

## Shifting Focus

### How and Why a Large Grantmaker Decided to Fight Poverty

By Pete Manzo

Imagine a grantmaker that:

- Decided that its primary purpose was to fight poverty, after a scan of conditions indicated that was the major challenge;
- Realigned all its grantmaking to address that purpose;
- Made hard decisions to take funding away from grantees with whom it had longstanding relationships, but who didn't fit with the focus on fighting poverty, such as large hospitals and disease-fighting grantees;
- Led its large board of directors, overwhelmingly from large business enterprises, to embrace not only the new focus in grants for anti-poverty programs, but also to make a substantial commitment to policy advocacy; and
- Launched a marketing campaign to raise awareness of the need for "pathways out of poverty," rejecting advice to adopt a safer "opportunity" frame.

The grantmaker that did those things is the United Way of Greater Los Angeles (UWGLA or "United Way"). Surprised?

Three major factors conspired to bring about this shift in focus for UWGLA. The first is that changing demographics and a sharp increase in the gap between rich and poor demanded attention. The United Way customarily had published annual reports *(continued on page 12)*



Photo by DLUGOLECKI Photography.

United Way President and CEO Elise Bulk (front, left) with Mayor Antonio Villaraigosa at United Way's first ever walk to end homelessness. Over 4,000 people participated in the event, which took place on November 17, 2007.

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# Shifting Focus

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on the State of Los Angeles County, but in 1999 it began a series of reports on poverty and on the challenges facing Los Angeles' diverse ethnic communities. Led by Dominic Ng, President of East West Bank and a longtime board member, and Bill Pitkin, United Way's new Director of Research, United Way took those reports a step further in 2007 by introducing a new "quality of life" index to better illustrate the effects of poverty. Elise Buik, now UWGLA's president, notes that "We saw common threads through all these reports, about the gaps in income, educational achievement and other indicators, and the fact that the majority of people in poverty belonged to working families." When United Way brought opinion leaders together for discussions around each report, they were struck repeatedly by how surprised people were at the findings, how they didn't realize the extent of the problem. Leading members of United Way's board were involved in the framing and production of these reports, which kept the board's perceptions of these changes on pace with what the staff were seeing.

Another factor was the significant, steady decline in the United Way's general fund. Throughout the '90s, donor designations had eaten up an increasing share of UWGLA's revenues, so that even as gross revenues stayed steady or grew, the amount of discretionary funds United Way could allocate to grantees fell. Buik notes,

"For some reason, donor designation has had much more of an impact on United Ways on the West Coast. That donors have more choices is a good thing, but the drop in the funds we could grant told us we really needed to come up with a tighter focus for our giving. We needed

Buik notes, "It was a combination of doing the right thing for the right reasons, plus responding to the push for accountability we've seen in both the nonprofit and business world."

to be really clear about what we stood for." Interestingly, the business background of the United Way board helped here. The United Way's board members are overwhelmingly from large corporations, and so it might be natural to expect them to take a conservative approach. But their business experience also made them very receptive to the idea that United Way needed to get down to the core, in large part because they had faced similar competitive pressures in their fields.

A third factor was the transition to new leadership. When the prior CEO, Joe Haggerty, left to become COO at United Way of America, the UWGLA board took the opportunity to step back and ask whether it wanted to emphasize fundraising or emphasize mission impact. Board Chair Greg Stubblefield, president of Enterprise Rent-a-Car California and Hawaii, was an important influence in this transition. In part because Enterprise's strategy is based on having a large number of rental locations in local neighborhoods, rather than concentrating on transport hubs like its competitors, Stubblefield championed a priority focus on local needs. Dominic Ng also played a prominent role in raising this question. He chaired a task force in 2000 that pointed to the need for United Way to decide how it would measure its results, and he consistently emphasized a focus on quality of life in subsequent years. The United Way board decided that it wanted to make mission impact a priority over simply raising funds. In turn, that influenced the qualities they were seeking in a new CEO. Buik recalls that in her interviews with the board, the members were intensely interested in whether she and other candidates had or could build relationships not just with corporate leaders – key constituents for United Way's fundraising – but also with

## EXAMPLES OF NEW UWGLA ANTI-POVERTY ADVOCACY GRANTEES

- > Asian Pacific American Legal Center
- > Californians for Justice
- > Community Coalition
- > InnerCity Struggle
- > Los Angeles Alliance for a New Economy
- > Los Angeles Coalition to End Hunger & Homelessness
- > Public Counsel
- > Regional Congregations and Neighborhood Organization Training Center
- > Shelter Partnership
- > Western Center on Law and Poverty

leaders in labor, government, philanthropy and other sectors. Prioritizing mission impact over fundraising also may have made the board more likely to consider an internal candidate like Buik (she was COO under the previous CEO, and also had led marketing, community investment and fundraising in prior years).

Buik promptly launched a strategic planning initiative upon becoming CEO in 2005. She and her team laid out the trends for the board – rising poverty, reduced grant funds, major investments by other funders in health and in early childhood – and together they settled on the need to shift all the grant funds toward fighting poverty. As Buik notes, “It was a combination of doing the right thing for the right reasons, plus responding to the push for accountability we’ve seen in both the nonprofit and business world.” Board member Jeff Johnson, then the publisher, president and CEO of the Los Angeles *Times*, and now operating partner of The Yucaipa Companies, was an important voice. He saw some parallel between the United Way’s situation and the challenges facing the LA *Times* – large market shifts pushing a change in business model, the aging of current core customers and the need to become more relevant to new customer base – and helped the board walk through the search for a new strategy. Johnson also brought with him a strong personal commitment to education reform and fighting homelessness, issues the *Times* focused on in its philanthropy and its news coverage and analysis.

After making the decision to focus on poverty, the board also decided that the United Way needed to speak up about its priorities. “We’ve always been about redressing poverty, in many ways,” Buik notes. “The biggest part of this shift is United Way exerting its leadership role. Our board knows that simply funding good programs is not enough.” As a result, United Way made support for policy advocacy a priority in its new grant guidelines (for example, United Way recently has funded practically all of LA’s leading legal aid and social change organizations, many for the first time). United Way also has committed to supporting or initiating policy advocacy in areas linked to their grant priorities, such as workforce housing, supportive housing for the homeless, and health insurance coverage for all children in California (through a coalition of 16 California United Ways). The board has created a new Public Policy Committee, composed of board members and influential outside stakeholders, to advise the board in taking public positions and informing policy debates.



UWGLA grantee Community Coalition’s Back to School Back to Work Fair, part of the campaign “Creating Multiple Pathways out of Poverty.”

Not least, United Way has done the hard work of completely overhauling its grantmaking, led by Alicia Lara, the new vice president of Community Investment who Buik brought on from her similar role at The California Endowment. A little over a year ago, United Way announced it was phasing out the practice of making regular grants to member agencies and replacing it with an open, competitive grant process. Those long-standing United Way organizations that were not funded through this new competitive process received one-time transition grants. Several years prior, to help pave the way, United Way had stopped providing six- and seven-figure grants to large hospitals and other “health partners,” in order to free up funds to serve more community-based organizations, for which it drew significant criticism and pressure. “Everything had to be realigned, for us to have any integrity,” observes Buik. “Our grantmaking had largely been based on history. Moving to competitive funding hurt some of our longstanding grantees, but it also opened up the process to everyone. When I came in as president, I heard from a lot of people who criticized us for being a sort of closed system. The new way is a process that people can understand and makes sense; it’s more transparent. LA has changed a lot, in demographics and other ways, and our programming needed to evolve with those shifts.”

The United Way made its focus on poverty the central element in all its communications. It adopted the tagline “pathways out of poverty,” which appears in all its materials, all radio and television ads, and reinforces the message that more needs to be done to reduce poverty in LA at every turn. In doing so, the United Way rejected some safer approaches, such as a focus on increasing opportunity or promoting

healthy communities, in part because while those may sound less controversial, they also are vaguer. Most important, though, shining a bright light on poverty seemed to be what's most needed. Buik observes, "LA is unique in that it is so spread out, and so many people can go from home to work and back without really seeing poverty. People were always surprised to learn that one in four children in LA County are poor. The invisibility and the fragmentation only made it more important to take an aggressive stance on poverty. We want to make that real to people." Board members also felt some resonance with the concerns of their thousands of employees, and they and other business leaders also have come to see these quality of life issues affect their businesses, their bottom lines. "If poverty levels in LA continue to grow, it won't matter how many millionaires we have," notes Buik.

Buik downplays the risks involved in choosing to focus on poverty. "Fighting poverty is not just a liberal cause. We need to show people how all our fates are linked, how the quality of life for all of us is connected to the plight of our poorest neighbors. "

As for why United Way decided to commit to funding and getting directly involved in policy advocacy, Buik, her board and staff think it is simply being smart. A policy success can have far greater impact than years of grants. For example, United Way is working with 16 other California United Ways to push universal health coverage for children, and also trying to focus more attention on middle school students in an effort to stem the tide of drop outs.

Buik and United Way also believe it's a role grantmakers should play. "In LA, we've lost a lot of our corporate headquarters, and because of term limits, our elected officials can't maintain a sustained focus on solving many problems," Buik observes. "As a result, it falls to the philanthropic and nonprofit sector to hold the long-term view."

When asked whether she would recommend that other grantmakers take a similar approach, Buik responds with an emphatic yes. "I visit hundreds of workplaces and nonprofits every year, and the response has been overwhelmingly positive." Buik credits her board for expecting United Way to show more leader-

ship, and for giving her the latitude to carry that out.

It's too soon to tell whether this new approach will increase contributions to United Way. Donor designations still are a challenge. Rather than try to compete against designations, as some United Ways have done, by asking donors to choose between making a designation and giving to the general fund, Buik instead encourages donors to do both. "Donors all give to causes that affect them per-

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sonally, on issues that have directly affected them or someone they care for, but they also care about the community, so we should appeal to both their personal and their community philanthropy." Buik recently brought in a new vice president of development, Catherine Sutor, from the Liberty Hill Foundation, a social change fundraising and grantmaking charity, to bolster United Way's appeals to donors' interest in community change.

The new focus is widely perceived outside the United Way to be a major step toward achieving greater impact with their current level of funding. Asked about Emmett Carson's argument that issue-focused community foundations that ask donors to join a cause will be more successful than those that emphasize service to donors,<sup>1</sup> Buik says, "Well, when you stand for something, you definitely attract new people, and good things can follow."

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#### NOTES

1. Emmett Carson, "Making Waves to Build Community and Raise Asses: A 21st Century Strategy for Community Foundations," Speech to Community Foundation Network Annual Meeting, September 24, 2003 ([http://www.communityfoundations.org.uk/feature\\_articles/6.pdf](http://www.communityfoundations.org.uk/feature_articles/6.pdf))