

The Center on Philanthropy & Public Policy

Research and analysis to advance public problem solving

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A FORUM SUMMARY



Leveraging Philanthropic Assets for Public Problem Solving

The Center hosted its second forum on May 13-14, 2002 focused on the theme, *"Leveraging Philanthropic Assets for Public Problem Solving."* The forum brought together over 150 leaders from the philanthropic, nonprofit, and public sectors to discuss how philanthropic resources – money, knowledge, and networks – can be leveraged to more effectively address public problems. The day's conversation explored the changing landscape of public problem solving, the opportunities it affords philanthropy, and the implications for philanthropic practice. Foundation engagement in public policy and foundation collaboration were two topics that were examined in considerable depth as strategies for extending the impact of philanthropy.



UNIVERSITY OF SOUTHERN CALIFORNIA

In May 2002, The Center on Philanthropy and Public Policy convened 150 leaders from throughout California and across the nation to examine how philanthropic assets can best be leveraged for public problem solving. This report summarizes the day's discussion.

Additional details about the program, speakers, and research papers prepared as background for the Forum are available at the Center's Web site: www.usc.edu/philanthropy/forum2002/index

The Changing Landscape of Public Problem Solving

MODERATOR: Jack Shakely, *President, California Community Foundation*

PANELISTS: Janet Clayton, *Editorial Page Editor, Los Angeles Times*

Jane G. Pisano, *President and Director, Natural History Museum of Los Angeles County*

Antonio Villaraigosa, *Former Speaker, California State Assembly*

Philanthropy is undergoing significant growth and change. These forces have been particularly profound in California and the West in the 1990s. For example, in 1999, California had 4,208 foundations with over \$68 billion in assets and total giving of nearly \$2.9 billion. This reflects an increase of nearly 1,000 foundations, a growth in assets of nearly \$40 billion, and an increase in total giving of \$1.6 billion since 1995 alone. But a larger and faster-paced sector is not the only dynamic. The very nature of philanthropy is also changing, with new players, new philosophies, institutions, strategies and mechanisms for giving emerging. This has created a philanthropic sector that is more complex and global and, at the same time, more pluralistic and individualistic.

Even with the expansion of philanthropy, foundations today still face challenges in addressing critical public problems of considerable scope and complexity. These include not only continued efforts to tackle the persistent problems borne of poverty, but the emerging issues brought about by changing demographics, technology, globalization and threats to our security.

Philanthropy's partners in public problem solving – government and nonprofit organizations – have also been buffeted by the winds of change. Government is confronted by questions about its role and effectiveness, limits to its fiscal capacity, term limits and a dizzying array of public problems, both domestic and international. Meanwhile, nonprofit organizations face growing expectations at the same time they are under pressure from changes in philanthropy, shifting public spending priorities, tax policies, and commercialization, not to mention the scope and persistence of the problems that they seek to address.

Given this changing landscape, the panel addressed the forces that are having the most dramatic impact on the opportunities that exist today and the challenges that must be tackled.

Antonio Villaraigosa emphasized the tremendous demographic changes that have rocked California with the emergence of Latinos as the state's largest ethnic group. He pointed out that the state's limited investment in education, healthcare, and affordable housing has led to the current "state of crisis." Citing the tremendous needs facing the state and its limited capacity, he noted the great opportunity that exists "to connect philanthropy to government and the private sector."

Jane Pisano emphasized how changes in business and government here in the region and the state have been important facets of the changing landscape. She noted the disappearance of Fortune 500 corporations and their philanthropy in Los Angeles, and the emergence of entrepreneurial start-ups fueling a first generation of philanthropic ventures, making it more difficult for the business and civic community to cohere in a meaningful way. She also noted the changes wrought by Proposition 13 that have "changed everything, leaving counties strapped for funds and every interest group trying to lock in their funding streams, making it very difficult for government to be nimble in trying to solve public problems."

Given the limits of government, Janet Clayton urged foundations to do more to solve public problems, asking that they push the agenda, identify and fill funding gaps, and take decisive action when there is no time for the lengthy discussions that government requires.

This set the stage for an exchange of views between the panel and the audience about what role philanthropy should play in this changing landscape, in particular as it relates to what government is leaving undone. Several in the audience were careful to point out that the scope of the resources of the philanthropic sector are small in comparison to what is needed to solve large and complex public problems, and expressed concerns over whether it should be the responsibility of foundations to merely replace public funds to maintain programs that have lost government funding. Building on this, one participant suggested the need for philanthropy to address the changing capacity of government in new ways, without encouraging government to "take a walk" from its responsibilities.



How Can Foundations Engage the Policymaking Process?

MODERATOR: Barry Munitz, *President and CEO, The J. Paul Getty Trust*

PANELISTS: Michael Laracy, *Program Associate, The Annie E. Casey Foundation*

Wendy Lazarus, *Director and Founder, The Children's Partnership*

Michael Mantell, *Attorney, Resources Law Group*

William McKersie, *Senior Education Program Officer, The Cleveland Foundation*

Philanthropy has an opportunity to leverage its assets by engaging the public policymaking process and expanding its impact beyond merely its grantmaking resources. This panel examined how foundations can use the full range of their assets – money, ideas, and networks – to help shape governmental policies. The panelists relied on their experiences in policy arenas – education, the environment, health, and children and families – to illustrate what is possible and what it takes to be effective.

“Foundations can play an incredible role – when they are strategic, focused, willing to experiment, willing to take risks, with solid legal advice – to move public policy,” said Michael Mantell, who led a \$175 million campaign by the David and Lucile Packard Foundation to improve land conservation in California. “We worked very closely with government agencies and grantees in designing better approaches for land conservation and in identifying projects where Packard money could be used as a catalyst for other public or private funding, and where Packard money could be used to help finish off what government entities were trying to do.”

Michael Laracy highlighted the Casey Foundation’s intensive engagement in last year’s tax relief package effort, formally known as the Economic Growth Tax Relief Act of 2001, that resulted in a partially refundable tax credit for low income families that could provide up to \$1,000 per child per year. “When we saw the tax debate shaping up in the summer of 2000, we decided that we had to get serious.” At Casey, that meant hiring outside political expertise “to avoid land mines, and become better able to engage both sides of the aisle”; giving grants to individuals and organizations studying and talking about tax policy; creating mechanisms – websites and meetings – for scholars and advocates to examine and discuss the issues; and funding focus groups to help guide their strategies and frame their message in a way that would resonate with policy makers and the public.

Speaking on efforts to improve public education in Cleveland and in Chicago, Bill McKersie noted, “Moving money is our strong suit. We can move money to help force and foster changes in governance and changes in teaching and learning, and then, in the process of these efforts, improve student learning.” In Chicago, area foundations invested about \$50 million in efforts to decentralize the management of urban schools. In Cleveland, the Cleveland Foundation invested \$25 million in policy efforts supporting the implementation of a change from an elected school board to a system of mayoral control. The funding supported work to change government management, implement new standards, and increase opportunities for leadership and professional development. Efforts to improve labor and management collaboration and to persuade state leaders and others to pay positive attention to the school district were also a priority.

Wendy Lazarus of The Children’s Partnership discussed their work with other nonprofits and foundations such as The California Endowment to enroll eligible children in available health insurance coverage programs through what came to be called “Express Lane Eligibility.” Building on 1997 federal legislation that made many uninsured children eligible for Medicaid or the new Child Health Insurance Program, The Children’s Partnership set up ways to enroll children in the programs in California via food stamp and school lunch programs. Keys to success were a strong research base, the ability to craft policy that is both “saleable and scaleable,” and effective communication.

Through the discussion, some lessons in effective public policy engagement by foundations emerged. These include:

- Be strategic, focused, and committed over time;
- Get good legal advice;
- Enlist strong, committed, and well-informed board members;
- Use money as a catalyst and an incentive;
- Build knowledge and networks;
- Communicate your work; and
- Be willing to take risks, to experiment, and to fail.

How Can Foundations Leverage Their Assets Through Collaboration?

MODERATOR: Eugene Wilson, *Senior Vice President, Ewing Marion Kauffman Foundation*

PANELISTS: Deborah Alavarez-Rodriguez, *Vice President, Omidyar Foundation*
Robert S. Collier, *President, Council of Michigan Foundations*
Elwood Hopkins, *Project Director, Los Angeles Urban Funders*
Ben Starrett, *Executive Director, Funders' Network for Smart Growth and Livable Communities*

With the growth and increased complexity of the philanthropic sector, an opportunity exists to increase the value of philanthropic efforts through greater collaboration among foundations and their partners, in particular nonprofits and government. This panel examined the emerging structures and processes for working together to advance the capacity for public problem solving, the motivations for forming such relationships, and the consequences of sharing their experiences. The panelists discussed their experiences in collaborative efforts, elaborating both on the forms and the purposes of such endeavors.

By working with partners, foundations can leverage their assets to have greater impact by achieving scale, developing and exchanging knowledge, and pooling risk. These objectives can be accomplished through a variety of structures ranging from sector-wide organizations to regional associations of grantmakers, and from issue/identity-based affinity groups to funder collaboratives.

Drawing on her work with the City of San Francisco, Deborah Alvarez-Rodriguez spoke on her involvement in a collaborative effort between foundations, nonprofits and government to increase the availability of childcare in San Francisco. "It (the collaborative) became the center of proactive thinking and research and activism around issues of early childhood," she said, pointing out an example of knowledge exchange and development.

Robert Collier discussed how the Council of Michigan Foundations has enabled foundations in the state to work together on issues of common interest, ranging from state policy issues, such as encouraging the state to provide tax incentives for philanthropic giving, to efforts to expand the number and capacity of community foundations throughout the state. Because of the partnerships and relationships that this regional association of grantmakers has developed, Collier said they have cultivated in excess of \$50 million in new philanthropy in the state of Michigan.

Relating his experiences of the last decade, Elwood Hopkins shared how members of Los Angeles Urban Funders worked together to achieve greater scale and build a knowledge base about targeted neighborhoods. Noting that "no individual foundation was likely to do that on its own," he emphasized the significant impact these foundations have had as a group on specific geographic areas in Los Angeles.

Ben Starrett shared lessons from his work with the Smart Growth Network, a group of funders with an interest in growth and development. Although only three years old, the organization has been able to generate much interest by working across disciplines/program areas and geographic areas on issues that affect the quality of life on a regional basis. "The funders in our network leverage their dollars just by virtue of being part of the network," he said. "But it's really about information exchange and co-learning as a form of collaboration." He also pointed out that some members have been able to build on their involvement with each other through the network to develop other successful collaborative projects, often in conjunction with nonprofit partners.

The panel agreed that despite the potential benefits, collaboration is not a natural undertaking. Foundations have a tendency to want to go it alone. And even those that understand that in certain circumstances more can be accomplished by working together, they find that it is not easy. The conversation elicited several factors that are important for collaboration to have an impact on tackling public problems. These include:

- A willingness to compromise and adapt;
- Strong leadership and solid relationships;
- An ability to build trust by navigating different cultures and power differentials;
- Patience and endurance;
- The involvement of nonprofits and neighborhood groups as partners; and
- An appreciation of the relative strengths and contributions of various partners.

The Center thanks the following organizations for their support of the Forum:

The Boone Foundation

California Community Foundation

The California Endowment

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The James Irvine Foundation

The Wachtell Family Foundation



Implications for Philanthropic Decision Making and Nonprofit Action

MODERATOR: Angela Glover Blackwell, *President, PolicyLink*

PANELISTS: S. Kimberly Belshé, *Program Director, Sustainable Communities, The James Irvine Foundation*
Robert Hughes, *Vice President, Robert Wood Johnson Foundation*
Barbara Kibbe, *Director, Organizational Effectiveness and Philanthropy, The David and Lucile Packard Foundation*
Ralph Smith, *Vice President, The Annie E. Casey Foundation*

The wrap-up panel provided perspective on the day's deliberations. Panelists reinforced key points, underscored the implications for philanthropic and nonprofit action, and gave voice to what had been left unsaid during the day's discussions.

Robert Hughes argued that as foundations become involved in policy work, they must be clear about their institutional values. He felt this was imperative as all foundations are not of one mind, nor are other influential players in the policy process. In fact, the process is designed to hammer out fundamental disagreements. He also suggested that by focusing on values, there is the possibility of establishing more intimate links between foundation board members and staff.

Emphasizing that foundations work to make an impact in complex systems, Barbara Kibbe noted that public policy should not just be the province of a few foundations that choose to engage in policymaking. After all, funders focused on direct services are operating within an existing policy framework and should be mindful of how changes to that framework impact their own work.

Kim Belshé, who comes to philanthropy after years of policy experience in state and federal government, noted the sharp contrasts between philanthropy and government that need to be bridged if foundations are going to realize their potential. "Fundamentally, government and foundations have different contexts, sometimes different values, competing imperatives and priorities. Until the two worlds can really understand each other in a meaningful and accurate way, it is going to be hard for foundations to be as effective in problem solving as they might be."

Finally, Ralph Smith challenged the philanthropic sector to remember that public problem solving is a team sport, not an individual one. "Just because foundations have the resources does not mean that they have the authority, the capacity, the competence, or the legitimacy" to address public problems. Along these lines, Angela Blackwell noted the need to expand the voices in these discussions beyond foundations, nonprofits and government to include those who are impacted by these policy changes. In fact, she suggested that foundations should consider not merely working to impact public policy, but helping to make the policymaking process itself more inclusive.

The Center on Philanthropy and Public Policy promotes more effective philanthropy and strengthens the nonprofit sector through research that informs philanthropic decision making and public policy to advance public problem solving. Using California and the West as a laboratory, the Center conducts research on philanthropy, volunteerism, and the role of the nonprofit sector in America's communities. The Center communicates its findings and convenes leaders from the philanthropic, nonprofit, and policy communities to help them identify strategies for action.

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Summary

The forum advanced the conversation about how philanthropic assets – money, knowledge, and networks – can have a greater reach and impact on public problem solving if effectively leveraged, especially through policy engagement and collaborative efforts. Given the recent changes in government that seem to have limited the public sector's capacity for problem solving, philanthropy has an opportunity to play a more significant role. This seems to be especially true at the state, regional, and community levels. Yet, that role is not one that foundations, at least not many, have assumed or have been particularly adept at assuming.

As philanthropy seeks to expand its reach and impact, three lessons emerge:

- Move with a degree of humility – foundations and philanthropists are not all knowing and not the only players;
- Show a greater willingness to take risks – to experiment, to fail, and to share your lessons with others; and
- Work across boundaries – not only across foundations, but also with nonprofits, governments and the communities.

With these lessons in mind, philanthropy can provide leadership for tackling critical public problems in these challenging times.

Forum Keynote Remarks and Research Papers are available online at:
www.usc.edu/philanthropy/forum2002/index

Jack Shakely, President, California Community Foundation
Keynote Remarks.

James M. Ferris, Director, The Center on Philanthropy and Public Policy, and
Michael Mintrom, Associate Professor, University of Auckland
"Foundations and the Policymaking Process: A Conceptual Framework," RP-10, May 2002.

James Allen Smith, Senior Advisor to the President, The J. Paul Getty Trust
"Foundations and the Policymaking Process: A Historical Perspective," RP-11, May 2002.

Thomas Troyer, Member, Caplan and Drysdale, and
Douglas Varley, Member, Caplan and Drysdale
"Private Foundations and Policy Making: Latitude Under Federal Tax Law," RP-12, May 2002.

Lucy Bernholz, President, Blueprint Research and Design, Inc.
"Critical Junctures: Philanthropic Associations as Policy Actors," RP-13, May 2002.

Marcia Sharp, Principal, Millennium Communications Group, Inc.
"Foundation Collaborations: Incubators for Change," RP-14, May 2002