

Community-Based Public Foundations

Yardstick Competition for Mainstream Philanthropy

By Rick Cohen

The connection of movement building and institutional philanthropy is tenuous at best. Writers have long charged with much merit that most foundations support institutions and activities that more or less benefit the foundation founders, trustees and staff as a privileged social class. Others, such as Jean Roelofs (see *Foundations and Public Policy: The Mask of Pluralism*, 2003), go further, suggesting that even liberal or progressive philanthropy basically bolsters established institutions and norms and dampens, depoliticizes and channels social protest.

While many can and do debate the overall ameliorative impact of institutional philanthropy in American society, worth noting is a constellation of public foundations, all relatively small, charting an explicitly social change path, supporting activist grassroots nonprofits committed to women's issues, LGBT rights, environmental justice, community organizing and civil rights.

As a component of philanthropy, these "community-based public foundations," or CBPFs, are little known to the public, even to their nonprofit and foundation peers, but individually in their engagement on critical issues of poverty, labor organizing and civil rights, they are starting to develop a reputation and garner respect among much larger foundations.

Among the best known is the Liberty Hill Foundation, which to many people has had a huge impact on changing the landscape of philanthropy in Los Angeles. Although not the biggest philanthropic player in the arena, Liberty Hill has profoundly affected the grantmaking behavior of other grantmakers in the region, and has had substantial impact on the success of a Living Wage campaign, the enactment of a \$100 million Housing Trust Fund, and repositioning Los Angeles as the center of the new labor movement.

On the Atlantic Ocean, 3,084 miles from Los Angeles, Maine Initiatives is a changemaking foundation affecting the priorities and behavior of foundation grantmakers in one of the less philanthropically capitalized states in the nation (Maine is 44th in foundation assets, 39th in foundation grants received, and 39th in

foundation grants per capita). Ask anyone in the state's small philanthropic community, and they'll cite the path-breaking work of Maine Initiatives in supporting sustainable agriculture projects (through its Harvest Fund) and addressing other critical public policy issues (affordable health care, the legal rights of immigrants, affordable housing and urban sprawl).

Liberty Hill's grantmaking, according to one insider, "builds community power at the grassroots level." Maine Initiatives, according to another, describes its function as a "signal to other funders." As funders of small, frequently new grassroots organizations, both Liberty Hill and Maine Initiatives can point proudly to the numbers of grassroots social change organizations that have survived and flourished, sometimes against all odds, with their support.

So what are CBPFs? Where are they? What do they do? With the support of Changemakers, a national public foundation focused on community-based social change philanthropy, NCRP initiated a research project to answer these and other questions about this little-known but increasingly influential coterie of grantmakers. *In Community-Based Public Foundations: Small Beacons for Big Ideas*, released in January 2004, NCRP surveyed 192 CBPFs and reported on the responses of 64. Though chock full of data, the NCRP report highlighted several key findings:

CBPF typology: The survey uncovered basically four types of CBPFs—broad-based social action funds; funds focused on specific constituencies and issues addressing gender or sexual orientation; other issue- or constituency-specific funds (for example, environmental funds, youth funds, and racial and ethnic funds); and general purpose funds functioning much like community foundations, but focusing on geographic areas of socioeconomic deprivation such as parts of Appalachia and the Mid-South Delta.

CBPF age: The median year of establishment for the surveyed CBPFs was 1986, and a little over one-third of CBPFs, compared with half of all community foundations, were created since

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1990. Many CBPFs were clearly founded by anti-war activists from the 1960s and 1970s and by people motivated by the conservative politics and devolution of federal responsibilities during the Reagan and Bush administrations of the 1980s.

Staffing and diversity: The median CBPF survey respondent employed five full-time staff. Almost half of CBPF staff in the NCRP survey were racial or ethnic minorities.

Board governance: One of the most distinctive aspects of CBPFs is the participation of non-profits and activists on CBPF boards. Leaders and staff of nonprofit organizations fill more than one in three CBPF board positions, while donors constitute only one-fifth of CBPF trustees. Many of the CBPFs reported that community activists are partners in the grantmaking decision-making that goes on in the funds.

Issues: Two-thirds of the survey respondents identified civil/human rights as their primary issue focus. Other enumerated top emphases for more than half of the CBPFs were community organizing, poverty and inequality, children and family issues, and racial and ethnic issues. In 2001, 66 of the surveyed CBPFs filed 990s, reporting grants and allocations of over \$94 million.

CBPF revenues: Individual donors account for over half of CBPF income, but foundations accounted for more than 20 percent, with some CBPFs reporting that grants from other foundations amounted to more than 40 percent of their annual revenues. Two-thirds of the surveyed CBPFs reported receiving some funding from other foundations and over 40 percent reported receiving support from corporate grantmakers. CBPFs appear to function as both philanthropic vehicles for social change-minded donors and increasingly as regrantsing institutions for private foundations interested in promoting community organizing and social justice.

Donor-advised funds: Unlike community foundations, only half of CBPFs reported having a donor-advised fund (DAF), but for those CBPFs, DAFs accounted for 21 percent of their income.

Fundraising prospects: In 2001, 123 CBPFs from the NCRP list reported total public support of \$202.5 million and total revenues of \$227.6 million. Despite the difficult economic climate in 2002 and 2003, when the survey was conducted, the CBPF respondents reported relatively stable donor bases. More than half described their short-term fundraising prospects as stable or strong. In general, they expressed confidence that there were donors yet to be tapped and political activists increasingly energized by the challenge of the economy and the national political situation.

Investment activism: Of the survey respondents, 79 percent have adopted social investment screens for at least part of their investment portfolios, and more than half reported that 100 percent of their portfolios are devoted to socially responsible corporate stocks. Typical screens include no tobacco, liquor, defense/military, nuclear energy and sin stocks, but CBPFs frequently include more affirmative guidelines to seek out corporations with racial and ethnic diversity on their boards, nondiscriminatory employment practices and good practices regarding organized labor, environmental policies and human rights.

Like the impacts of Liberty Hill in the City of Angels and Maine Initiatives in the Pine Tree State, CBPFs are “yardstick competition” for mainstream philanthropy, demonstrating a better social justice-focused way of engaging in philanthropy that other foundations can—and increasingly do—emulate. ○

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Beyond City Limits: The Philanthropic Needs of Rural America goes against the grain to examine some resource deficiencies in rural America concerning the availability and delivery of philanthropic capital from private foundations and corporations to rural community-based organizations. Do the nonprofits of rural America have adequate access to the philanthropic capital markets controlled by American foundations to empower them to address the complex challenges in nonmetropolitan communities? Based on public information sources available on philanthropic

grantmaking, this report provides some context for answering that question, and poses challenges for philanthropy. See page 14 for details about ordering NCRP publications.