

 **NFG**
Grantmakers Supporting Community Change
REPORTS

**Bridging the Gap:
Reshaping Poverty Policy in America**

Special Conference Issue

An Inclusive Anti-poverty Paradigm: How Foundations Can Maximize Their Community Impact

by Aaron Dorfman

I can't claim to know what the perfect anti-poverty policy agenda looks like, but I do know this: any foundation serious about addressing poverty should invest heavily in community organizing, policy advocacy and civic engagement. This is the only way a foundation will have any long-term impact on a complex issue that affects millions of Americans each year.

Foundation giving is dwarfed by government spending, so any grantmaking strategy that essentially mimics government by providing direct services to the poor will not even begin to make a dent in the chronic poverty facing some of America's communities. Will providing funding for direct services make some people's lives better? Absolutely. Will it help us eliminate poverty? Not a chance. Why? Because direct services don't change institutions that perpetuate poverty and assume that the institutional norms are neutral. Moreover, direct services informed by "targeted universalism"¹ have a better chance of success. This approach seeks to benefit the most vulnerable groups through universal programs.²

I am certainly not the first commentator to suggest that foundations should provide more funding for social change. The Neighborhood Funders Group has promoted this idea since its founding. So has my own organization, the National Committee for Responsive Philanthropy (NCRP), and many other individuals and groups – too many to mention.

I'm actually optimistic that this important message is starting to get through; there was significant positive discussion in philanthropy during 2007 about foundations funding advocacy work. The challenge for 2008 and beyond is to continue that discussion and turn it into real grant dollars.

The conversation has been focused rightly on impact, not ideology. The argument being advanced most regularly is that grantmakers should provide more funding for policy advocacy and community organizing because they are the most effective ways to have sustainable impact on the issues that foundations seek to address. Framing the discussion this way just might lead to sustainable anti-poverty work.

In 2007, Grantmakers for Effective Organizations and the Fieldstone Alliance collaborated on a guide for funders that includes contributions from more than a dozen well-respected leaders in the sector. It is a terrific resource for foundations considering whether to increase funding for policy advocacy. In the first chapter, Emmett Carson, president and CEO of the Silicon Valley Community Foundation, makes the case for why foundations should support advocacy:

"Many foundations' mission statements speak with conviction about lofty aspirations such as eliminating poverty, eradicating disease, and promoting world peace, and to national and local concerns such

¹ John A. Powell. Addressing 21st Century Poverty: Transformational strategies for talking, thinking and acting on issues of poverty.

² Ibid.

Any foundation serious about addressing poverty should invest heavily in community organizing, policy advocacy and civic engagement.

as improving educational outcomes, providing affordable housing, establishing universal health care, or making arts and culture accessible to all. At their core, such mission statements assert that the foundation has examined some aspect of society, found it lacking, and believes that by championing change they will make the world a better place. The magnitude of societal change that is envisioned in these change-oriented mission statements cannot be achieved through the support of direct human services. Change-oriented mission statements – by necessity – require a foundation to pursue public policy efforts that attempt to fundamentally change how the system operates.”³

Later in 2007, OMB Watch, Tufts University, the Center for Lobbying in the Public Interest and the Aspen Institute released *Seen but not Heard: Strengthening Nonprofit Advocacy*. The authors identified limited resources as the primary barrier to nonprofit engagement in policy advocacy.⁴ Many nonprofits simply are stretched too thin to develop a robust advocacy program, and they rarely get funding dedicated to support this work. The authors also noted four important perceptions among nonprofit leaders about foundation funding for advocacy work: many feel that advocacy is either ignored or minimized as a funding priority; when foundations do provide grants, they are often inadequate for systemic change; several believed that funding came too late or in the midst of a crisis; and many thought that foundations restrict advocacy unnecessarily.⁵

Fighting poverty, of course, is complex. Policy changes that increase wages, expand access to health care, improve public education or expand rights of low-wage workers are all part of a comprehensive approach to fighting poverty. There are a variety of issues that foundations can support and still contribute to an inclusive anti-poverty agenda. But first, we need to understand what an inclusive anti-poverty agenda means.

A re-conception of poverty provides a powerful framework to change the current anti-poverty paradigm. A new approach shifts the focus from individual poverty to social inclusion. Instead of viewing poverty as failure at the individual level, economic mobility must be seen as the outcome of structures and policy. In doing so, we recognize the historical impact of structural barriers on personal wealth today and address the complexities of quantifying historical impact. By moving away from traditional conceptions of poverty, we reposition poverty as an issue of concern for broader communities.

Research consistently demonstrates that the gap between the rich and the poor is the most significant predictor of the health of a country's population, as evidenced by how long people live.⁶ As United for a Fair Economy notes, in the 1950s the United States had the smallest wealth gap among industrialized nations and the greatest longevity, but that trend has now reversed: today we have the highest wealth inequality and the lowest longevity.⁷ So income and wealth inequality have negative consequences for American society as a whole.

Many nonprofits simply are stretched too thin to develop a robust advocacy program, and they rarely get funding dedicated to support this work.

³ Power in Policy: A Funder's Guide to Advocacy and Civic Participation, edited by David Arons, 2007, Fieldstone Alliance, p. 14.

⁴ Ibid, p. 29.

⁵ Ibid. pp. 33-34.

⁶ What's it Going to Take? Challenging our Faith in Wealth, http://www.faireconomy.org/news/challenging_our_faith_in_wealth.

⁷ Ibid.

Research consistently demonstrates that the gap between the rich and the poor is the most significant predictor of the health of a country's population

Conversely, addressing poverty as a social problem of the commons offers positive benefits for all. If we identify the structures that keep poor urban and rural communities from enjoying equality of achievement, we can move to targeted universalism and a transformative – rather than transactional – poverty agenda.⁸ Putting that in plain English, it means that fighting poverty not only helps the poor, it helps everyone.

Let me share an example of how a community organizing campaign can have real, quantifiable impact on these issues. This story comes from the PEACE organization⁹ in Polk County, Florida. PEACE is an affiliate of the Direct Action and Research Training Center (DART), a national faith-based community organizing network. The story shows how an inclusive poverty paradigm works in action.

In 2004, PEACE won a campaign to create a series of health clinics to serve uninsured residents. The first clinic opened in November 2007, and is serving 11,000 people.¹⁰ The four additional clinics planned for the next five years are expected to serve more than 45,000 people. These clinics are funded by a half-cent sales tax increase, and the proceeds are dedicated exclusively to funding health care for indigent people in the county – \$37 million per year until 2020. Citrus growers dominate Polk County politics, and the sales tax increase was passed almost exclusively because of the work of the PEACE organization. In the year it won that campaign, PEACE had a budget of approximately \$100,000. With foundation investments of \$100,000 in direct health services, only a handful of residents would have been served. By funding community organizing through PEACE, the impact of those foundation investments was exponentially greater. If you count the return on investment to be only one year of the tax revenue for indigent health care, the return is \$370 for each dollar invested (\$37 million for health on a \$100,000 budget). If you count all 15 years the tax will be in place (\$555 million), and if you assume it took three years for PEACE to build the capacity to win the campaign (\$300,000), the return is \$1,850 for each dollar invested. This rudimentary calculation doesn't capture the social capital benefits produced by the organization, the economic benefits to the community of a healthier population, or the multiplier effect of the medical spending. But surely this effort is one effective way to fight poverty.

Of course, major wins like these don't happen every year for advocacy organizations or community organizing groups. Change, especially institutional and systemic change, takes time, and foundations that want to see significant results need to be willing to invest for the long haul. If we embrace an inclusive poverty paradigm, we must recognize and appreciate the complexity of a problem that involves multiple institutions and norms interacting with each other in a highly uncertain and unpredictable environment. Groups need multi-year general operating support grants in order to maximize their impact. Calculating an exact return on investment never is totally accurate. However, make no mistake about it: investing in community organizing and advocacy has a bang for the buck unlike many other potential philanthropic investments. That's why it makes sense for foundations to support it.

⁸ John A. Powell (2004). *The Needs of Members in a Legitimate Democratic State*.

⁹ Polk Ecumenical Action Council for Empowerment, Inc., <http://www.thedartcenter.org/PEACE1.html>.

¹⁰ Interview with Virginia Lynch, former lead organizer of PEACE. Also citation in *The Ledger*, <http://www.theledger.com/article/20071020/NEWS/710200440>.

There are positive signs of change in philanthropy on these issues. The Bill and Melinda Gates Foundation recently made a major grant to support community organizing on education issues. The California Endowment has realized that it can improve health outcomes in that state most effectively by funding organizing and advocacy campaigns. The Marguerite Casey Foundation dedicates most of its grants to engaging communities in civic action, hoping to build a movement of low-income families that will result in a more just and equitable society. There also are foundations that have long realized the importance of funding for community organizing and policy advocacy, including the Ford Foundation, the Charles Stewart Mott Foundation and hundreds of others large and small around the nation. Still, the proportion of funding dedicated to this kind of work remains disappointingly small.

Near the end of 2008, NCRP and its allies will be launching a multi-year campaign designed to increase foundation funding for advocacy, community organizing and civic engagement. Because we know that some foundations don't invest in this work due to the difficulty in understanding and quantifying outcomes, a key element of the campaign will be a series of reports that document the actual impact of policy advocacy, community organizing and civic engagement work in communities across the country. We are drawing on recent advances in the evaluation of advocacy efforts, including the great work of the Alliance for Justice and others. Our reports will give the most accurate assessments possible about the impact this kind of work has on communities. This campaign and the associated reports will be part of NCRP's contribution to this ongoing conversation, and we hope that foundation trustees and staff members will gain a new appreciation for the tremendous difference this kind of work makes in the lives of millions of Americans.

If foundation trustees, executives and program officers have any hope of seriously contributing to a new anti-poverty agenda, they'll need to prioritize funding for systemic change with their grant dollars. It's the only way they will have a significant impact.

Aaron Dorfman is executive director of the National Committee for Responsive Philanthropy, a watchdog and advocacy organization based in Washington, D.C., which promotes philanthropy that better serves the needs of lower-income communities, communities of color and other historically marginalized groups.

Change, especially institutional and systemic change, takes time, and foundations that want to see significant results need to be willing to invest for the long haul.



1301 Connecticut Ave. NW, Suite 500
Washington, DC 20036
Phone: (202) 833-4690
Fax: (202) 833-4694
www.nfg.org