

Helping small states

by [John Harrington](#)

Business Editor

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Some 400 non-profit representatives from across the state will be in town this week for the fifth annual conference of the Montana Nonprofit Association. One major topic of discussion: How to lure major national foundations to pay more attention - and donate more money - to rural states like Montana.

In a speech earlier this year to the National Council of Foundations, Sen. Max Baucus, D-Mont., said rural states are overlooked by foundations, where he urged to double their grants to states like Montana over the next five years.

Nationally, foundations count more than a half-trillion dollars in assets. They can be established by corporations, individuals or communities and generally provide grants to causes in line with their founders' or funders' interests. Because foundations are obliged by the IRS to give away 5 percent of their assets per year, the annual result is more than \$30 billion in grants.

But some say the giving isn't equitable. Baucus said the 10 rural states at the bottom of the foundation food chain received just \$35 per capita in foundation funding in 2005, barely a third of the national average of \$104 per person.

Little grant money originates in Montana, where only three foundations claim assets of more than \$20 million: the Billings-area Bear Ranch Foundation (around \$75 million), the Montana Community Foundation based in Helena (around \$50 million) and the Charles M. Bair Charitable Trust (about \$41 million).

Compare that with the bankrolls of some of the groups that will sit in a panel discussion here Wednesday - The Ford Foundation (\$10 billion), the W.K. Kellogg Foundation (\$7.3 billion) and even the regional M.J. Murdock Charitable Trust (\$758 million) - and it's apparent Montana isn't in a position of local strength when it comes to grant funding.

National foundation money can make a significant difference locally. The Vancouver, Wash.-based Murdock Trust, for example, focuses its efforts in the Pacific Northwest. Murdock provided grants of \$250,000 to both Carroll College and the Archie Bray Foundation in recent years, as well as several grants to the Holter Museum of Art, at its opening and again when the museum was renovated and expanded six years ago.

"Their support has been integral to the growth and development of the museum," said Holter co-director Marcia Eidell.

She admitted, though, that Montana faces an uphill fight when it comes to luring grants from out-of-state.

"I think Montana is at a disadvantage from the standpoint not only of large private foundations, but also large corporate foundations," she said. "There are not those kinds of corporate headquarters in Montana, and a lot of the national foundations have traditionally looked at urban areas."

Mike Schectman, director of the Big Sky Institute for the Advancement of Nonprofits, coined the phrase "philanthropic divide" to describe the gap in funding between rural states and others. He said getting the attention of national funders is a good start, but isn't the whole answer.

"Whenever we have the opportunity to have those discussions, it's not as though people with the national foundations are averse to the general notion of trying to address these issues, but there are a lot of competing priorities," he said.

Rick Cohen, *[former]* executive director of the National Committee for Responsive Philanthropy in Washington, D.C., is something of a national non-profit watchdog. He sees inequities in

funding for rural areas across the country, but the problem is exacerbated in states like Montana with few major in-state funders and no large urban areas to draw from.

"It's not to say that the rural areas of upstate New York or Pennsylvania or Dade County, Florida are doing great, but in places like Montana where there isn't even a significant number of foundations to talk to, it's that much more difficult," Cohen said. "The challenge is that national foundations have to start paying more attention to rural areas and Divide states."

Cohen will host a panel Wednesday that will include decision makers for four major foundations, discussing how states like Montana might start to bridge the philanthropic divide. Representatives from the Kellogg, Murdock, Ford and the Paul G. Allen Family Foundation will make up the panel.

MNA director Brian Magee said those foundations are among those that are starting to pay more attention to Montana and other rural states. Kellogg is tops in the country in giving to rural areas.

"They're all doing lots of stuff, so we want to learn from them how and why they're doing what they're doing and how we can make their job easier," he said. "We want to provide an opportunity to showcase what they're doing in Montana, but we also want to engage a discussion around the 'philanthropic divide.'"

[John Harrington](#) can be reached at 447-4080 or john.harrington@helenair.com .

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