

**FOUNDATIONS IN LOS ANGELES:  
An Assessment of the Last 25 Years**

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## Preface

The Center on Philanthropy and Public Policy was established 20 years ago, in the midst of myriad changes in philanthropy. The Center's inaugural forum focused on the question: What is 'New' About New Philanthropy? As a consequence, we have had a front-row seat to the changes shaping philanthropy over this generation. We have been tracking the changes across the nation, many of which have emanated or gained momentum on the West Coast. At the same time, located in Southern California, we have had an opportunity to see firsthand how philanthropy has evolved here in our own backyard.

In the paper *A Generation of Impact: The Evolution of Philanthropy over the Past 25 Years*, we note that the scale and scope of giving that has occurred over this period suggests a new generation of philanthropy focused on impact. Key to this aspiration is a set of eight strategies that define the period: strategic philanthropy; nonprofit capacity building; philanthropic collaboration; public policy engagement; public philanthropic partnerships; impact investing; diversity and inclusion; and more flexible and nimbler giving structures. Strategic philanthropy and nonprofit capacity building mark the beginning of the era. They are at the heart of the venture philanthropy movement, which conceived of giving as an investment for impact. These two strategies were followed by efforts to scale impact through philanthropic collaboration, public policy engagement and partnerships with government. More recently, three strategies have emerged that focus on foundation practices that facilitate greater impact: impact investing, diversity and inclusion, and more flexible and nimbler giving structures. Together, these eight strategies have shaped today's philanthropic landscape – its approaches, policies and practices.

This companion paper assesses the extent to which these strategies have taken hold in Los Angeles. First, we take an in-depth look at foundations in the region over this generation. As noted in the earlier paper, the share of all private giving attributed to foundations has doubled, representing a fifth of all giving today. During this time, foundations in Los Angeles have become more influential, with a small group of the larger, more established foundations anchoring a stable core. Meanwhile, a set of relatively younger foundations are creating a new dynamic. Together they are shaping the future of philanthropy in Los Angeles.

With that as context, we examine which of the eight strategies have taken root in Los Angeles, which are gaining traction and which are simply too recent to assess. This analysis of Los Angeles is more challenging. There is no treasure trove of reports on philanthropy in the region that we can reference, though we refer to the few that do exist. Fortunately, over the last two decades we have seen these changes occurring in real time, on the ground from the frontlines. We rely on that experience as well as a number of focus groups and interviews with local philanthropic and nonprofit leaders who have a depth of knowledge and perspective for this assessment.

We find that a number of strategies have been firmly established as part of the Los Angeles landscape – strategic philanthropy, nonprofit capacity building, philanthropic collaboration and partnering with government. Some are gaining traction, such as public policy engagement and diversity and inclusion. Impact investing and new giving structures remain open questions. This creates a baseline to track the future of philanthropy in the region and its drive for impact. After all, the story of this generation is not yet finished.

## **FOUNDATIONS IN LOS ANGELES: An Assessment of the Last 25 Years**

### **Introduction**

Philanthropy has changed in marked ways over the last 25 years. We have seen new players, new giving vehicles and new approaches.<sup>1</sup> New players came on the scene from their economic success in the tech industry, financial institutions and other growth industries. Many of them are younger, more diverse and committed to philanthropy. Many took advantage of new structures for giving, such as donor advised funds and philanthropic LLCs leading to a donor-centered philanthropy. These donors adopted new strategies that, at their core, aspire for greater impact, not merely doing good.

These forces have created a crescendo that is reflected in the way philanthropy is practiced today. Early in this period, strategic philanthropy and nonprofit capacity building – elements central to the venture philanthropy movement – were the focus.<sup>2</sup> In the intervening years, a number of efforts have emerged: philanthropic collaboration, public policy engagement, public philanthropic partnerships, impact investing, diversity and inclusion, and new giving models that are more flexible and nimbler. Some of these approaches have taken hold as evidenced by the emergence of related infrastructure organizations and affinity groups. In other instances, the developments are at an earlier stage, yet are gaining traction. And, there are others where it is still too early to tell. Despite these different stages, it is clear that this generation of philanthropy is marked by a focus on impact.<sup>3</sup>

We have seen these changes unfold here in Los Angeles. In this paper, to provide context, we begin by reflecting on the changing foundation landscape and the prospects for even more changes in the future. Then, we work through the eight strategies that have defined this generation, exploring how they have shaped the way L.A. foundations approach their work. For each strategy, we share some notable examples that bring each to life, providing a vivid portrait of the changes that are reshaping philanthropy in the region. We conclude with reflections on how this generation of impact has found expression in L.A. philanthropy and offer some thoughts on what the future may hold.

### **The Changing Foundation Landscape**

The last 25 years provide an important frame to analyze changes in philanthropy. Private giving trends – giving from individuals during their lifetimes and at death, as well as philanthropic foundations and corporations – over the last four decades indicate that the U.S. is in the midst of a growth period dating back to the mid-1990s, as shown in Figure I. Giving in the latter half of the 1990s was at a scale and pace that was unprecedented. It established a new plateau for private giving, even with short-term fluctuations, such as the slight downturn soon after the turn of the century and the Great Recession. In

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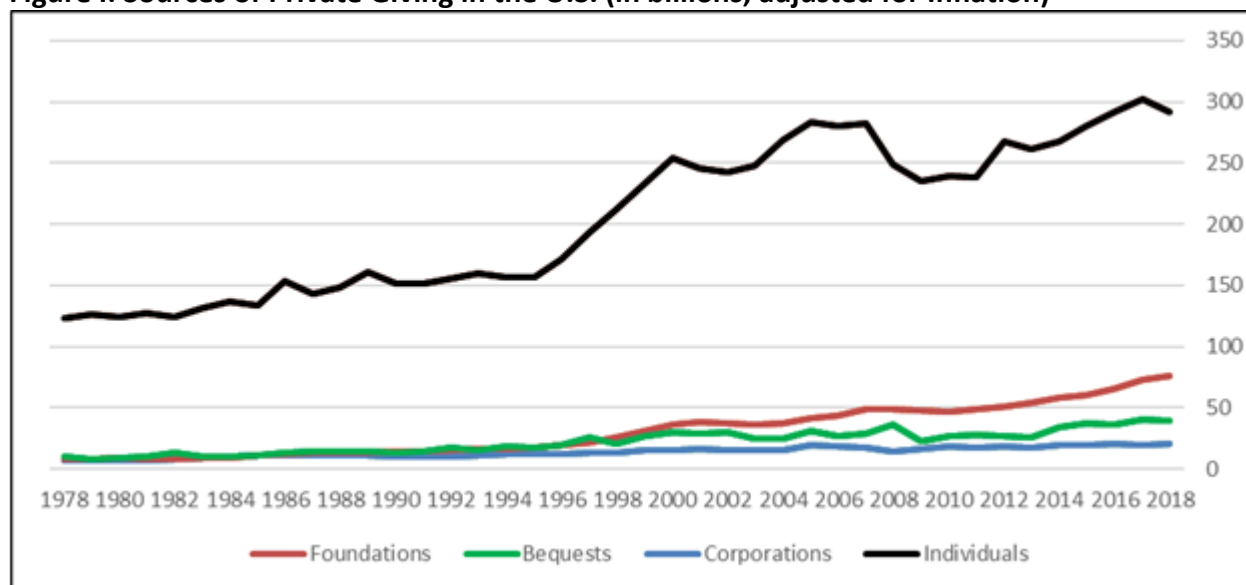
<sup>1</sup> For a summary of The Center's inaugural Forum, see *"What is 'New' About New Philanthropy: A Summary of a Forum on Philanthropy, Public Policy, and the Economy,"* The USC Center on Philanthropy and Public Policy, 2001.

<sup>2</sup> This movement was heralded in the seminal article, C W Letts, et al., "Virtuous Capital: What Foundations Can Learn from Venture Capitalists." *Harvard Business Review*. vol. 75, 2 (1997): 36-44.

<sup>3</sup> See James M. Ferris, *"A Generation of Impact: The Evolution of Philanthropy over the Past 25 Years,"* The USC Center on Philanthropy and Public Policy, 2020.

addition, the doubling of the foundation share of private giving during this period is notable, increasing from 9 percent in 1995 to 18 percent today.

**Figure I: Sources of Private Giving in the U.S. (in billions, adjusted for Inflation)**



Source: Giving USA 2018

### ***L.A. Foundations***

The influence of foundations in L.A. coincides with the growth of the relative share of foundation giving noted above. Locally, the foundation community has been stable, yet dynamic over the last 25 years. A number of well-known foundations have been the bedrock, anchoring the region's foundation sector for half a century or more. They include the Ahmanson Foundation, the California Community Foundation, The J. Paul Getty Trust, The Ralph M. Parsons Foundation and the Weingart Foundation. A number of newer foundations have played an important role in more recent decades. The conversion of health care organizations in the 1990s created new health foundations that have become important institutions in the region, most notably The California Endowment and The California Wellness Foundation.<sup>4</sup> In addition, a number of substantial foundations that operate on the national and international stage have increased their attention on Los Angeles, where they are headquartered today – The Broad Foundations, The Annenberg Foundation and the Conrad N. Hilton Foundation. Together, these foundations have become woven into the philanthropic fabric of Los Angeles.

An examination of the largest foundations, by giving, over the period is revealing. The giving of the 25 largest foundations in 2002 ranged in total giving from \$7.8 million to a high of \$192 million. In 2017, the top 25 foundations by giving ranged from \$12.5 million to a high of \$242 million (see Figure II).

<sup>4</sup> While these two foundations have a statewide scope, they are headquartered in Los Angeles.

**Figure II: Top 25 L.A. Foundations, by Total Giving, 2002 and 2017**

2002					2017				
Giving Rank	Asset Rank	Foundation name	Giving	Assets	Giving Rank	Asset Rank	Foundation name	Giving	Assets
1	3	The Annenberg Foundation	\$192,070,571	\$2,331,679,772	1	5	California Community Foundation	\$242,295,000	\$1,745,556,000
2	2	The California Endowment	153,440,691	2,762,621,100	2	2	The California Endowment	155,964,525	3,667,124,129
3	9	California Community Foundation	54,310,438	560,490,721	3	4	Eli & Edythe Broad Foundation	148,406,614	1,756,218,993
4	4	W. M. Keck Foundation	49,513,360	1,012,747,000	4	3	Conrad N. Hilton Foundation	109,524,591	2,692,285,541
5	NA	The Lincy Foundation	47,597,671	47,864,380	5	NA	Petersen Foundation	103,099,425	0
6	5	The California Wellness Foundation	46,900,681	852,613,722	6	6	Annenberg Foundation	68,280,461	1,529,085,630
7	7	Weingart Foundation	36,079,626	678,478,745	7	8	W. M. Keck Foundation	64,655,000	1,274,710,000
8	6	The Ahmanson Foundation	30,063,706	715,171,000	8	9	The Ahmanson Foundation	51,170,000	1,207,638,000
9	8	Conrad N. Hilton Foundation	26,394,781	591,884,963	9	NA	Tarble Foundation	40,273,048	70,147,724
10	14	The Milken Family Foundation	24,369,289	245,929,697	10	13	The David Geffen Foundation	35,950,810	526,825,617
11	1	J. Paul Getty Trust	21,047,815	8,623,795,970	11	11	The California Wellness Foundation	35,604,761	892,596,491
12	NA	Righteous Persons Foundation	20,988,887	2,223,905	12	12	Weingart Foundation	34,345,401	786,460,483
13	12	The Ralph M. Parsons Foundation	14,005,012	276,496,721	13	15	Craig H. Neilsen Foundation	26,961,000	446,873,133
14	43	Capital Group Foundation	13,703,714	62,370,812	14	NA	Resnick Foundation	26,325,005	83,743,071
15	16	Dan Murphy Foundation	11,531,744	222,565,955	15	14	Windsong Trust	23,462,605	494,321,714
16	NA	The Winnick Family Foundation	11,336,664	36,475,455	16	35	Wasserman Foundation	21,385,996	148,179,456
17	18	The Thomas and Dorothy Leavey Foundation	10,693,563	199,947,331	17	NA	Maurice Marciano Family Foundation	20,450,210	28,438,232
18	17	Wasserman Foundation	10,691,732	201,807,760	18	17	The Ralph M. Parsons Foundation	18,659,150	404,497,893
19	NA	Chartwell Charitable Foundation	10,537,140	1,840,777	19	NA	Marion & John E. Anderson Foundation	17,007,200	104,251,259
20	20	Henry L. Guenther Foundation	9,517,000	161,863,809	20	13	The Karsh Family Foundation	16,539,376	159,758,087
21	11	Broad Foundation	8,442,138	403,770,130	21	NA	The Herb Alpert Foundation	15,433,041	27,018,552
22	21	Norris Foundation	8,275,828	157,458,631	22	1	J. Paul Getty Trust	13,482,952	12,600,245,455
23	13	Colburn Music Fund	8,129,076	255,778,690	23	10	The Broad Art Foundation	12,646,752	1,164,205,788
24	34	L. K. Whittier Foundation	7,984,600	94,796,219	24	NA	Frederick R. Weisman Foundation	12,585,091	2,319,929
25	NA	The Times Mirror Foundation	7,821,126	357,922	25	25	Oprah Winfrey Charitable Foundation	12,532,254	216,785,410

Source: Los Angeles Foundations, 2002 and 2017

Twelve foundations are among the top 25 at both points in time. These foundations comprise a core group that have anchored the foundation sector.<sup>5</sup> They are, alphabetically:

The Ahmanson Foundation	The J. Paul Getty Trust
The Annenberg Foundation	The Conrad N. Hilton Foundation
The Eli & Edythe Broad Foundation	W. M. Keck Foundation
California Community Foundation	The Ralph M. Parsons Foundation
The California Endowment	Wasserman Foundation
The California Wellness Foundation	Weingart Foundation

The stable foundation core is complemented by an equal number of new entrants to the top 25 foundations, by giving, in 2017. Some are easily recognized, and others less so. They are:

The Herb Alpert Foundation	Petersen Foundation
Marion & John Anderson Foundation	Resnick Foundation
The David Geffen Foundation	Tarble Foundation
The Karsh Family Foundation	Frederick R. Weisman Foundation
Maurice Marciano Family Foundation	Windsong Trust
Craig H. Neilsen Foundation	Oprah Winfrey Charitable Foundation

Many of the foundations that are no longer in the top 25 are still an important part of the local philanthropic landscape, such as the Righteous Persons Foundation, the Capital Group Foundation, the Dan Murphy Foundation, the Leavey Foundation, the Henry Guenther Foundation and the Norris Foundation, while others have faded from the scene.<sup>6</sup>

But the dynamic of L.A. foundations is not limited to the largest foundations. Foundations created since 1995 represent 65 percent of all foundations that call L.A. home (see Figure III). These foundations hold 41 percent of all L.A. foundation assets and account for 49 percent of all L.A. foundation giving. The previous generation – those foundations created between 1970 to 1995 – account for 24 percent of all L.A. foundations, 23 percent of the assets of all L.A. foundations and 20 percent of the giving of all L.A. foundations. And, foundations created before 1970 account for 11 percent of all L.A. foundations, hold 35 percent of the assets of all L.A. foundations and account for 31 percent of all L.A. foundation giving.<sup>7</sup>

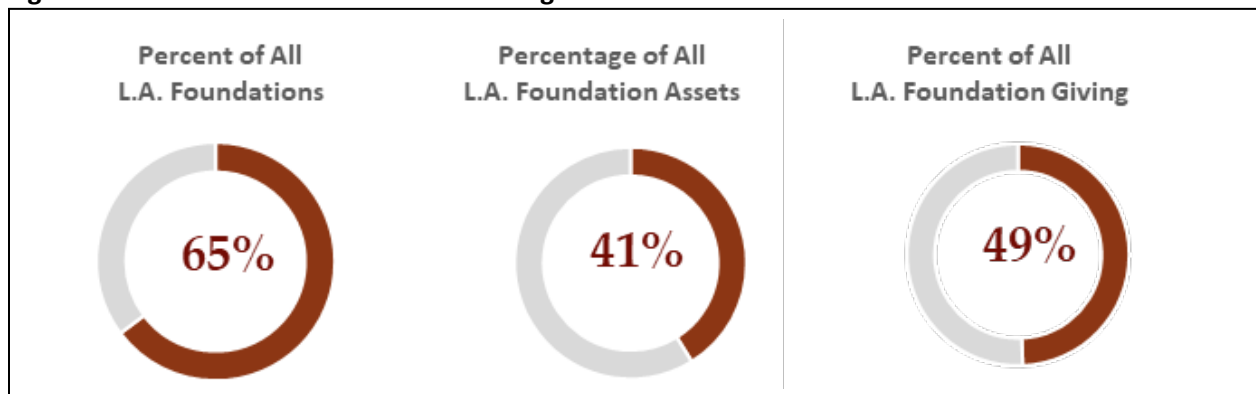
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<sup>5</sup> In ranking foundations, we have chosen to use total giving, as opposed to total assets, since this best captures the contributions of the foundations to the community. It does, however, understate the contributions of operating foundations. Also, some foundations are not tracked in the Candid data reported in Figure II, such as the Jewish Community Foundation of Greater L.A., First Five L.A. and The Rose Hills Foundation.

<sup>6</sup> These include The Lincy Foundation, The Winnick Family Foundation, The Chartwell Charitable Foundation and The Times Mirror Foundation.

<sup>7</sup> These figures are based on data collected from IRS information returns (Form 990-PF), foundation reports and information reported to Candid. Given lags in reporting for newer foundations, data is likely incomplete for the last decade. The Getty Trust, founded in 1953, was removed from the L.A. data given its scale and focus on operating programs.

**Figure III. Foundations Established in Los Angeles since 1995**



Source: Candid, 2019.

### ***Beyond the Numbers***

The significance of the core group goes well beyond their grantmaking dollars. These foundations have become more professionalized over time, led by executives and program staff that work in partnership with their boards. This is a fundamental shift from the previous generation where foundations were board-driven. This change has unleashed a set of forces strengthening L.A. philanthropy. The executives have enjoyed long tenures, many for at least 10 to 15 years, and have become peers supporting each other, sharing information and working together.<sup>8</sup> Collectively, they have added a civic voice, beyond business and government, about the needs of the diverse communities that make up Los Angeles.

In addition, these core foundations interact with newer foundations working to build a more robust philanthropic community. For example, The California Endowment and The California Wellness Foundation discovered that other foundation leaders were invaluable resources when they were created in the 1990s. This continues today as new donors enter the field. The core group provides a center of gravity that newcomers can coalesce around to expand and strengthen the local philanthropic community.

Moreover, this core group also makes important connections with philanthropy in other regions of the state and across the nation. These relationships translate into a less parochial sector, tapping knowledge and experiences in other settings. At the same time, they inform others about philanthropy in Los Angeles, creating a narrative that expands opportunities for those outside to engage in Los Angeles.

As a consequence, there is a of cohesion and coherence in Los Angeles philanthropy. This has fueled the adoption of strategies that characterize the generation of impact. In the following section, we highlight some illustrious examples of the eight strategies for impact that have surfaced in the region. This examination suggests the degree to which the strategies have taken root, and provides clues of the legacy of this generation for the future of philanthropy in the region.

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<sup>8</sup> Since 2003, the leaders of some of the most prominent L.A.-focused foundations have met as the L.A. Foundation Leadership Group to provide peer support and learning about leading their foundations, philanthropic strategies and opportunities in the community, facilitated by The USC Center on Philanthropy and Public Policy.

## A Generation of Impact in Los Angeles

Against the backdrop of a Los Angeles foundation sector that has come of age, we turn our attention to an analysis of the adoption and diffusion of strategies for scaling impact. We focus on the eight strategies that have animated the evolution of philanthropy during this generation, as identified in the companion paper, *A Generation of Impact: Changes in Philanthropy over the Last 25 Years*. We begin with the two strategies that define the early years of the period: strategic philanthropy and nonprofit capacity building. These strategies have had the greatest opportunity to take root and reflect experiences over the period. The next set of strategies emerged in the middle of the period: philanthropic collaboration, public policy engagement and public philanthropic partnerships. They define the way in which foundations work with others to have greater influence. The remaining strategies – impact investing, diversity and inclusion, and more flexible and nimbler giving structures – have emerged in the last decade.<sup>9</sup> The more recent strategies challenge foundation practices, are generating considerable interest and may come to take hold.

### *Strategic Philanthropy*

Strategic philanthropy has been one of the enduring changes over this generation. The elements are most prevalent in the work of larger foundations, with their in-house expertise and wherewithal to engage strategy consulting firms that have emerged over this generation.<sup>10</sup> In the most formal sense, these efforts focus on developing theories of change and logic models, and building evaluation frameworks that yield metrics that demonstrate returns on investment. This strategic approach has had a pervasive influence, beyond the strict adherents, in mindset and language.

Much of this work is internal to the deliberations of foundations, making it difficult to observe from the outside. However, there are occasions when foundations make such a fundamental shift that it is noticed, if not communicated. Two local examples are the **United Way of Greater Los Angeles** and **The Eisner Foundation**. In each instance, we saw a deepened focus on a field of work as a strategy to have greater impact on outcomes.

**The United Way of Greater Los Angeles**, like many of its peers in the United Way national network, shifted from the traditional model of allocating its funds to reputable nonprofit organizations in the community to a strategic approach. The Los Angeles United Way adopted a strategy in 2007 to address pathways out of poverty.<sup>11</sup> This was a departure from decades of practice at the United Way, encouraged by the increased competition posed by a growing interest among donors to direct their own giving. Early on, the strategy focused funding of key institutions that addressed the pathways: school reform, homelessness and economic mobility. Over the years, the strategy has evolved beyond simply

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<sup>9</sup> The precise demarcation of periods within the generation, of course, is approximate and represents the unfolding efforts to create a movement to change foundation strategies and practices.

<sup>10</sup> For example, Bridgespan, FSG, Arabella, Deloitte Monitor, TCC, and Harder and Company as well as a growing number of independent consultants.

<sup>11</sup> Pete Manzo, “*Shifting Focus: How and Why a Large Grantmaker Decided to Fight Poverty*,” NCRP, January 31, 2008. <https://www.ncrp.org/publication/shifting-focus-large-grantmaker-decided-fight-poverty>; United Way of Greater Los Angeles, *Over A Decade of Progress in Our Fight to End Poverty: 2007-2018*. Available at: [https://s3-us-west-1.amazonaws.com/uwglacms-prod/media/filer\\_public/fc/b2/fcb2c67f-ac65-46b9-8e01-09953d4421be/uw-impact-v31.pdf](https://s3-us-west-1.amazonaws.com/uwglacms-prod/media/filer_public/fc/b2/fcb2c67f-ac65-46b9-8e01-09953d4421be/uw-impact-v31.pdf)



grantmaking as the United Way has provided civic leadership and facilitated collaboration – within philanthropy and with government – to advance greater impact.

**The Eisner Foundation** adopted a focus in 2015 on programs that connect generations. While philanthropy often targets programs for children, the foundation realized that with an aging population, there is an opportunity to connect children with seniors and help both groups in the process. Intergenerational programs can help seniors by combating age segregation and social isolation, leading to better health and longevity. At the same time, the talents of retired seniors can enrich the development of children and youth by introducing a caring adult into their lives. This new focus was foreshadowed in the creation of The Eisner Prize – a national award first awarded in 2011 to recognize “excellence in uniting multiple generations for the enrichment of our country.”<sup>12</sup>

As foundations become more strategic, they rethink everything they do to increase impact. As Trent Stamp, executive director of The Eisner Foundation, notes, it creates new opportunities, fewer but bigger grants, an investment in internal education and linking operations to the programs.<sup>13</sup> Many foundations have had similar conversations about the questions that a strategic approach puts on the table.

### ***Nonprofit Capacity Building***

Building stronger nonprofits is also part of the early legacy defining this period. Simply put, there is recognition that impactful programs cannot be sustained without strong organizations. Over time, the focus of capacity building has shifted. It began with building more effective organizations. It then extended to creating robust networks and to strengthening movements for social change. The through line is the effort to build the capacity of philanthropy’s partners.

Notable capacity-building programs and initiatives include the Annenberg Foundation’s **Alchemy** program that accentuates the importance of the board-executive partnership for strong nonprofits, and the Durfee Foundation’s various sabbaticals and fellowships, in particular, the **Stanton Fellowship** to support community and nonprofit leaders. In addition, there are a number of collaborative efforts. For example, the **Nonprofit Sustainability Initiative** focuses on support for strategic alliances and restructuring, and the **Full Cost Recovery Project** seeks to break the “nonprofit starvation cycle” by promoting the full funding of nonprofit costs.

The **Annenberg Alchemy** program was launched in 2006 to strengthen the leadership of nonprofits in the community.<sup>14</sup> In response to the frequent disconnect between the board chair and the executive director seeking support, the foundation developed a program to encourage more effective organizational leadership for small to midsize nonprofit organizations. It requires the participation of both the executive director and board chair, with the aim of connecting them to resources that will support their readiness to more productive partners in shared governance. Since its creation, the program has been continuously updated to respond to the lessons from working with innumerable local nonprofits and feedback from participants, establishing a community of nonprofit practice.

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<sup>12</sup> Alex Daniels, “Michael Eisner’s Fund Puts Focus on Programs That Serve Young and Old,” *Chronicle of Philanthropy*, July 21, 2015. Article: <https://www.philanthropy.com/article/Michael-Eisner-s-Fund-Puts/231801>; Report: <http://eisnerfoundation.org/wp-content/uploads/2016/12/2016-Annual-Report-Web.pdf>

<sup>13</sup> Trent Stamp, “To Become a Better Grant Maker, Rethink Everything,” *Chronicle of Philanthropy*, January 4, 2017.

<sup>14</sup> <https://annenberg.org/what-we-do/alchemy/>

The **Stanton Fellowship Program**, created in 2005, focuses on building the capacity of community leaders. Recognizing that the challenges L.A. faces are nuanced and complex, the fellowship makes room for “what if” thinking that creates avenues for groundbreaking solutions. The Durfee Foundation provides up to six fellows with \$100,000 each over the course of two years to think deeply about big questions, pursue an inquiry, and leverage their knowledge and contacts in an open-ended manner to tease out approaches that will improve life for the people of L.A.<sup>15</sup> Since the first cohort, 48 individuals have participated, creating a network of leaders who can share ideas and resources for how to tackle the region’s most daunting problems.

The California Community Foundation, The Ralph M. Parsons Foundation and the Weingart Foundation launched the **Nonprofit Sustainability Initiative (NSI)** in 2012 to provide interested nonprofits an opportunity to explore the possibility of strategic alliances or mergers as avenues to achieve greater fiscal sustainability and, hence, greater impact. Organizational restructuring is not something most nonprofits are comfortable discussing nor are apt to initiate. NSI helps break the ice by hosting conversations among nonprofit leaders, providing grants for nonprofits to explore and implement restructuring. The NSI is now a multiyear funder collaborative comprised of 17 foundations.

The **Full Cost Recovery Project**<sup>16</sup> emerged as the result of the California Community Foundation (CCF) and the Weingart Foundation’s transition from program support to general operating support in the aftermath of the Great Recession. General operating support provides nonprofits the discretion to allocate grant dollars so as to best support the organization. Subsequently, CCF and Weingart worked with the Nonprofit Finance Fund (NFF) in 2015, to pilot a project strengthening the capacity of nonprofits by advocating for “full cost recovery” – both direct project costs and organizational costs. This entailed working with nonprofits to assess their full costs, and getting like-minded funders to advocate for full cost funding. Today it is a joint initiative of the Nonprofit Finance Fund and Philanthropy California, a consortium of the state’s regional grantmaker associations, to elevate the visibility of this approach more broadly, deepen relationships between funders and nonprofits to support candor in funding discussions, and create new tools to support this work.

Many L.A. foundations share the goal of a stronger nonprofit sector. As these examples indicate, this commitment has spawned an array of approaches and programs for nonprofit capacity building. They have attracted widespread support from the local philanthropic community, working to build stronger nonprofit organizations, networks and leadership.

### ***Philanthropic Collaboration***

Philanthropy has become more collaborative in the last generation. Foundations, buffered from market forces and political pressures, tend to be insular, largely driven by the imperatives of their boards.

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<sup>15</sup> <https://durfee.org/our-programs/stanton-fellowship/>; Report on 10 years of Stanton Fellowships: <https://durfee.org/wp-content/uploads/2016/10/Durfee-What-If-Report-FINAL.pdf>

<sup>16</sup> <https://www.philanthropyca.org/resources/foundations-leading-way-full-cost-funding>  
<https://ncg.org/news/philanthropy-california-announces-next-phase-full-cost-project>  
<https://oe.packard.org/full-cost-project-funding-impact/>  
[https://www.philanthropyca.org/sites/default/files/resources/Full%20Cost%20Project%20Phase%20Two%20Evaluation%20Report\\_FINAL.pdf](https://www.philanthropyca.org/sites/default/files/resources/Full%20Cost%20Project%20Phase%20Two%20Evaluation%20Report_FINAL.pdf)

However, during this era, we have seen more foundations looking beyond their internal dynamics and imperatives and working together to generate greater impact.

**L.A. Urban Funders** (LAUF) emerged in 1995 from the discussions of Rebuild L.A., a civic group created in response to the civil unrest in the aftermath of the Rodney King verdicts. LAUF brought together 27 corporate and private foundations to address poverty in three communities for a decade.<sup>17</sup> The funders supported some of the softer elements of capacity building in these neighborhoods – intangibles such as partnership formation, leadership development and strategic planning – as well as some of the funders’ goals around employment and economic development. LAUF’s larger legacy was the lasting effect it had on developing a civic infrastructure in those communities and directing philanthropic attention and funding to disadvantaged communities.

**L.A. n Sync**, founded in 2013, is a coalition of foundations led by the Annenberg Foundation to coordinate local applications for federal funding. Inspired by the Obama administration’s Neighborhood Revitalization Initiative, the goal was to bring more federal dollars to Los Angeles. It sought to put an end to competing applications for federal programs and mount a strategic process for success in winning federal funding. Bringing together relevant players including local government, L.A. n Sync focused on creating the strongest possible team and proposal, including substantial community support, for each funding opportunity. Early successes of this effort led to L.A. winning two Promise Zone designations, and the city’s designation of Department of Energy’s new Clean Energy Smart Manufacturing Innovation Institute.

The **L.A. Partnership for Early Childhood Investment** emerged from informal conversations about the value of investing in the health, education, and human development of infants and children (from birth to age 5) among philanthropy and other community leaders, spearheaded by Richard Atlas and the Atlas Family Foundation.<sup>18</sup> At the heart of this work is the recognition that funding efforts targeted on these early ages have a big payoff and that, given the scale of the L.A. County’s role, there would be great value in having public-sector funders participate in the conversations. The informal gatherings built a trusted community that decided to organize formally with foundation seed funding that made hiring an executive director possible in 2007. Subsequently in 2011, First 5 L.A. provided a \$1 million matching grant to create The Baby Futures Fund. The success of this effort enabled the group to enhance the work of the Partnership. Today, the Partnership has over 30 members, ranging from family foundations to some of the larger L.A. foundations as well as First 5 L.A., the L.A. Area Chamber of Commerce and multiple county agencies. Together, they support children and families with a focus on helping the quarter of a million children in Los Angeles County, age 5 and younger, in poverty.

The number and range of collaboratives that dot the L.A. philanthropic landscape are testament to the relationships and networks that have grown, fostering a spirit to achieve greater impact together. Many of these collaborations span the range of philanthropy from the large, well-established private foundations, to community and corporate foundations, to newer family foundations and individual donors. And they often expand beyond philanthropy to include public agencies with shared interests. L.A. philanthropy has come to possess a collaborative mindset and the muscle to achieve impact.

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<sup>17</sup> Elwood Hopkins, *Los Angeles Urban Funders: Philanthropic Initiatives in the Aftermath of the 1992 Civil Unrest*. The USC Center on Philanthropy and Public Policy, USC, 2017.

<sup>18</sup> <https://investinkidsla.org/>; <http://jmcphilanthropy.com/case-study.html>

## **Public Policy Engagement**

Another strategy that has gained traction is public policy engagement – working to influence public policy from the outside. In the decades since the 1969 Tax Reform Act and its chilling impact, foundations have become more involved in public policymaking with the benefit of greater clarification and guidance on the wide latitude that is permissible. While foundations have traditionally limited their efforts to fund research and analysis, foundations have increasingly taken a more active role with their support of advocacy and organizing.

Locally, a number of the new health care foundations have embraced policy work since their inception. **The California Endowment** has worked to improve health care access and the health status of the underserved, while **The California Wellness Foundation** has focused on key areas for wellness, notably gun safety. A number of donors and foundations have focused on school reform. For example, **Eli Broad and the Broad Foundation** has championed efforts to improve education through his philanthropy and political involvement.

From its early days working to improve the health of all Californians, **The California Endowment** (TCE) has engaged in policy work when opportunities present themselves. It has refined its approach linking its lessons from Building Healthy Communities (BHC), its place-based work, to state and national policy – a framework that moves from the grassroots to the tree tops.<sup>19</sup> For example, lessons about the harmful impact of zero-tolerance policies in schools were translated into advocacy for changes in state policy. Another case of TCE’s policy work is the opportunity presented by the Affordable Care Act (ACA).<sup>20</sup> Recognizing that this legislation would expand access to the uninsured, the foundation became involved, including filing an amicus brief in support of the ACA before the Supreme Court, as well as working to ensure the effective implementation of Covered California, the state health exchange.

Stemming gun violence has been a signature issue of **The California Wellness Foundation** (TCWF) since its creation. Early on, TCWF funded a campaign to educate policymakers, community leaders and the general public about gun violence as a public health issue. The foundation’s strategy has evolved over the years, including using its voice along with those of its nonprofit partners to keep the gun-safety issue on the public agenda, even when the headlines fade. This has contributed to a range of innovative measures to prevent gun violence across the state, with the number of people injured or killed by guns decreasing significantly in recent years. Today, TCWF focuses on gun safety in underserved communities, which bear a disproportionate share of the public health burden of violence in California.<sup>21</sup>

**Eli Broad and The Broad Foundation** have worked to improve schools through an array of efforts. The Broad Foundation has created programs designed to improve the performance of public schools – including the Broad Academy and the Broad Prize – as well as advocating for public policies to improve education. The Broad Academy was developed to create a cadre of leaders who could work to improve the outcomes of school districts, while the Broad Prize was intended to raise up successes in districts

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<sup>19</sup> Elwood Hopkins and James M. Ferris, editors, *Place-Based Initiatives in the Context of Public Policy and Markets: Moving to Higher Ground*, The USC Center on Philanthropy and Public Policy, 2015.

<sup>20</sup> James M Ferris, “Interview with Robert K. Ross,” *Nonprofit Policy Forum*. Volume 4, Issue 1, Pages 105–114, July 2013.

<sup>21</sup> <https://www.calwellness.org/stories/how-we-can-prevent-gun-violence/>

that could provide lessons and inspiration for others. In addition, The Broad Foundation worked to ensure the future of important institutions in the education system such as Teach for America, and to support charter schools, including helping to bring Kipp Schools to Los Angeles.

As policy “windows” shift to the local and state level, we see greater opportunities for foundations to engage in public policy. Foundations can play a supportive role through research and analysis, or choose a more active role leveraging not only their dollars but their knowledge and reputations to push for policy change. Moreover, they do not have to go it alone, but rather they can collaborate with their like-minded philanthropic peers.

### ***Public Philanthropic Partnerships***

While much of philanthropy’s interaction with government has focused on working from the outside to influence public policy, we have seen a growing appetite to work from the inside – partnering with governments. The value proposition is simple. Blending the strengths of each sector can make a bigger difference. Foundations can provide flexible resources, community knowledge and credibility that enhance the chances for successful implementation of public programs.

Countless examples of philanthropy working with local government are visible here in Los Angeles. An early standout is the partnership between the City of Los Angeles and a handful of foundations to expand the **Summer Night Lights** program to reduce gang violence. Two other notable partnerships are the work of the California Community Foundation (CCF) with local government to ensure an accurate **2010 Census** count (and again in 2020); and, **Home For Good** (HFG) a multisector collaborative that coordinates action between philanthropy and a range of public agencies focused on housing and homeless services. Beyond these issue-specific partnerships, an infrastructure for public philanthropic partnerships, **Offices of Strategic Partnerships**, have been created both in the City and the County of Los Angeles.

**Summer Night Lights**, a program sponsored by the City of Los Angeles Mayor’s Office of Gang and Youth Development (GRYD), extended the hours at a number of parks through the evening (midnight) during the summer months to reduce gang-related violence and foster youth development in 2008.<sup>22</sup> The logic of this program was to create places where youth and teenagers could gather and participate in structured activities. The program has been highly successful in providing opportunities for the youth, and reducing crime rates in the areas surrounding the parks. Today, the program operates in 32 communities with the support of philanthropy as well as corporations, including many of the City’s professional sports teams.

During the rollout of the **2010 Census**, it became clear that the state and local resources for outreach were inadequate and that underserved communities were at risk of being undercounted, resulting in the loss of billions of dollars in state and federal funding. CCF, with support of other foundations, used its community knowledge to mount an ambitious effort to reach hard-to-count groups, including immigrant communities and undocumented Angelenos, in coordination with public agencies. CCF awarded \$1.5 million to support organizations with previous Census experience and trusting relationships with the targeted communities. As a result, participation rates in L.A. County reached 73% for the 2010 Census, down only two percentage points from 2000. Following this success, CCF created the We Count L.A.

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<sup>22</sup> <https://grydfoundation.org/about-us/>

2020 Fund, raising \$20 million for 2020 Census outreach, with support from their philanthropic partners and the State of California.

In 2010, a task force of the United Way of Greater Los Angeles and the Los Angeles Area Chamber of Commerce established **Home For Good** (HFG) to bring together all the relevant parties working on chronic homelessness in the region – government agencies, philanthropy and nonprofit service providers. HFG works to assist those who are experiencing homelessness or are at risk of becoming homeless by coordinating different systems of care – housing, mental health, physical health, employment and criminal justice. The group builds trust, learns from one another and takes on joint projects. This has led to innovations such as the Coordinated Entry System, a new way to prioritize homeless persons with the most urgent needs and house them. In addition, because of HFG conversations sparked by escalating homelessness indicators, two ballot measures were created and placed before Los Angeles voters in 2016 and 2017, and subsequently approved. As result, \$4.7 billion is currently being injected into efforts to address affordable housing and services for the homeless population over a decade, substantially scaling up resources to better match the problem.<sup>23</sup>

With the various experiences in philanthropy and government working together, Los Angeles has become home to two offices that serve as an infrastructure for public philanthropic partnerships. In 2009, the City of Los Angeles and the Annenberg, Ahmanson and Weingart foundations worked together to create the **Office for Strategic Partnerships**. The Office was intended to provide a venue in which the City and the philanthropic community could share ideas, knowledge on community needs and design partnerships as well as raise private dollars to expand critical programs like Summer Night Lights. The office also increased the City's capacity for working with philanthropic and nonprofit partners, including streamlining the contracting processes for nonprofits and coordinating 2010 Census outreach. In 2016, inspired in part by the City's office, Los Angeles County launched the **Center for Strategic Partnerships** to improve its child welfare system. Since then the Office's charter has been expanded to encompass key priorities of the Board of Supervisors, including homelessness, health integration, jail reform, environmental oversight and immigration, and relocating it to the office of the chief executive officer.

Partnerships are a strategy particularly well suited to local action, given the familiarity and proximity of the partners. Shared interests are easier to define, and there are strong networks of relationships between the sectors. As the two sectors have become more familiar with one another, it has become easier for philanthropy and government to seek each other out to achieve greater impact. Like collaboration within philanthropy, the mindset for partnerships between the two sectors has taken hold and the cumulative experiences have built the capacity for working together, including offices to advance public-private partnerships.

### ***Impact Investing***

Over the past decade, we have seen a push to break down the wall between foundation endowments and grantmaking to unleash greater resources for impact. Impact investing involves something old and something new, blending the use of longstanding program-related investments (PRIs), reenergized by

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<sup>23</sup>Nicholas Williams and James M. Ferris, *Scaling Up: How Philanthropy Helped Unlock \$4.7 Billion to Tackle Homelessness in Los Angeles*, The USC Center on Philanthropy and Public Policy, 2019.

new U.S. Treasury regulations in 2016,<sup>24</sup> with a movement to leverage foundation endowments for mission impact. Together, these two forces have led a number of foundations – both large and small – to commit to a strategy seeking financial returns and mission impact simultaneously.

Locally, a number of foundations have become more active in using PRIs to augment the resources from their grantmaking. One of the most far-reaching examples is **FreshWorks**, a program launched by The California Endowment as a PRI in 2011 to address food deserts in California, promoting healthy communities by linking nutrition to health. The foundation created a \$30 million fund with public and private partners to provide loans and guarantees to providers that offer affordable healthy food options in underserved communities where they are sparse and which are not serviced by conventional financial practices and institutions. Through 2016, FreshWorks had disbursed 48 loans and grants totaling \$58 million to various projects aiming to create healthy communities across the state. These projects include grocery stores, mobile food operators, farmers' markets, a food business incubator and several intermediary lenders that provide microloans to smaller food enterprises.

A handful of local foundations have gone beyond PRIs to adopt mission-related investing (MRI). A leading example is **The Weingart Foundation**, which has embarked on mission investing in the context of its equity commitment. While in the early stages, Weingart is seeking to make a wholesale change to its investment approach. The foundation is developing a set of mission-based principles to guide investments aligned with mission, updating investment policies and developing new practices. Prominent among these are investments in businesses that support economic and community empowerment. The foundation's approach is "all-in," going beyond the more common approach of carving out a portion of the endowment for mission investing.

Impact investing challenges one of the bedrocks of the endowed foundation, the firewall between investments and grantmaking. With new rules that expand the relevance of PRIs, and a growing number of foundations wading into mission investing and a developing ecosystem, the divide between investments and grantmaking might give way to a greater acceptance of a strategy that blends financial and mission returns.

### ***Diversity and Inclusion***

Prioritizing of diversity and inclusion in philanthropy has been gaining traction in recent years. This is, in part, driven by the recognition that it is imperative for effectiveness, given the work of so many foundations in serving communities of color. To respond, foundations are looking inward to the array of decisions they make – from recruitment of board members, executives and staff to policies and practices that drive grantmaking and investments.

The Los Angeles philanthropy has made progress in becoming more diverse and inclusive as a result of strong foundation leadership. Two examples are **The California Endowment** (TCE) and its adoption of a diversity audit, and the **Weingart Foundation** and its commitment to diversify its board and assemble a staff reflective of the communities that it serves.

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<sup>24</sup> The new regulations, including new examples of PRIs can be found in the Federal Register: <https://www.federalregister.gov/documents/2016/04/25/2016-09396/examples-of-program-related-investments>.

In 2008, TCE initiated its **DEI audit** to track its journey to becoming a stronger organization, with operations and grantmaking practices that support its long-held mission and values. The foundation believes that diversity, equity and inclusion are critical, given TCE's focus on reducing health disparities, and it committed to measuring and tracking improvement in various dimensions. The audit is conducted every two to three years as a mechanism to encourage foundation improvement.<sup>25</sup>

The **Weingart Foundation** has taken the opportunity as it has transitioned from a board-driven foundation to shared governance to build a diverse and inclusive organization. It began with the recruitment of a diverse program staff with nonprofit experience that enables it to authentically engage with the communities it serves, with people of color becoming a majority in 2008. In addition, it has been adding diverse civic leaders to its board, reaching a majority of people of color in 2017. Together these changes made it possible over time for the Weingart Foundation to adopt its equity agenda, with diversity and inclusion prioritized in all of its policies and practices.<sup>26</sup>

Beyond changes in foundation policies and practices, a number of programs and initiatives have emerged that create pathways for diversifying the sector. They include the **Getty Marrow Undergraduate Internships** to introduce young people of color to careers in museums, and the **African-American Board Leadership Institute** to prepare interested African American professionals for board service in the nonprofit sector as well as business and public commissions.

In 2003, the Getty Trust initiated what is now called **Getty Marrow Undergraduate Internships**. With an aim of fostering greater diversity in the professions related to museums and the visual arts, the program funds internships at cultural organizations across Los Angeles, including the Getty Center and the Getty Villa. The internships afford outstanding students from underrepresented groups an introduction to the field of museums and visual arts. The program builds an understanding of opportunities in the arts through exposing them to curatorship conservation, education and other programmatic activities – through full-time, paid internships for 10 weeks during the summer.<sup>27</sup>

The **African-American Board Leadership Institute** (AABLI), founded in 2011, recruits, prepares and assists with the placement of African Americans on a broad range of governing boards – nonprofit, corporate and public commissions. This builds the pipeline of qualified African American candidates for membership on governing boards and facilitates enhancing the effectiveness of such boards by reflecting the diversity of the communities served. AABLI recruits member organizations that seek diverse board members so that it is able to match the pipeline to board positions.

The importance of diversity and inclusion as a strategy for impact links to the capacity of philanthropy and nonprofit organizations to engage effectively with the community. Given that many local foundations focus on being responsive to the needs of the community, particularly the underserved, policies, programs and practices that create a sector reflective of the community served are a priority.

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<sup>25</sup> <http://www.d5coalition.org/tools-and-resources/diversity-and-inclusivity-report-card/>  
[https://s26107.pcdn.co/wp-content/uploads/1-Executive-Summary\\_FINAL\\_revised\\_Dec-18.pdf](https://s26107.pcdn.co/wp-content/uploads/1-Executive-Summary_FINAL_revised_Dec-18.pdf).

<sup>26</sup> James Ferris, The Weingart Foundation: 2000-2020, USC Center on Philanthropy and Public Policy, November 2020.

<sup>27</sup> [http://www.getty.edu/foundation/pdfs/\\_reports/25th\\_Anniversary\\_Report.pdf](http://www.getty.edu/foundation/pdfs/_reports/25th_Anniversary_Report.pdf).



## ***Flexible and Nimble Giving Structures***

The eighth strategy for impact is philanthropic structures that have advantages over the traditional private foundation: LLCs, donor advised funds (DAFs) and limited life foundations. While private foundations have wide latitude in the context of public policy, there are constraints. Donor advised funds and LLCs provide donors who choose public policy work more flexibility and nimbleness. In the case of private foundations, choosing a limited life provides an opportunity to focus on change in the near term and avoid the risk aversion that comes from a focus on perpetuity and legacy.<sup>28</sup>

Donors who have clear intentions of public policy and risk-taking as a pathway to impact are the most likely to view the choice of philanthropic vehicle as a strategy. This choice is likely to be pursued by donors who are giving at very high levels. At the national level, Pierre and Pam Omidyar and Jeff Skoll garnered much attention in the early days of the period, and more recently Priscilla Chan and Mark Zuckerberg have chosen to establish LLCs.

The choice of philanthropic structure emanates from a donor's sense of how best to practice philanthropy for impact, conversations with their advisors, and lessons and reflections of their peers who share their philanthropic journeys. Few donors locally have been vocal in sharing their strategies publicly, so it is hard to list a number of examples in the region without violating confidences. However, we do hear more discussion about alternatives to a private foundation for greater impact. And we have seen the explosion of donor advised funds at financial institutions such as Fidelity and Vanguard as well as the two leading local community foundations – the California Community Foundation and the Jewish Community Foundation of Greater Los Angeles.

Although it is hard to detect the precise footprint of donors who have chosen these new structures as a strategy for impact in the region, the growing interest is clear. There is little doubt that as philanthropy in the region grows, the next generation of Los Angeles philanthropists will find them attractive.

## **Conclusion**

Many of the strategies that define this generation of impact have played out here in Southern California. This review of notable examples reveals that some of the strategies have taken hold, such as capacity building, philanthropic collaboration and public philanthropic partnerships. The other strategies have generated considerable interest and some consideration. Strategic philanthropy has yielded a number of notable examples and broadly influenced thinking about greater focus and metrics, though its adoption in a formal sense has not been pervasive. Public policy engagement has gained ground over time, with growing support for advocacy and organizing. The other strategies have sparked conversations, and two are gaining traction: impact investing and diversity and inclusion. Impact investing, in particular mission-related investing, has great potential as the ecosystem to support it matures. And diversity and inclusion is breaking through, after much conversation, because of the imperative of the region and the moment.

These eight strategies create a toolkit for scaling impact. As these strategies have gained momentum, they have shaped foundation practice and generated a variety of resources that outline their rationale, examples of success and lessons learned. National networks and organizations for like-minded funders

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<sup>28</sup> We would note that much of the attention to limited life foundations stems from the issue of donor control, not philanthropic impact. The focus on impact is a relatively new argument in the debate on perpetuity.

have created an ecosystem that strengthens philanthropy by providing opportunities for learning and action for greater impact. These networks include Grantmakers for Effective Organizations and Mission Impact Exchange, academic research centers such as The Center on Philanthropy and Public Policy, philanthropic advising groups such as Rockefeller Philanthropy Advisors and Bridgespan, and broad-based foundation membership groups. Here in Los Angeles, two critical elements are the L.A. Foundation Leadership Group – an informal group of the executives of critical L.A.-focused foundations, and Southern California Grantmakers, the local regional association. They provide the glue that creates a center of gravity in local philanthropic community and a mechanism for the diffusion of ideas, strategies and practices that have propelled a generation of impact.

This review underscores the strategies that have come to define L.A. philanthropy over the past generation: capacity building, philanthropic collaboration and public partnerships, and a number of areas that are gaining some traction, such as public policy engagement and diversity and inclusion. It also underscores some rather recent developments, such as impact investing, that are ripe for the future. Regardless, this retrospective of the evolution of L.A. foundations over the past 25 years demonstrates the coming of age of the region's foundation community – not so much in scale and scope, but in its role in building a stronger nonprofit sector, a more collaborative philanthropic community and an influential role in civic leadership on critical community issues.

The Los Angeles foundation community has come of age over this generation, transitioning from board-driven foundations to a new cadre of foundation executives with the discretion to act. With supportive boards as partners, they have been able to craft philanthropy in the region capitalizing on many of the strategies that have become manifest across the nation, reflective of local interests and tailored to opportunities on the ground. In the process, philanthropy has move from being a grantmaker to a civic leader for greater impact.