%) are below proficiency. That's a 75% reduction in the number of students reading below grade level. Even in science, the students moved up a full letter grade. In addition to these incredible value-added scores, overall achievement scores improved at least one letter grade in each subject.

MIDDLE SCHOOL

In its first year, the Hancock County Middle School partnership is moving along rapidly. The Synergistic System for Science (a state-of-the-art science program) is installed and running smoothly. Response from students and teachers has been tremendous – the students love the hands-on approach to learning. Teachers have also been trained in the use of Compass Learning software for reading/language arts instruction, and all the technology hardware is in place and working well.

Hawkins County

CREDIT RECOVERY

This three-year partnership concentrated on a “credit recovery” program designed to allow students to recover credits in a timely manner using technology to enhance student learning. New software helped evaluate the students, prescribe remediation materials, supply practice activities and test the students on their new learning. Students were not required to repeat areas in which they demonstrated proficiency, but rather were encouraged to concentrate on areas of need. This program has given students a chance to “catch-up” with their peers and graduate on time. As a result, graduation rates have steadily increased.

POSITIVE BEHAVIOR

Although our credit recovery program has resulted in fewer students leaving school because of failing grades, far too many students are still dropping out.

After extensive research, The Hawkins County administrative team identified the Positive Behavioral Interventions and Supports (PBIS) Program as the best to address the school system’s needs. The PBIS program has a proven track record and represents a solid approach to solving the growing problem of students dropping out of school.

A system-wide mentor/coach has been hired to coordinate the implementation of the PBIS program to ensure its effectiveness.

Jefferson County

READING INITIATIVE

This new partnership with Jefferson County addresses the literacy needs of students in grades 6 through 12. It is focused on providing an intervention program for struggling readers, a district-wide teacher and administrator professional development, an infusion of appropriate and interesting texts for classrooms and library, and a student achievement management program.

Johnson County

HIGH SCHOOL TECHNOLOGY

The thrust of this three-year partnership is two-fold. The first thrust is to enhance the use of technology in curriculum and instruction at Johnson County High School. This was accomplished primarily through the use of a “tech coach” hired by the Niswonger Foundation who assists teachers in

integrating technology into their regular classroom instruction.

The second thrust is to create a “virtual” high school at JCHS. By offering courses developed through the partnership with the Bristol City Schools, Johnson County students now have access to a broader range of courses, including those that are currently unavailable at this remote and relatively small rural high school.

The integrated technology program has significantly impacted test scores, especially in math. The graduation rate has also shown gradual, consistent increases.

MIDDLE SCHOOL

In its first year, the Johnson County Middle School Partnership has identified and is pursuing steps to increase academic performance of students: 1) extensive professional development; 2) on-going mentoring/coaching for administrators and teachers; 3) new educational software; 4) additional technology hardware (mobile lab, interactive white boards, note pads, and LCD projectors) for classroom use; 5) calculators for all math students; 6) a virtual science lab using 3D dissection system, allowing students to conduct three-dimensional images of virtual dissections to supplement classroom laboratory instruction; and 7) additional materials for the related arts program (music, physical education and art).

Rogersville City

PRE-K PROGRAM

In partnership with the Tennessee Department of Education and the Rogersville City School System, the Niswonger Foundation is in the third year of operating a voluntary pre-kindergarten program aimed at at-risk children. Quality pre-kindergarten programs such as this one in Rogersville have been shown to boost the academic performance levels of at-risk children to those of their middle and upper class counterparts.

This particular pre-k program is unique; it provides family consultation, parenting skills training, home visits, technology literacy, and opportunities for parents/family members to volunteer in the program.

Rogersville’s new pre-kindergarten program has been recognized by the Tennessee Department of Education as one of the State’s best and has been showcased at several conferences and teacher-training sessions.

Unicoi County

UNICOI ELEMENTARY SCHOOL

Designed to improve student achievement through the use of technology, this partnership with Unicoi Elementary School has proven very successful. The initial focus was the creation of computer labs and the installation of new educational software. Two new computer labs were completed and opened in August 2005. Teachers have completed all scheduled days of training on the use of the software and are successfully integrating the technology into the classroom. Results from the State’s 2007 report card show significant improvements in scores.



SCHOLARSHIP AND LEADERSHIP TRAINING

*The very essence of leadership is that you have to have vision.
You can't blow an uncertain trumpet.*

Theodore M. Hesburgh

Communities grow and thrive through visionary leadership. The goal of our scholarship and leadership training program is to identify and equip a talented network of young people for future leadership in Northeast Tennessee.

The Niswonger Scholars are part of our region's "leadership capital." Our program is aimed at identifying and cultivating this capital wisely. The return on our investment comes when Niswonger Scholars come back to invest in the region. We are pleased to report that dividends are already being paid.

There are currently 36 Scholars and 8 Alumni Scholars. Seven new Scholars will be joining this elite group this year.

Niswonger Scholars are not limited to a particular college or area of study. They are required to become involved in their college communities through service learning activities, submitting monthly reflective journals, participating in leadership training, and pledging to return to their home communities for at least one year of service in the career of their choice for each year they receive the scholarship support. The hope is that by enabling these students to study their passions and by cultivating their leadership abilities, they will return to their homes to be leaders in their professions and an inspiration and catalyst for future change. The goal is that at the end of their experience as a Niswonger Scholar, they will embody the values most important to the mission of the Foundation: exceptional leadership ability, exemplary personal character, and strong dedication to serving others.

The first male in the first class of Niswonger Scholars, Nick Darnell could be the poster child for the Niswonger Foundation. Twenty-four years old, Nick graduated from Tusculum College in 2006 with a degree in Childhood

Growth and Development (K-8). He has been teaching 7th grade language arts at East Ridge Middle School, in



Nick Darnell

Hamblen County, for the last two years. He sponsors the FCA and BETA clubs and also coaches cross country and track. He is a graduate of South Greene High School in Greene County.

Nick will be starting his master's program in Administration this fall and hopes to receive his

doctorate. His goal is to become a director of schools or work at a college or university. "The biggest way I can give to my region is to make sure that our future generations have a solid education so that they can get great jobs and have a better life."

Graduating from MIT this summer with a double major in Civil Engineering and Management (Finance) with a minor in Economics, Bradley S. Brown is winding down college—only to start up his career in Investment Banking at Goldman Sachs in New York.

"Someday I hope to give back to East Tennessee in several capacities," said Bradley. "I'm interested in developing or running a business, or building a venture capital or private equity firm in the area.

I also aspire to become politically active. Changing policies on the state and national level has a huge impact on the lives of those in Tennessee, and I hope to apply the expertise I develop to shape the direction of these policies."



Bradley S. Brown

We hope to eliminate every barrier to students' success and help them reach their full potential. That means everything from English to etiquette.

Oliver Thomas

Leadership Training

We know that leadership is not something you learn from a book. It requires hands-on experience to bring sound leadership principles into real-life practice. This program is designed to provide educational and leadership development opportunities to enhance the lives of the Scholars and their home communities. By exposing the Scholars to a spectacular group of "real" leaders, and taking them through the best leadership training experiences available, it is our hope that the Scholars will reach their full

potential. The summer's training institute was headlined by Lance Armstrong, renowned cancer survivor and seven-time Tour de France winner. The winter training introduced the Scholars to the concept of being "social entrepreneurs." By studying extraordinary societal transformations led by ordinary people, our Scholars were encouraged to envision their future roles as citizens of the world.



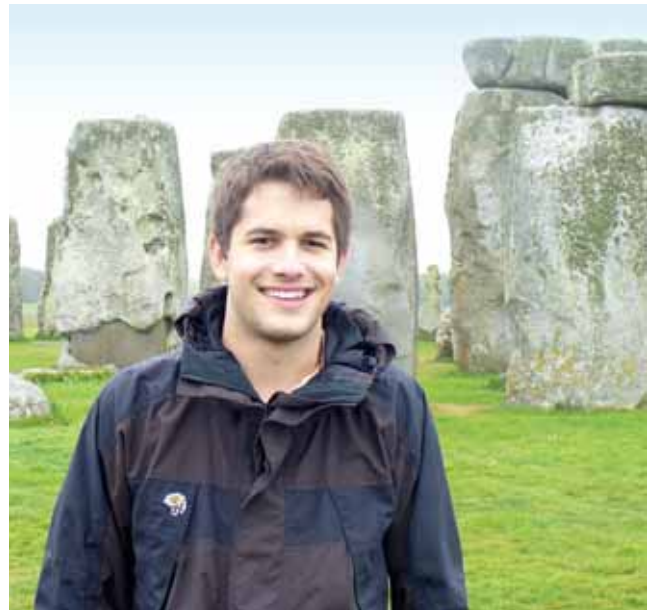
Brittany Vogt in Scotland, a senior at Bucknell University, will graduate with a double major in Classics and Comparative Humanities.

potential. The summer's training institute was headlined by Lance Armstrong, renowned cancer survivor and seven-time Tour de France winner. The winter training introduced the Scholars to the concept of being "social entrepreneurs." By studying extraordinary societal transformations led by ordinary people, our Scholars were encouraged to envision their future roles as citizens of the world.

Study Abroad and Internship Experiences

Niswonger Scholars are encouraged to participate in study abroad programs to enrich their college experience and broaden their horizons. This year, Niswonger Scholars were in China, England, Caymen Islands, France, Italy, Greece, Japan and Africa.

During this year, eight Scholars completed internship experiences related to their major fields of study. Internships were focused in areas including health



Todd Skelton at Stonehenge in England is a junior at The University of Tennessee majoring in Microbiology and English.



Katie Williams in China is a senior at The University of Tennessee majoring in International Business and Marketing.



TEACHER OF THE YEAR

The Niswonger Foundation has been working with the Tennessee Department of Education over the last four years to upgrade the Teacher of the Year program through increased participation and recognition for Tennessee teachers. We want to hold up the teaching profession as one critical to our nation's future success. We also want to recognize the profession's best and brightest with substantial cash awards. The Niswonger Foundation contributes to the prizes awarded for the state's nine finalist including \$5,000 to the three grand-division winners.

This year's Teacher of the Year was Hamilton County Schools English teacher Pamela Rector. Ms. Rector is now a candidate for the National Teacher of the Year award.

Pamela Rector has 32 years experience in Tennessee public schools, most recently teaching senior English, advanced placement literature and composition, and applied methods at Red Bank High School in Hamilton County.

Scott Niswonger, this year's keynote speaker at the annual event, called on Tennesseans to embrace the decision by Governor Phil Bredesen and the State Board of Education to raise educational standards and increase the rigor in our K-12 curriculum. "This new curriculum must be aligned with the needs of higher education and the workplace," he



Oliver "Buzz" Thomas, Executive Director, Niswonger Foundation stands with Pamela Rector, award recipient, (center) and Dr. Lana Seivers, Tennessee Commissioner of Education (right).

said. "We have to support raising the standards and measure whether or not we are succeeding in our efforts to prepare students for the 21st century."

Supporting the program is but one example of how the Niswonger Foundation is taking the lead in raising awareness among business leaders across the State regarding the need to support Tennessee's educational system.

EXECUTIVE DIRECTOR: BUZZ THOMAS



This year Buzz has spent time speaking at meetings and conferences, sharing with educators, government officials, business leaders, and other foundations, the lessons gleaned from the Niswonger Foundation experience. The hope is that by talking about the successes

the Niswonger Foundation has had with school partners, others will be inspired to believe in the possibilities. Transformation can happen in the most unlikely places.

In addition to overseeing the activities of the Foundation, Buzz works on policy to improve education statewide. He

serves on the Public School Forum, the voice of private-sector partners interested in school reform. Buzz was the keynote speaker at the annual International Baccalaureate Conference in the Bahamas and keynoted the Tennessee PTA meeting in Memphis.

"By telling others what the Niswonger Foundation has done and what we have learned, we are becoming a catalyst for educational improvement. We are driven by the need to improve the lives of young people in our region and to feed our economy. Our future depends on making sure that our schools are preparing our young people for the challenges of tomorrow's world. Making education a priority is our priority."



THE FUTURE

A year ago, Governor Phil Bredesen made education his top priority and devoted his entire State-of-the-State address to the subject. More importantly, the Governor and the State Board of Education have directed the Department of Education to raise graduation standards by requiring an additional year of math as well as chemistry or physics and ratcheting up the rigor of our entire K-12 curriculum. The Department has responded by quickly developing one of the nation's strongest pre-kindergarten programs (featured in last year's national Pre-K teleconference hosted by George Stephanopolos) and rewriting its elementary and middle-school curricula which are scheduled for release later this year. Under the rubric of the Tennessee Diploma Project, extensive sessions have been conducted with business and higher-education leaders across the State to realign our high school curriculum to the needs of college and the workplace.

In addition, Tennessee is overhauling its standardized tests to align with the National Assessment of Educational Progress (NAEP). Tennessee (along with Oklahoma) has had the dubious distinction of having the biggest achievement gap in the nation (i.e. the gap between what we say is "advanced" or "proficient" and what the rest of the nation says is "advanced" or "proficient"). When the State has completed its work, Tennessee will have one of the smallest achievement gaps. These new tests will give parents a more accurate picture of how their children are likely to fare in the highly competitive, information-based economy of the 21st century.

Also this year, Tennessee returned to a "single-path" high school curriculum in which all students (including those who are not college bound) will be required to take the more demanding academic courses. The State also

appears to be moving away from its tepid system of "Gateway Exams" in algebra I, biology and English to the more rigorous ACT Benchmarks in all subject areas.



On all fronts, Tennessee's educational system is being upgraded and improved. At the same time, to its credit, Tennessee has continued to increase teacher pay. We now rank above the average for teacher pay in the southeastern United States.

The short-term effect of these initiatives will be jarring for many Tennessee families. Thousands more students will fail, and parents will pressure their political representatives for relief. Many will be unwilling to live with the short-term stigma of failure in order to obtain the long-term benefits of a more rigorous education. However, until our citizens confront the harsh realities about our schools, educational excellence will continue to lie beyond our grasp.



GRANT MAKING

We make a living by what we get, but we make a life by what we give.
Winston Churchill

In addition to the two major programs it operates, the Niswonger Foundation dedicates a small portion of its budget (less than 10%) to traditional grant making. Although minor by comparison, the Niswonger grants are having a major impact on our region and our State. We fund a multitude of field trips and local scholarships. Of particular note were our grants to provide free dictionaries to third graders, after school tutoring for at-risk students, and reading with Clifford the Big Red Dog to kindergartens. We are also providing opportunities for school children throughout the region to experience the Knoxville Symphony Orchestra, and “Meet the Masters” at the Knoxville Museum of Art.



Linda Irwin, Director of School Partnerships with Clifford, the Big Red Dog.

Van Wert

The Foundation has six scholars from Mr. Niswonger’s native region of Northwest Ohio in its Scholarship and Leadership Training Program. These bright young students participate in leadership training alongside their East Tennessee counterparts, thereby enriching the training for both groups.

Prospective Superintendent’s Academy

The Niswonger Foundation joined with the Tennessee School Board Association (TSBA) and the Tennessee Organization of School Superintendents (TOSS) to create Tennessee’s first academy for prospective superintendents. This new training academy provides intensive and in depth training for the unique demands of the superintendency. Up to twenty candidates from across

the State are accepted annually, and although most will be nominated by their school systems, candidates may also apply directly. Once accepted, candidates participate in sixteen days of graduate-level training supplemented by follow-up through web-based instruction. Faculty includes some of the State’s most successful superintendents as well as experts from a variety of fields including school finance, board and media relations, curriculum and assessment, school law, and personnel management.

Upon completion of the program, an independent review panel chaired by our Executive Director will rate the candidates as highly qualified, qualified, or not qualified. For those seeking to become first-time superintendents, we anticipate that the Academy’s stamp of approval will become a key indicator of future success.



STATEMENT OF FINANCIAL POSITION

June 30, 2007

ASSETS

Cash in bank	\$334,141
Money fund accounts	\$651,774
Accounts receivable	\$10,600
Investments	\$28,342,635
Total Assets	\$29,339,150

LIABILITIES

Accounts payable	\$18,413
Note payable-major contributor	\$3,500,000
Excise taxes payable	\$16,709
Total Liabilities	\$3, 535,122

NET ASSETS

Unrestricted	\$25,804,028
Total Net Assets	\$25,804,028
TOTAL LIABILITIES AND NET ASSETS	\$29,339,150*

**Although total assets are \$29 million, the Niswonger Foundation is able to operate like a foundation twice its size due to supplemental gifts from Mr. Niswonger to its operating account. This year, for example, programmatic expenditures are expected to exceed \$4 million.*

Donor Advised Fund

In addition to his operating foundation, Mr. Niswonger maintains a donor-advised fund at the East Tennessee Foundation. The fund is used to support worthwhile projects that fall outside the scope of the Niswonger Foundation's programs. The fund has contributed its support to numerous projects at Tusculum College, the Niswonger Performing Arts Center at Greeneville High School and a performing arts center at Van Wert High School.

AN OPERATING FOUNDATION

The Niswonger Foundation is the brainchild of businessman and philanthropist Scott M. Niswonger, who remains the Foundation's sole benefactor. Unlike most private foundations, the Niswonger Foundation is not a traditional grant-making foundation. It is an operating foundation with its own programs and projects. Although a

small percentage of its operating funds (less than 10%) goes toward grant making, the vast majority of funds go into the Foundation's two primary programs – a scholarship and leadership program for students and a partnership program for schools.

OFFICERS AND DIRECTORS

President Scott M. Niswonger

Secretary/Treasurer Don C. Henard

Board Members Nikki L. Niswonger and Thomas J. Garland

Executive Director Oliver S. Thomas

Director of School Partnerships Linda Irwin

Director of Scholarship and Leadership Training Nancy Dishner



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