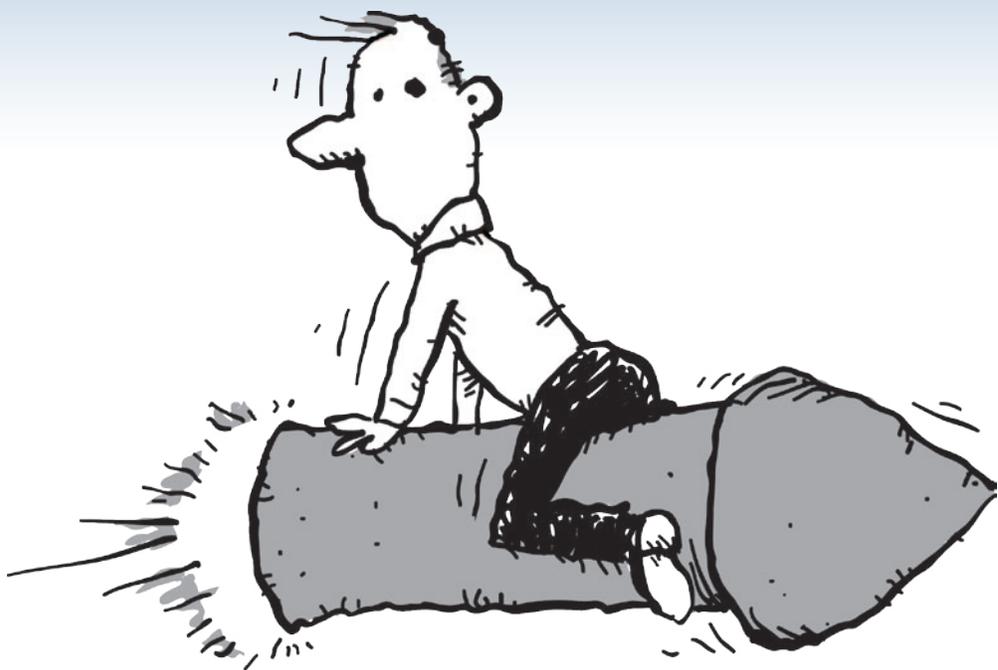


Responsive Philanthropy



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COF 2.0: Is This What The Field of Philanthropy Really Needs?

As we approach the fifth anniversary of the economic correction and reflect on how much the landscape has changed for the nonprofit and philanthropic sectors, it is important to consider whether grantmakers fully recognize that we have entered what Mario Marino describes as “an era of scarcity.”¹

This era is marked by a shrinking base of public sector support for a significant part of the nonprofit sector. On a national level, our economy appears to be recovering, but it will be years before we see any restoration of government support to pre-2008 levels. This is now an era of doing more with less. As one New York City nonprofit leader wryly noted, “flat funding is the new up.”

It is a heavy lift to ponder how our country will try to do the same, or more, with less funding at the federal, state and local levels and provide essential things like a social safety net for 49 million Americans at or below the poverty line. The fact of the matter, whether we

By Doug Bauer

know it or not, is that our role as private funders has changed because of these daunting challenges.

The traditional scaling models of the past will most likely not work now or in the future. We, as funders, have to engage the public sector as we never have before. Public and private dollars will have to be utilized and leveraged as effectively and efficiently as possible across all issue areas. To meet these new challenges, we need a new vision from our most critical infrastructure groups that support our field, and they must operate in much different fashion.

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challenging grantmakers
to strengthen communities

COF 2.0: Is This What the Field of Philanthropy Really Needs?

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THE NEW COF: WELL-MEANING BUT GOING IN THE WRONG DIRECTION?

For more than 60 years, the Council of Foundations (COF), our leading infrastructure group, has been an important resource for its members and the field. It also has been an important source for individual professional development, as its members serve on various committees, plan conferences, participate in research and so on. In its heyday, when James Joseph was president, COF was an active organization full of energy and intellect. In more recent years, COF has become an institution that has not been robust and, as a result, membership has declined.

For many foundation executives, it is getting harder and harder to justify a four-, five- or six-figure check for dues to COF. Foundation board members have been rightfully asking what they are getting in return for such a large annual investment? The answer, especially in the last 10 years is, not enough.

Vikki Spruill joined COF last summer to take over an organization that needed direction and rejuvenation. Spruill is a nonprofit executive, a former grantee and a public relations expert. She also managed an early stage of the Philanthropy Awareness Initiative and served as a trustee for a grantmaking public charity. The hope, of course, was that a new CEO would bring new ideas, energy and enthusiasm – something that the council needed desperately.

After assessing the lay of the land, Spruill has decided to basically do what COF has always done: be *The Ed Sullivan Show* of philanthropy and provide a little bit of everything to everybody. In a July 9, 2013, letter that was widely distributed to stakeholders of COF, Spruill stated that COF needs to be effective and responsive. She then cited four guiding principles: stronger public policy, productive thought leadership, a thriving philanthropic network and an effective and responsive organizational structure.

While those principles are certainly acceptable, is this really what COF should be focusing on? The short answer is no.

What the field needs is for the council to focus entirely on the first principle: public policy. We need the council to be a true industry association and to fully engage on public policy and its intersection with philanthropy. The council should be staffed not to engage the various factions within philanthropy – community foundations, small foundations, corporate foundations, independent foundations and so on – but should monitor and influence legislation and regulations across a set of issues areas: K–12 education, the environment, the arts and others. COF should also have some staff dedicated to issues that directly affect the way we work every day, as well as monitor, and work with, the tax exempt division of the IRS.

The reason for this shift is because the council should be measured the same way we measure other grant-

ees: by its results. The council's results should be informed by its members and their desire for clear public policy outcomes for their grantees and their ultimate clients or constituencies.

Here's what the 2.0 version of COF with a robust policy shop could look like:

- Deeply engages all stakeholders within the Beltway about the role of philanthropy in an era of scarcity.
- Carefully manages what policymakers can rightfully expect from our sector's involvement in any social benefit.
- Nimble serves as conduit of proven ideas and programs supported by philanthropy that can be utilized or implemented by government entities.
- Aggressively share and disseminate outcomes-based research.

This policy focus for the new council would seek to reinvent the public-private partnership across a spectrum of issue areas, and make sure that the work of our grantees thoroughly and convincingly informs policymaking. Additionally, we shouldn't be afraid to adopt the strategies and tactics of other organizations that have been successful.

REALLOCATE RESOURCES TO GET COF A BIGGER AGENDA

If COF restructures itself and realigns its talent and resources to the single-focus task of influencing policymakers, then programs that don't fit should be outsourced to other appropriate entities.

Other parts of the philanthropic infrastructure have grown and demonstrated their ability to deliver programs and content. We simply don't need duplication of effort.

For example, Foundation Center's CEO Brad Smith and his team have brought the organization into the 21st Century and it is fully utilizing technology to disseminate research, data and best practices. If all goes well in the near future, the center should have a Bloomberg-like platform for funders and non-

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profits to use in their daily work. The center is also continuing to do training and programs on a national scale. Given its capacity and access to current research and data on the field, why shouldn't the center assume management of the council's current annual conference?

The 30-plus regional associations (RAs) are another huge component of the field's infrastructure. One of the biggest head scratchers in the 2.0 version of COF is the establishment of regional representatives who will help the council stay more current on what is really happening out in the field. Six of these representatives will be housed in RAs throughout the country. This whole strategy seems redundant. Council staff can simply stay in touch with RA leadership around the country and gather the same intelligence. Indeed, the mechanism already exists: The Forum of Regional Associations is currently embedded at the council's offices in Virginia.

More importantly, the RAs are a huge driver and delivery mechanism for professional development and knowledge sharing. The Foundation Center and the RAs have the ability and capacity to deliver a robust platform that can inform and advance best practices in philanthropy. And finally, RAs are building more capacity to pursue public policy agendas at local and statewide levels. This important work also can help inform a public policy agenda driven by the council.

Such a shift would relieve the council of a huge responsibility, reallocate its internal resources and free it up to focus fully on public policy engagement. It also begins to bring some common sense to an infrastructure that has grown dramatically and cannot be sustained indefinitely.

THE AGE-OLD QUESTION: HOW DOES THIS GET FUNDED?

COF is funded largely through membership dues – and in the short run, this model cannot be easily changed.

COF uses a classic dues formula – one widely shared by RAs and various affinity groups. While many complain about the cost of joining or maintaining membership in the council, many of the very large foundations do it out of a sense of duty and citizenship.

It doesn't have to be that way. There are 100,000-plus private foundations in the U.S. The council has about 1,800 members (representing, about 90 percent of the assets that exist within our field). If COF shifts to being our turbo-charged policy force in D.C. our sector wants and needs, then a broader base of members is required. COF should charge less but should have many more members. It can do that by demonstrating real value in triggering impact in D.C. in policy battles.

I understand all too well that setting dues and obtaining adequate resources is not easy. The Association of Small Foundations (ASF) charges \$795 in annual dues and has captured more than 3,000 members. That dues revenue, however, only covers about 50 percent of ASF's operating costs. On the other hand, Philanthropy New York covers more than 85 percent of its operating budget through dues from its 280+ members.

The point is that the council of tomorrow does not need to be burdened with a dues structure of yesterday. It should find a different funding formula, one that will help capture a broad base of support that allows COF to truly say it represents a real cross-section of the field.

SO WHAT? WHY SHOULD A GRANTMAKER CARE ABOUT THE COF AND ITS ROLE?

The council is an underperforming asset and at a crossroads. Many were hoping that true winds of change were going to blow through to rethink and restructure the council and its role. A year later, it looks like not nearly enough has changed – and some

duplication of services to boot. It is clinging to an old structure and way of serving its membership in a highly dynamic and innovative environment. In its current state, it is hardly a pioneering organization.

Now and in the future, the field requires a council that is assertive and can ably represent the field to stakeholders inside the policymaking system. It also needs to be able to speak with authority on behalf of the field.

My goal is not to demean the council and its staff and board. To the contrary – I write this because I believe that COF can be exactly what we need. I have been active in various council committees and initiatives for more than two decades. Much of my professional development has been accomplished through work with COF and I am committed to having a council that contributes meaningfully to the field and our grantees' agendas.

This is the time to shift the council and its resources so it becomes a potent public policy force that really matters to its membership and our grantees. We need COF to be active, energetic and completely relevant again – not just to the field of philanthropy but to the nonprofit sector as a whole and to the communities and causes we all strive to serve. ■

Doug Bauer is a 25-year veteran of the field and is the executive director of The Clark Foundation in New York City and Cooperstown, N.Y. He has served on various boards and committees of philanthropic infrastructure groups including chair of Philanthropy New York. He is the current chair of Confluence Philanthropy.

Notes

1. Mario Morino, *Leap of Reason: Managing to Outcomes in an Era of Scarcity* (Washington, D.C.: Venture Philanthropy Partners, May 2011).