

CARING*to*CHANGE

Foundations for the Common Good

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ABOUT THE AUTHOR

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Rosenman sees his work as an extension of his earlier professional efforts in the civil rights movement, urban anti-poverty work, international and domestic program development, and in higher education. He believes that a healthy and vital charitable sector is essential to the commonweal, citizen participation and democracy. He lives and works in Washington, DC.

ABOUT CARING TO CHANGE

Caring to Change is an independent project conducted in collaboration with the Aspen Institute's Program on Philanthropy and Social Innovation. The Aspen Institute mission is twofold: to foster values-based leadership, encouraging individuals to reflect on the ideals and ideas that define a good society, and to provide a neutral and balanced venue for discussing and acting on critical issues. The Aspen Institute does this primarily in four ways: seminars, young-leader fellowships around the globe, policy programs and public conferences and events. The Institute is based in Washington, DC, Aspen, Colorado, and on the Wye River on Maryland's Eastern Shore and has an international network of partners.

The project has enjoyed the support of the Ford Foundation, Charles Stewart Mott Foundation, Annie E. Casey Foundation, Rockefeller Brothers Fund, The California Endowment, William C. Graustein, New World Foundation, Pettus-Crowe Foundation, and the Morino Institute.

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* *This Paper reflects the views of the author and not necessarily those of the Rockefeller Brothers Fund.*

EXECUTIVE SUMMARY

Caring to Change (C2C) drew on the wisdom of younger people, people of color, and others in philanthropy and nonprofits not normally involved in setting foundation strategy, as well as on established leaders. Our aim was to uncover their criticism of grantmaking and their ideas about how foundations can be more effective at creating a better world. We conducted over 100 formal interviews, following formative conversations with over 50 individuals, all people working in foundations and groups that seek foundation support. It became clear that the “Common Good” best organized and expressed the wisdom and the longing of those engaged by the project. Their commentaries and ideas were used to draft a Working Paper presenting critiques and suggestions for improved grantmaking strategies.

The Paper was revised with the help of interviewees and advisors and discussed at a retreat¹ of foundation leaders, program officers, and other nonprofit leaders early in 2009. Building on what interviewees had said, participants concluded that:

Foundations will be more effective in their own particular missions and more appreciated as institutions when they also aim to advance the Common Good, explicitly ground their grantmaking in fundamental values, and when they have a clear idea of the roles they could – and do – play in the wider society over the long term. Practically speaking, the focus on the Common Good, on the broader context of grantmaking, needs to involve greater attention to diversity, equal opportunity, and the artificial barriers that often stop us from making fully valuable connections.

Foundations will be more effective in their own particular missions and more appreciated as institutions when they also aim to advance the Common Good

This essay presents Caring to Change’s vision for promoting the Common Good and speaks to its three strategy themes, as well as to specific suggestions for the pursuit of each one:

- **Philanthropy’s Role - Advancing the Common Good:** Foundation leaders can improve their work by explicitly rooting it in basic values that are widely shared in our society, by understanding how their specific missions relate to the broader Common Good, by working explicitly to serve such broader purposes, and by making use of a wide variety of strategies;
- **Promoting Diversity and Vigorous Equal Opportunity/Outcomes:** To be fully effective in serving its special mission and creating a better world, each foundation should direct attention to diversity and equal opportunity, as well as the tendency for some groups to be excluded from the mainstream of society; and
- **Connecting Analyses, Programs, Organizations and People:** To reach their full potential, foundations should employ broad analyses of the context in which they operate and the problems they address, bring people and organizations together in service to the Common Good, and look for synergies between and among program and issue areas.

BACKGROUND

FOUNDATIONS AND IMPACT

The three decades following the height of the civil rights movement, the War on Poverty, and the end of the Vietnam War have seen both progress and growing difficulties at home and around the globe. In that same period, the number of grantmaking foundations in the US has more than doubled to over 70,000. Their assets have grown more than four-fold to over \$550 billion, grantmaking has increased by over 400 percent to over \$36 billion annually, and an aggregate of more than \$380 billion has been provided in support of nonprofit activities.²

Over this same period, many foundations have dedicated some of their resources to promoting positive social change head-on.³ Others have supported initiatives that have promoted social change, but without describing their grantmaking as such. Still more have taken the position that social change work is not important to their missions and they have directed their funding elsewhere.⁴

Many notable American philanthropists, both pioneer and contemporary figures such as Andrew Carnegie and Bill and Melinda Gates, have aimed boldly at creating a better world by attacking fundamental problems. Their efforts – to improve the economic prospects of future generations through edu-

cational opportunities or to help children in developing countries survive through adulthood by curing diseases and reforming agriculture – are emblematic of some foundations' ambition to have broad and profound impact over the long term.

Caring to Change has encountered wide sentiment that philanthropy, for many reasons, is more limited in its impact than it need be.

Notwithstanding the value of such enterprises, seemingly intractable social, economic, political, and environmental problems remain. Some have grown worse despite the best efforts

of philanthropy. Foundation funding accounts for less than three percent of the nonprofit sector's annual revenue, and its impacts are bound to be limited.⁵ However, Caring to Change has encountered wide sentiment that philanthropy, for many reasons, is more limited in its impact than it need be. Too many foundations expect to achieve solutions to longstanding challenges through a focus on short-term objectives, and innovations of the moment are often prized over approaches that are proven to work and those which require sustained effort. Support is reliably supplied for one, two or three year grant cycles – often just long enough to begin efforts that could eventually bear fruit. Attention tends to be project-based and narrowly tailored to problem areas that are seen only in isolation from one another. Further, a competitive atmosphere often prevents grantees and grantmakers from combining their strengths, as well as communicating frankly with one another. Too often, grantmaking programs miss the interconnections between societal concerns and globalized problems that grow more complex daily, while diversity in philanthropy is often insufficiently valued for its potential to help foundations reach their goals.

In these economically challenging times, the wide gaps between the *actual* and *potential* impacts of philanthropy are of greater consequence. As governmental funding for community needs shrinks, as foun-

dation endowments contract, and as people feel increasingly challenged by lack of access to capital, the need for greater effectiveness in the philanthropic sector becomes more pressing.

MORE IMPACTFUL GRANTMAKING

Caring to Change was conceived with the premise that, while many philanthropists and foundations seek to address deep-seated problems and affect broad-based change, too much grantmaking fails to have lasting, truly consequential, and verifiable impact. Although foundations' grantmaking has accomplished much of extraordinary significance, it is not the purpose of this project to celebrate those achievements. At its heart, Caring to Change is an endeavor that aims to be critical and constructive at the same time.

Caring to Change had extensive conversations with over 50 people and formally interviewed over 100 additional staffers from foundations, nonprofits and related organizations, deliberately oversampling younger staff and people of color in an effort to hear from those not normally involved in setting grantmaking strategy (for a list of participants, see Appendix A.). We sought to draw on their wisdom in identifying ways that grantmaking might have a more enduring, significant and broader-based impact. A fuller discussion of the project's methodology is in Appendix B.

Many of those interviewees felt that foundations need to do more of what has long been asked of them by grantees who work for social change (see Appendix C for a summary of their critiques). For example, they emphasized that grantmakers should allow time for nonprofit organizations to achieve significant social-change impacts, that foundation culture is too often marked by insularity, and that the knowledge and ambitions of stakeholders and community groups should be taken more seriously. Many interviewees also went beyond already well-known critiques, and pointed the way towards new grantmaking strategies that could be developed and tested.

Interviewees' fresher critiques and commentaries about grantmaking were wide-ranging, but took shape around a core theme and two additional strategy areas related to the Common Good. These themes can be seen as fresh developments in longstanding debates.

The themes that emerged as Caring to Change's vision are

- *Philanthropy's Role: Advancing the Common Good,*
- *Promoting Diversity and Vigorous Equal Opportunity/Outcomes,* and
- *Connecting Analyses, Programs, Organizations and People.*

THE COMMON GOOD

The Common Good (capitalized here to denote its centrality and meaning to Caring to Change) emerged as the unifying theme that best organized and expressed both the wisdom and the longing of those engaged by the project. Before turning to its import for foundations, the following discussion develops the construct of the Common Good. A fuller review may be found in Appendix D.

Notions of the Common Good have been central to conceptions of society since Plato and Aristotle, and have been described in fairly consistent ways since then. There has been general agreement that the search for “...the common good is disciplined yearning, deliberation, judgment, and action in concrete realization of the best, most choiceworthy way to live”⁶ and that “Its most basic meaning is that the community and its institutions should serve the good of all its citizens and not just the restricted good of a particular ruler or class.”⁷

Put more simply, the Common Good is advanced when society’s institutions, including foundations, operate in the interests of the broadest possible swath of people. While opinions and judgments may differ, and while we do not always live up to our ideals, from the beginning the American pursuit of the Common Good has been characterized as the effort to “establish Justice, insure domestic Tranquility, provide for the common defence, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity.”⁸ In this conception, as a society we get closer to the Common Good when we achieve freedom *from* untoward interference in our lives, as secured by the Bill of Rights. We also advance towards the Common Good when we enjoy the freedom *to* have equal opportunities for the pursuit of society’s rewards, regardless of the circumstances of our birth, the wealth of our families or our other demographic characteristics.

The Common Good is much more than the aggregate of individual goods and accomplishments. Rather, it reflects both the morality and the enlightened self-interest that allows institutions across society to operate so that all might enjoy a life of justly and humanely distributed resources, rewards, responsibilities and obligations.

Americans have long held that the effective pursuit of the Common Good requires full and equal access to participation in our democratic process and institutions, as well as control over the abuse of power and position. In addition, we have held that we need laws that limit individual freedom for the sake of protecting the basic freedoms of other community members and the good of the whole. The broadly shared American vision of what a “good” society looks like, the values that shape it and our efforts at creating and preserving such a society, are grounded in our major religious traditions, and advanced through our governing and legal systems. We can and should continue to argue about these ideas, but the Common Good and its value base constitute the framework underlying most of our political discussions, no matter what our political leanings might be.

COMMON GOOD VALUES

Our values strongly influence how we envision the Common Good, as well as how we believe we can create a better society.⁹ Based on studies of widely shared values (again, see Appendix D for a fuller discussion), some emerge as central to the Common Good. These include •*commitment beyond self*, •*worth and*

dignity of the individual, •individual responsibility, •tolerance, •freedom, •justice, and •responsibilities of citizenship (Payton);¹⁰ •compassion, •fairness, •honesty, •respect, and •responsibility (Kidder);¹¹ •mutual support, •loyalty, •reciprocity, •refraining from harmful action, •fairness, •procedural justice, •truthfulness, •equal and just treatment, •justice, •obligation to mutual aid, •mutual abstention from injury, •honesty (Bok);¹² and •freedom, •democracy, •leadership, •defending the integrity of allied institutions, •opportunity, •community, •connection, •prevention, and •stewardship. (FrameWorks Institute)¹³

Robert L. Payton, a prominent former foundation leader and scholar, states that organized philanthropy’s task is to move beyond compassion to work for a strengthened community. This charge “relates [us] to the things that bring us and hold us together. The emphasis is on mutuality and sharing, common values that override or discipline our self-interest and competitiveness; a healthy community not only permits but encourages vigorous individual development within a few powerful constraints.”¹⁴ Likewise, this view is echoed by the Council on Foundations, which itself defines the common good as “the sum total of conditions that enable community members to thrive. These achievements have a shared nature that goes beyond individual benefits.”¹⁵

Put more simply, the Common Good is advanced when society’s institutions, including foundations, operate in the interests of the broadest possible swath of people.

As a review of this inventory suggests, fairness and freedom are widely agreed to be central to the Common Good. Responsibility for ourselves and one another, commitment beyond ourselves and compassion for others, reciprocity and mutuality, truth, justice, and honesty also are significant, as are connection and community.

Paradoxically, while there is not absolute agreement on how to think about or label the full set of what we can call “Common Good values,” commentators agree that they must be applied in combination with one another if we are to effectively promote the Common Good.

It is inevitable that different people will think differently about Common Good values, and that even people who share the same background will disagree about how values should be applied in particular situations. Apparent conflicts arise from disagreements about how to balance values in actual application. Most often this occurs when individual rights and freedom are contested with the social whole. For instance, an individual’s freedom may be constrained by calls for mutual responsibility, the requirements to refrain from acts harmful to another, or sometimes even by justice. In a multicultural society, issues also arise concerning respect for individual rights when a particular behavior that might be fully appropriate in one cultural context violates more broadly-shared values. “Responsibility” might look very different in separate communities, and even within a single family; people will disagree about who should, for instance, pay for damages in a car accident – not just out of self-interest, although that might be a factor, but also because they interpret and apply values differently.

The balance between and among conflicting values is dynamic, but it is the whole which must be engaged by foundations. It is this process of grounding grantmaking in the Common Good, of finding its meaning and identifying its implications for actions, that needs to guide foundations. It requires conversation and argument across differences within and outside foundations, and like other institutions in our society, it needs to be given formal priority and have specific procedures to continually reach and refine answers. Without constant and sufficient attention to the Common Good, foundations certainly will produce individual goods in service to some narrower interests – but may do so in ways which fail to achieve their full and enduring power or which may inadvertently harm the social whole.

The point of identifying and discussing Common Good values should not be to privilege one set of terms or meanings over others. Instead, by talking about these values we can uncover our assumptions about what we are doing and why, openly analyze and debate those assumptions, identify ideals that can serve as points of connection and rallying cries for people from many different backgrounds, and learn from one another. Thus, it is essential to defining and decoding the Common Good that the full diversity of peoples have the right and capacity to be represented equitably with voice and power in the debate. This process then can help us avoid the repetition of ineffective patterns, inject transparency into decision-making, build common cause, and ultimately help foundations to create a better world more efficiently.

The commitment to define and act on Common Good values ought not to be seen as a theoretical exercise. Rather, it is a prudent and wise decision that allows us to move beyond narrow interests and self-regard in order to maintain a society in which each may prosper. In fact, it is exactly and precisely because of the Common Good that individuals may themselves be secure in society's benefits and their own rewards.

VALUE FOR FOUNDATIONS

Interviewees and our group of advisors have identified a multitude of other reasons why foundations should orient their work around Common Good values. For example:

- Using a Common Good rubric will help foundations set their particular mission interests in a larger context and better design program strategies based on broader and more coherent problem analyses.
- By declaring and evoking a Common Good value base, foundations are more likely to find greater resonance with what matters to people and gain greater support for their core missions.
- Grantmaking to benefit both core mission and the broader Common Good will increase the return on foundation investments.
- Foundations with clarity about their values can use them as the North Star to guide programs and to assess overall progress.
- By increasing the Common Good, foundations will benefit their principal missions by generally decreasing needs, enriching the quality of life across communities, and generating new resources for their core interests.
- By contributing to, encouraging and becoming more adept at supporting social change in service to the Common Good, there will be cascading benefits as foundations employ similar strategies in various areas of their missions.
- Foundations standing on the high ground of the Common Good will be better appreciated by policymakers and the public who might not otherwise have an affinity with their narrower missions.
- The Common Good provides foundations with shared purposes and unifies organized philanthropy around a coherent rubric rather than as an aggregation of dissimilarly-focused entities.
- The Common Good rubric supplies the context in which philanthropy and individual foundations can locate themselves and delineate their relationship to government, business, and faith-based institutions.

- The Common Good also provides context and incentives for foundations to address diversity and other agenda important to their internal and external organization and operation.
- The Common Good provides foundations with a new base from which to provide and assert important public leadership in society.

Each of these propositions could itself become the subject of an essay. Basically, though, it is the *process* of grounding grantmaking in the Common Good, of finding its meaning and identifying its implications for actions, that needs to guide foundations. This process requires conversation and argument, and it needs to be given formal priority within organizations. It allows us to move beyond unexamined habits so that we may more effectively and efficiently promote a society in which foundations' particular missions and the larger Common Good are realized.

STRATEGIES

Beyond their well-considered critiques of grantmaking practices (see Appendix C), many interviewees suggested improvements to existing practices. The Common Good emerged as the central and unifying theme.

Strategies and the suggested actions associated with any of the themes presented below, pursued in isolation from the others, would be likely to produce improvements in grantmaking outcomes. Yet, none will have maximal impact unless they are undertaken by grantmakers who consider the values that motivate them and the ways in which they plan to create a better society: through mission-specific and other efforts designed in ways to also advance the broader Common Good. However small, each activity undertaken by a grantmaker can become more significant when it is framed in the context the Common Good, and as part of a larger plan to advance society in that direction.

1. PHILANTHROPY'S ROLE: ADVANCING THE COMMON GOOD

Foundations should draw their authority and informing guidance from basic American values in serving the broader Common Good no matter what their specific mission. The Common Good is best served by grantmaking to advance change as well as to provide charity and support institutions.

Foundations should fully discuss and establish Common Good values as a renewed grounding for their own organized philanthropy. From the base of the Common Good, no matter what its specific framing mission, more foundation grantmaking can be targeted to bring about the broader promise of America.

Foundations can set their grantmaking in a larger context and seek broader ranges of outcomes in service to the Common Good, rather than simply serving narrowly specific purposes. For instance, a foundation with a mission to advance the arts could do so in ways that promote equality of opportunity in the arts. A foundation tasked with animal welfare could address its cause through programs that ameliorate the conditions that produce abusive treatment or that prepare more people of color for careers in veterinary medicine. Grantmaking focused on early childhood problems could be expanded to also address the abilities of parents to make enough money to support their families. By explicitly promoting the Common Good, grantmakers can promote lasting benefits for all kinds of people. All benefit from living in a society where everyone is able to achieve his or her greatest potential, where museums and symphonies engage diverse audiences, where health and safety are assured, where the environment is protected, and where all can contribute to their communities and the economy.

ROLE-DRIVEN PHILANTHROPY

The challenge for foundations is to step back from their organizations as they know them, and to look afresh at how to locate their specific concerns in a larger vision of the Common Good and values. The challenge is to see beyond their mission as a discrete package of concerns, and to treat that mission as part of a complex interwoven fabric. It is by seeing that larger picture that a foundation can create an exciting new context for its interests, and redesign its programs so they will have a greater impact. By doing so, the foundation will better align itself with the grand mission of philanthropy and find itself truly role-driven.

The call to role-driven philanthropy is for each foundation, regardless of its specific focus, to re-center and embed its work in the basic *raison d'être* shared by all foundations: to serve the Common Good. It is a call for foundations to “look beyond the trees” of their specific programs and activities, and to see and communicate about “the forest” – to see and address the big-picture significance of their work through new understandings of the ways in which their concerns are impacted by larger dynamics and the ways in which their activities can be designed to affect those broader factors.

This is also a call for each foundation to define its place within its specific context and in philanthropy’s relationships with other institutions that also pursue the Common Good in various ways, such as government, nonprofit organizations, faith-based institutions, businesses and other foundations. And it is a call for foundations to determine the paths they can most productively take to advance the Common Good, given the dynamic context in which they operate.

FOUNDATIONS AND VALUES

Attention to values is vitally important to foundations that seek broad improvements and significant benefits from their grantmaking. People’s thoughts and actions, what they do and what they support, are more influenced by values than by intellectual or technocratic argument.

Without clearly articulated values, foundations are at a disadvantage in their promotion of both their particular missions and the Common Good. Yet, some foundation leaders are fearful of an explicit evocation of values. Some argue that any assertion of values is bound to impose inappropriate pressures on groups that have historically been disenfranchised or are simply in a minority. Others think that attention to values inevitably leads down a slippery slope to rigid ideology.

One of Caring to Change’s central arguments is that foundations’ aversion to focusing explicitly on praiseworthy values, and the larger agenda which emerges from them, must end. Values do not disappear when they are ignored; they simply become less open to analysis, discussion and debate, and foundation strategies become less grounded in what matters to people.¹⁶ It is time for more foundations and nonprofits to explicitly state, reinforce and extend fundamental Common Good values as their basis for action, both within their organizations and in the wider world. Acknowledging the centrality of the Common Good and grappling with how it might best be served are necessary steps towards maximizing foundations’ abilities to pursue their missions and the broader imperatives shared by all members of the philanthropic community.

VALUES AND STRATEGY

It is especially important as social, environmental and other problems grow in scope and complexity, that every foundation – no matter how narrowly focused its mission – seeks to be more effective through a grantmaking program that makes best use of the full panoply of strategies at its disposal. This is critical for larger, staffed foundations, and should also be a goal for small, unstaffed grantmakers.

Generally, philanthropy’s roles are to work (1) through “charity” to relieve immediate distress and address immediate needs; (2) through positive “social change” efforts to affect dynamics that produce

and exacerbate need or which otherwise imperil communities over the long term; and (3) through “institutional largesse” to enrich the quality of life for all, including, and sometimes principally benefiting, those who are not in immediate peril.

Foundations can provide lasting benefits for the Common Good through all of these roles. No matter how narrow its mission, each foundation can employ a variety of strategies to benefit its key concerns, while simultaneously serving a broader swath of society and addressing the conditions that perpetuate problems over the long term. Foundations can increase their impact substantially by asking themselves how their central purposes are tied to and can benefit from improvements in the Common Good, and how programs in pursuit of their central purposes can be reconfigured to contribute more to the Common Good.

BENEFICIAL OUTCOMES

Caring to Change argues that by focusing on the Common Good, every foundation can increase the effectiveness of its grantmaking. In addition, foundations can enhance their image, and the image of the sector, by demonstrating that they are motivated by praiseworthy values and do their best to create a better world as well as to address or serve narrower interests.

Increasing public attention has been directed to foundations’ grantmaking over the past few years. Some have called for little more than greater transparency and better reporting about internal practices, funding programs and grantees. Recently, however, policymakers have questioned whether foundations produce enough benefit to society, given the public cost of the tax-exemptions and other special treatment extended

to them. Superficially, recent concerns may seem to be only the latest in a series going back to the 1960s. However, some of the current challenges are unusual in the sense that they question the notion that the foundation sector should continue to operate as freely as it has up to this point.

Some foundations are not regarded sympathetically by policymakers and the public because their grantmaking is seen to be too narrowly specific or too far removed from the pressing issues of the day. Increasingly policymakers and others seem to feel that too many foundations concentrate resources in the “institutional largesse” category, thereby defaulting on philanthropy’s responsibility to serve the Common

Good. Some even see “institutional largesse” grantmaking as self-dealing among society’s elites, as a tax-subsidized self-serving exercise among the wealthy. Others believe that “charity” fosters dependency, or that it simply masks enduring problems of our society without rooting out and remedying those problems.

As the conditions of daily life become problematic for more people, as global threats become more critical, and as the resources of governments, as well as philanthropies, become more strained, especially in the context of the current economy, the grantmaking practices of many foundations become increasingly open to criticism on these grounds. As the populace’s differences over important social issues become sharper and harden, asserting and advancing the Common Good becomes more critical.

Acknowledging the centrality of the Common Good and grappling with how it best might best be served are necessary steps towards maximizing foundations’ abilities to pursue their missions and the broader imperatives shared by all members of the philanthropic community.

SUGGESTED STRATEGY: *Seek clarity about how your foundation intends to serve the Common Good beyond simply serving a narrower mission.*

1.1. Acknowledge the centrality of the Common Good and define the core values that motivate your foundation's work. Beyond addressing implications for core missions, foundations should consider how to creatively address the broader imperatives for the Common Good shared by all members of the philanthropic community. Once its relationship to the Common Good is defined, all grantmaking and other activities should be assessed for what they might potentially contribute to such broadly framed objectives as well as to each foundation's particular mission.

1.2. Revisit your mission statement and seek clarity about how your foundation defines and frames mission in the context of philanthropy's broad role. No matter how narrow or broad its mission, a foundation's work should reflect its grounding in Common Good values. Consider the role your foundation expects to play in advancing the Common Good, as well as how your work should be distributed across the dimensions of immediate relief, social change, and institutional largesse grantmaking. Work for alignment of all components with their immediate mission, the broader Common Good, and all foundation roles.

1.3. Assess and elaborate your overall grantmaking strategies in the context of larger definitions of the foundation's role. Each program unit and grant portfolio should be set in context of the foundation's sense of its societal role and justified for what it is expected to contribute to the fulfillment of that larger vision of the Common Good as well as for the foundation's particular mission. The foundation should acknowledge that newly designed efforts to concurrently serve the Common Good involve some risk-taking and require longer-term investments, but that incremental improvements in discrete program areas is not a sufficient response to today's problems.

1.4. Consider grantmaking for programs that intend to explicitly instill, reinforce, and animate Common Good values. Family, peers, religious and nonprofit organizations, entertainment media and others profoundly affect the values we develop and put into practice, and might be the focus of nonprofits' grant-supported activity. A foundation itself might actively model and promote personal and social responsibility, and equal opportunity in its larger communities.

1.5. Support efforts that bring grantees' values to the fore. Support grantees in efforts to examine the values that motivate their work, to bring their work into closer alignment with their values, and to bring values to the fore in their regular program operations.

2. PROMOTING DIVERSITY AND VIGOROUS EQUAL OPPORTUNITY/OUTCOMES

Foundations should be clear that working to fully define and serve the Common Good and the effective pursuit of missions require, as both a necessary means and a laudable end, the equitable participation of all diverse sectors of society.

The Common Good is for everyone. While few would argue with that statement, foundation decision-makers do not always take steps that are needed to ensure that all kinds of people will benefit from philanthropy as they should. Race, ethnicity, gender, sexual orientation, gender identification, disability, national origin, religion, age, the economic history of someone's family and one's own socioeconomic

position, as well as other personal characteristics, correlate with different levels of access to influence and resources throughout American society. “Equal opportunity” is an ideal that has not yet been fully realized or reflected in outcomes, and which needs to be pursued and promoted vigorously.

WHY DIVERSITY

Foundations can more effectively pursue both their narrower missions and the broader Common Good when their decision-makers themselves reflect greater diversity. Many corporations have already learned that people from different backgrounds can contribute different perspectives and skills to a decision-making body, and that this brings strength that is reflected on the bottom line.¹⁷

Yet, foundations themselves tend to reflect the wider society’s inequitable power relations in their grant-making, and often have organizational cultures, staffs and boards that serve to direct resources inordinately to “mainstream” institutions, organizations and programs. Scholars know that all people tend to support what is culturally familiar to them, what is within their frame of reference and comfort zone. The Common Good cannot easily be served from such narrow perspectives.

Caring to Change suggests that foundations can more effectively pursue both their narrower missions and the broader Common Good when their decision-makers have greater diversity. Our society will be better served by foundation officials who become even more aware of the ways in which disparities linked to diversity and income-level operate in their organizations and environments, and when their operations reflect a genuine commitment to promoting the Common Good *for all* – both internally and in the wider world. Foundations can provide leadership by assigning diversity the priority it should have both as a moral issue and as instrumental to internal and external organizational effectiveness.

CURRENT STATUS

Studies conducted by the Foundation Center and others show that fewer than 9 percent of grant dollars are classified as explicitly directed towards racial and ethnic minorities, and that less than 20 percent of funds flow directly to projects that explicitly focus on low-income groups. One could ask: *Who* is included in the “common,” if a critical role of foundations is to advance the Common Good?

Racial and ethnic minorities have made progress in their representation among the ranks of foundation program officer staff in recent years and now hold approximately 35 percent of those posts (according to the Council on Foundations), but there has not been an associated increase in grant funding flowing to projects or organizations explicitly focused on minority and low-income groups. Part of the reason for this may be that only about 6 percent of executive posts and 13 percent of board slots are held by members of racial and ethnic minorities, meaning that the distribution of power internal to foundations continues to be concentrated in the hands of economically-secure non-Hispanic white people, just as it is in the larger society. Pressing diversity and vigorously pursuing equal opportunity and outcomes remain critical to the Common Good.

DIVERSITY AND DECISION-MAKING

Because many foundations operate under the influence of inadequately examined assumptions and a limited scope of experience consistent with limited diversity, it is likely that they will continue to ignore the concerns of some groups of people in their work and fail to gain benefit from them.

Diversity is too often reduced to a simple question of categorical representation: “How many of what populations of people are on staff, and in the grantee population?” Too often, complex and important questions remain unexamined: For example, “How are the interests of different populations represented

in decision-making, especially as it relates to the use of resources?” Likewise, income-level is rarely raised as a diversity issue. Questions such as “How are the voices and priorities of *low-income* people of color represented in our board room?” may be difficult to address, but they are important nonetheless.

In order to serve the Common Good and their missions most effectively, foundations need to pay attention to questions like these. They are best able to do that when their decision-making involves people from many different constituency and stakeholder groups who can enrich their shared understanding.

SUGGESTED STRATEGY: *Foundations should frankly acknowledge, in their words and deeds, that part of their essential role is to promote the Common Good for all members of society, and that in order to fulfill that role, they will lead efforts to promote diversity and vigorously pursue equal opportunity internally as well as in their grantmaking.*

Foundations should make it known that all grant programs give preference to nonprofit organizations that can demonstrate high levels of diversity in their governance and operation, and they should work to advance diversity in grantee organizations. Such efforts should go beyond increasing the representation of various categories of people on staffs and boards. In keeping with their commitments to the Common Good, foundations should themselves also create diverse boards and staffs. Foundations should seek to “be the change they wish to see in the world.”

The costs of significant diversity activities and evaluation of them should be identified, included in project and program budgets, and funded with equivalent importance to all other program expenses.

Our society will be better served by foundation officials ... when their operations reflect a genuine commitment to promoting the Common Good for all....

2.1. Create supportive environments and provide resources for foundation and nonprofit leaders to address diversity. Many infrastructure groups and projects are already working on diversity issues in foundations, and provide good resources for trustees, executives and staff. They can help foundation officials to assume leadership in advancing these essential elements of the Common Good internally and through the work of grantees. Similarly, infrastructure initiatives to vigorously pursue equal opportunity and outcomes in nonprofit organizations and their programs should be supported.

2.2. Affirm that diversity is a central concern in all program areas and for general support grants. Foundations should give preference to proposals that sensibly address diversity concerns as part of a grantee's analysis of need, approach to organizational improvement, regular programs design, and through its efforts to vigorously pursue equal opportunity and outcomes.

2.3. Support nonprofit organizational development initiatives that address concerns of diversity and which vigorously pursue equality of opportunity/outcomes. When requests for organizational development support do not address diversity, encourage grant seekers to integrate them.

2.4. Make seed grants to nonprofit organizations that wish to establish “diversity steering panels.” Such diversity steering panels could help a grantee's executive staff and board as they formulate programs, organizational development plans and program designs to assertively advance equal opportunities and outcomes.

3. CONNECTING ANALYSES, PROGRAMS, ORGANIZATIONS AND PEOPLE

Problems are related, but too often grantmaking is not. Foundations need to work for more coherence in their efforts by locating their missions in the context of the Common Good and by exploring and addressing the relationships between and among various issues and problems.

Society is not simply an aggregation of phenomena, problems, issues and concerns, but rather a multi-faceted system in which all components are related to one another and to the Common Good. Foundation strategies that reflect this vision can bring together discrete problem analyses and program initiatives for more coherent and effective grantmaking.

Foundation funding practices have helped create “silos” in the nonprofit sector where broad social, economic, political and environmental problems are broken down into fragmented issues with groups specializing in narrow approaches to their resolution. Funding too often is done by program areas that cast problems in ways that are simplistic and isolated from the complicated realities in which organizations work. Many foundations solicit and reward proposals that treat problems as separate and disconnected phenomena, and favor short-term approaches easily amenable to quantifiable outcome measures whether or not they identify and address the dynamics that are at the heart of the matter.

Consequently, too many nonprofit organizations have narrowly tailored their programs and missions and are becoming more specialized in focus as they more narrowly define their issues and constituencies. No matter how effective the narrower programs might be, these efforts will ultimately hold less consequence for substantive and sustainable change than would more comprehensive initiatives that sought to concurrently benefit the Common Good.

Specific passion and a particular focus can be helpful, but a narrow grantmaking program may too often be the result of our unexamined habits of thinking, rather than broader concern, analyses and planning which will better serve a foundation’s goals while advancing the Common Good.

Foundations, internally and in their grantmaking, need to promote a philanthropic and nonprofit culture that brings together separate program areas and joins rigidly segmented categories. They need to enable organizations to overcome false dichotomies that restrict community engagement, and to join together what have been thought of as separate types of program activity such as service delivery and advocacy. Foundations can often be most effective when they support collaborations that integrate divisions in the nonprofit sector and that seek to form coherent and comprehensive strategies for the pursuit of the Common Good.

SUGGESTED STRATEGY: *Foundations should promote learning, collaboration and synthesis across fields, divisions, and organizations to yield benefits for their specific missions and to advance the Common Good.*

Foundations should build effectiveness by promoting problem definitions, analyses and programming that are more coherent and collaborative, and by encouraging their grantees to propose programs in reference to the Common Good. In addition, foundations should provide support to multi-issue organizations, as well as to groups of organizations which collaborate across issue and program divisions.

3.1. Support and design initiatives that bring together leaders of disparate organizations and provide them with the opportunity to explore commonalities and build collaboration, as well as to set their efforts in context of the Common Good.

3.1.1. Support the efforts of grantees that share analyses and a sense of the Common Good to widen their circle. As organizations develop shared analyses over time, foundations should support them in broadening their discussions to include organizations that they might not ordinarily think of as allies.

3.1.2. Strive for comprehensive overviews in every program area that: build on an understanding of the history of the problem, as well as on what foundations and other funders have learned about its relationship to other program areas; examine the ways it implicates diversity and can vigorously advance equal opportunity and outcomes. Look at the prior and current record of government and philanthropic action; and benefit from the opinions of academics, other experts, community-based organizations, politicians, and activists with a strong connection to the program area and concern for the Common Good.

3.1.3. Provide funding for the development of collaborations, and support the building and maintenance of partnerships in service to the Common Good. Beyond grant programs that fund opportunities to help move organizational leaders toward shared analyses and comprehensive visions, foundations should provide seed money and continuing support for the development of collaborative programs that bring together diverse kinds of organizations in joint effort.

3.1.4. Convene grantees that are potential collaborators, but don't compel partnerships. Consider convening current and past grantees, along with others, in order to help them develop their shared analyses and begin thinking about partnerships. In pursuing such a course, remain aware of the persuasive power that foundations have, and make it clear that foundation support is not contingent upon the building of any partnerships. At the same time, plan for the potential support of partnerships that might emerge from the gathering.

3.2. Create systems-reform opportunities by collaborating with other foundations. Foundations might pool resources to create special funds dedicated to reform public policy and institutions. Such funds could bring together diverse nonprofit groups to work on initiatives that are designed by the collaborative and which are set in context of the Common Good.

3.3. Support programs that link services, advocacy and civic participation. Grantmaking programs should give preference to organizations which meld different program strategies in service to both particular objectives and the broader Common Good.

3.4. Encourage all grantees to at least consider public policy. Organizations seeking funding for service provision in any program area should be invited to identify public policies that may have contributed to the needs identified, as well as public policy initiatives that might address those needs. The information gained might be used to strengthen the foundation's grantmaking priorities.

3.5. Recognize that the costs of initiating, developing, and operating strategic collaborations go beyond normal program activities, that they serve the Common Good, and that participation in them itself requires financial support.

3.6. Assess the success of collaborations, their continued institutionalization and contributions to the Common Good as grant outcomes above and beyond direct program accomplishments. Evaluations should reflect the fact that building collaborations can have lasting impact, in addition to the discrete outcomes that are seen in particular grant periods.

CONCLUSION

The most fundamental question addressed by Caring to Change is: “How can foundation grantmaking be improved so that it will make a greater and better impact on the world than it has in the past?” In pursuing answers to this question by engaging over 150 people working in foundations and non-profits, we uncovered and elaborated on critiques of current practice, as well as strategies for moving forward. These can take their place in continuing debates about the purposes, potentials, and mechanics of philanthropy.

The Common Good emerged as the central theme from our interviews and analysis. Foundations can magnify the impact of their grantmaking by orienting it around the Common Good: by becoming more conscious of their vision for a better world, the values that should motivate their behavior, the unique context in which they work, and the wide variety of strategies available to them. Foundations need not limit themselves to relieving immediate needs, changing dynamics that produce and exacerbate need, or supporting institutions that preserve and enrich the quality of life. Each foundation really can do all of this at once, and it can become more effective when it combines strategies and roles.

To embrace that reality, and then follow through with its implications in carrying out the work of a foundation, is to answer the call to role-driven philanthropy in service to the Common Good. The conclusion that Caring to Change’s retreat participants arrived at early in 2009 remains the conclusion of this report:

Foundations will be more effective in their particular missions and more valued as institutions when they aim to advance the Common Good, explicitly ground their grantmaking in fundamental values, and when they have a clear idea of the roles they could – and do – play in the wider society over the long term. Practically speaking, the focus on the Common Good, values and on the broader context of grantmaking needs to involve greater attention to diversity, equal opportunity, and the artificial barriers that often stop us from making fully valuable connections.

ON-GOING PROJECT ACTIVITIES

The foundation staff and officials, nonprofit representatives, and other philanthropic leaders who have participated in Caring to Change have been very affirming about the Common Good rubric and strategy suggestions. To begin disseminating these ideas, Mark Rosenman (the project’s director) placed an Opinion piece, “How Even Great Foundations Can Do More for the Common Good,” in the October 29, 2009 issue of *The Chronicle of Philanthropy* (see Appendix F). This was followed up by a Caring to Change panel at the 2009 annual conference of Independent Sector in Detroit (conducted jointly with the Council of Michigan Foundations).

The response to the *Chronicle* piece and the panel presentation have also been very positive. The key question, however, is does any of this really matter in consequential ways – will it change grantmaking practices and bend their arch toward greater positive social change? The answer to that question remains unknown at this time. While it is hoped that this report itself will generate interest, discussion and action, the ultimate impact of Caring to Change is obviously unknown at the time of this writing.

Certainly, a publication alone - no matter how broadly consultative and solidly grounded in creative new ideas, no matter how well designed, written and produced, no matter how clearly argued - will not by itself change foundations; nor will conference workshops or even great buzz in the blogosphere. The challenge is for some key actors to use this new rubric as the core of an organizing effort within the associational infrastructure of philanthropic foundations and among subsets of their members, as well as in individual foundations. Such efforts require considerable energy and other resources.

While Caring to Change itself cannot move forward without external support, individuals on the staff or board of a foundation can certainly work to advance philanthropy for the Common Good. Here are a few suggestions:

1. Even if you are in an executive position at your foundation, identify any colleagues who might share your interest in philanthropy for the Common Good and invite them to read *The Chronicle* "Opinion" (Appendix F). If they are indeed interested, ask them to move on to reviewing this paper.
2. Organize an informal conversation, perhaps a lunch, to talk about the foundations and the Common Good, the grantmaking strategies suggested here, and how they or your colleagues' and your own related ideas might be advanced generally in your own foundation.
3. If the discussion suggests that the Common Good rubric might be useful at your foundation, identify ways to test that notion. For instance, this might include: (a) asking that one grantmaking program/focus area work to adapt and employ suggested strategies for all or a portion of its funding over two, three or more years; (b) asking various grantmaking divisions to reframe their operation to better serve their understanding of the Common Good after reviewing the suggested strategies, and to issue new guidelines; or (c) creating a special initiative to design a new grantmaking program to systematically adapt, refine and employ the rubric and suggested strategies in service to your foundation's mission.
4. Identify colleagues in affinity groups, regional associations and other foundation-related entities and employ suggestions (1) and (2) above. If there is interest, explore ways in which that entity might advance philanthropy for the Common Good.

We all need to help organized philanthropy to move beyond caring to change in service to the Common Good.

NOTES

1. The retreat was conducted at the Pocantico Conference Center of the Rockefeller Brothers Fund. This paper reflects the views of the author and not necessarily those of the Fund or individuals who participated in the project.
2. Foundation Center data for 1975 to 2005, as used in a preparatory presentation for interviewees (see Appendix E).
3. By “positive social change” we mean activity intended to alter dynamics that reduce needs or otherwise affect the Common Good by modifying social structures and institutions to achieve more democratic and equitable opportunities and outcomes in the distribution of economic, social, and political resources and power. Promoting “social change” means going beyond “relief” and “palliative remediation” to address -“cause.”
4. A review of the growth in foundations, and related data on reports of their accomplishments and on societal conditions may be found in Appendix E as a PowerPoint presentation viewed by interviewees.
5. Unlike fees-for-service, government grants or contracts, or even individual donations - all of which often are tied to the immediate and palpable relief of individual suffering or need, the discretionary latitude of foundations' funding can command the attention of nonprofit organizations and shape their programmatic approaches to mission. This means that foundations can well be more important to the nonprofit sector, and to creating a better world, than their small proportionate funding share would suggest.
6. Copeland, M. S. (2008, July 11). *Who Will Live the Common Human Good? An Address to the Convention for the Common Good*. Retrieved April 30, 2009, from Vote the Common Good: <http://www.votethecommongood.com/files/Copeland.pdf>, p. 4.
7. Lewis, V. B. (2005, November 3). *The Common Good in Classical Political Theory*. Retrieved April 30, 2009, from V. Bradley Lewis: <http://faculty.cua.edu/lewisb/Common%20Good3.pdf>, p. 3.
8. Constitution of the United States.
9. Common Good values, as inventoried here and referenced below, should not be confused with “majority rules,” particularly when majority rule is not built on a base of equitable participation for all in society.
10. Payton, R. L. (1988). *Philanthropy and Its Discontents*. In R. L. Payton, *Philanthropy: Voluntary Action for the Public Good* (pp. 116-131). New York: Macmillan Publishing Company, p. 123.
11. Kidder, Rushworth M. *Moral Courage*. New York: HarperCollins Publishers, 2006, p.47.
12. Bok, S. (2002). *Common Values*. Columbia, Mo and London: University of Missouri Press, p. 13 -16.
13. Drawn from FrameWorks Institute. *Topic: A Five Minute Refresher Course in Framing*. Retrieved October 20, 2009 from <http://www.frameworksinstitute.org/ezine8.html> and related publications at <http://www.frameworksinstitute.org>.
14. Payton, R. L. (1988). *The Varieties of Philanthropic Experience*. In R. L. Payton, *Philanthropy: Voluntary Action for the Public Good* (pp. 52-84). New York: Macmillan Publishing Company, p. 60.
15. Council on Foundations http://www.cof.org/files/Documents/About_COFCouncil%20Plans/2007OperPlan.pdf
16. This point is being made by some advocates for social change, who bemoan the fact that in the past liberals ceded discussions of “values” to conservatives. Liberals, as well as conservatives, they argue, should explicitly examine the values that motivate their work, and take a more active role in public debate about the meaning and pursuit of the Common Good.
17. Page, Scott E. *The Difference: How the Power of Diversity Creates Better Groups, Firms, Schools and Society*. Princeton, NJ: Princeton University Press, 2007.

APPENDIX A

PROJECT PARTICIPANTS

STEERING PANEL

- Ben Jealous**, President and CEO, NAACP/National Association for the Advancement of Colored People (formerly President, Rosenberg Foundation)
- Tessie Guillermo**, President, ZeroDivide
- Rachel Mosher-Williams**, Assistant Vice President for Partnerships and Strategy, Council on Foundations (formerly Assistant Director, Aspen Institute Program on Philanthropy and Social Innovation)
- Albert Ruesga**, President, Greater New Orleans Foundation
- Heather Scott**, Director, Community Foundation Services, Council on Foundations
- James Siegal**, Chief of Staff, Corporation for National and Community Service (formerly Vice President, Nonprofit Sector Programs & Practice, Independent Sector)
- Josh Solomon**, Co-Chair National Board, Young Nonprofit Professionals Network
- Rusty Stahl**, Executive Director, Emerging Practitioners in Philanthropy

ADVISORY GROUP

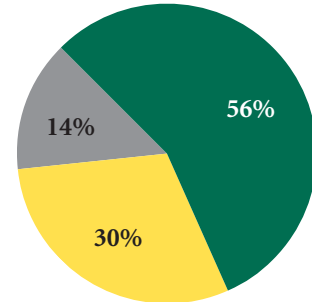
- Emmett Carson**, President, Silicon Valley Community Foundation
- Patrick Corvington**, CEO, Corporation for National and Community Service (formerly Senior Associate, Annie E. Casey Foundation)
- Stephen Heintz**, President, Rockefeller Brothers Fund
- John Morning**, Trustee, Charles Stewart Mott Foundation and liaison to the Diversity in Philanthropy Project
- Andrea Taylor**, Director of North America Community Affairs, Microsoft Corporation
- Karen Zelsermyer**, Director, Funders for LGBTQ Issues; Coordinator of the Joint Affinity Groups and liaison to the D5

Organizational affiliations for identification purposes only.

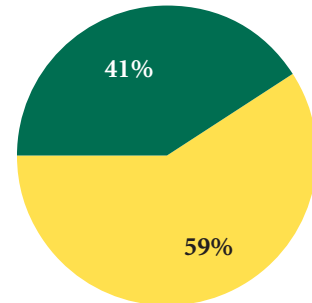
DEMOGRAPHIC DATA ON INTERVIEWS FROM PROJECT IMPLEMENTATION PHASE

- Foundation Staff
- Nonprofit Staff
- Individuals*

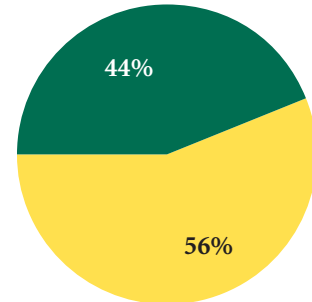
* consultants to foundations, often former staff; retired staff



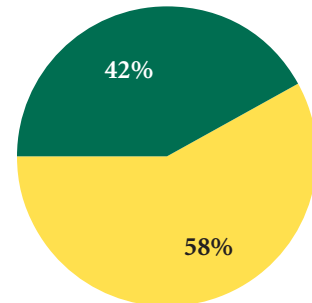
- White (Non-Hispanic)
- Persons of Color



- Age under 35
- Over 35



- Male
- Female



CONVERSATIONS AND INTERVIEWS/PLANNING PHASE*

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Christine Durand, Minnesota Council of
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Sara Engelhardt, Foundation Center
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 Kevin Ashby, Big Lottery Fund
 Michael Baratoff, Equilibrium Capital Group
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 Julia Beatty, 21st Century Foundation
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 Sheri Brady, Kellogg Foundation
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Lisa Roberts-Roser, SmartMoney Community
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Jill Robinson Kramer, Lumina Foundation
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Charles Ugalde, United Way of the Bay Area
Julia Unwin, Joseph Rowntree Foundation
Nick Viele, C3 Strategy
Marion Wadibia, Charities Aid Foundation

Andre Wamba, Cincinnati-Hamilton Co
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Robyn Wasserman, Volunteers in Agencies
Jared Watson, Seattle Foundation
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Cole Wilbur, Packard Foundation
Katrin Wilde, Channel Foundation
Karen Zelsermyer, Funders for Gay & Lesbian
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Nick Deychakiwsky, Program Officer, Civil
Society, Charles Stewart Mott Foundation
Aaron Dorfman, Executive Director, National
Committee for Responsive Philanthropy
Charles Fields, Program Officer, Marguerite
Casey Foundation
William C. Graustein, Trustee, William Caspar
Graustein Memorial Fund; Chairperson,
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Christopher Harris, Senior Program Officer,
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Stephen Heintz, President, Rockefeller Brothers
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Soya Jung, Independent Consultant; Advisory
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Jee Kim, Program Officer, Surdna Foundation
Barry Knight, Principal, Centris (UK);
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Community Foundation of National Capital
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Albert Ruesga, President, Greater New Orleans
Foundation *Steering Panel*
Buzz Schmidt, Chairperson, F.B. Heron
Foundation; CEO, GuideStar International
Ben Shute, Secretary and Program Director,
Democratic Practice (US), Rockefeller
Brothers Fund

James Siegal, Vice President - Nonprofit Sector
Programs & Practice, Independent Sector
Steering Panel
Ralph Smith, Executive Vice President, The
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Karen Zelermyer, Executive Director, Funders for
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**Organizational affiliations (for identification purposes only) given are those at time of conversations/interviews/retreat*

APPENDIX B

PROJECT METHODS

To develop those ideas, C2C first used referrals from its Steering Panel (see Appendix A) and others to identify people on the staff and boards of foundations and nonprofits, as well as other individuals, who think critically about their own work and the larger field but who generally are not involved in setting institutional strategies. A successful effort was made to reach out to younger people and people of color.

A list of people consulted and interviewed during both the planning and implementation phases of the project, and demographic data on the actual interviewees, may be found in Appendix A.

Once identified, interviewees received a project summary and were asked to review a PowerPoint presentation on the efforts, accomplishments, and current conditions of foundations (see Appendix E). The C2C director then interviewed them face to face to elicit their ideas. Each subsequently was provided with a set of bullet points on the conversation and asked to correct and approve them for posting on the project's web site for access by other interviewees. These comments were organized and coded for use in the preparation of a Working Paper.

Based on the developing interviews, the director began to shape and test ideas as he conducted subsequent sessions. Those formed around four identified themes, and specific strategies suggested under each. These were written up in draft and circulated to the interviewees for comment, and revised as appropriate. They were then used in preparation of a draft of the Paper, which also benefited from a review of written works by various scholars and practitioners.

The first draft of the Paper was circulated to interviewees and a small number of other established and emerging leaders of foundations and nonprofit organizations, external commentators, and others invited to add their critique, as well as to the Steering Panel. Their aggregated suggestions informed a revision of the draft submitted to the Steering Panel for its approval.

Further revised, the Working Paper and its strategies formed the basis for discussion in a Pocantico retreat. Participants (please see Appendix A) included foundation leaders, engaged interviewees, Steering Panel members and active funders. Conversation at the retreat was directed toward assessing the potential of the various grantmaking strategies, testing them conceptually, developing more detail for those which seem to hold greatest significance for implementation, and melding two of them together.

At the conclusion of the retreat, participants affirmed the project's findings and strategies, and Caring to Change was credited with being the point of departure and platform in suggesting to the Council on Foundations that social change and social justice philanthropy become the theme for its 2010 annual meeting (Denver). Project staff and Steering Panel members, joined by the Advisory Group, have decided to work toward and beyond that conference in bringing forward philanthropy for the Common Good.

APPENDIX C

INTERVIEWEES' CRITIQUE

To understand the recommendations, it is important to provide a sense of the commentary offered by Caring to Change interviewees. We provide a general sense of their critiques – which affirmed but went beyond long established calls that to be more effective, foundations should provide larger, long-term, general support grants, while holding organizations accountable for performance over time. Many interviewees also said that funders need to be better informed by – and provide support to – those organizations closest to a problem or issue, especially community-based groups. In a sense, the interviewees offered an “Amen” to what has long been asked of organized philanthropy by many of its critics.

Counterproductive timelines: The most common point of agreement across the interviews was that foundations need to rethink current grantmaking processes that set unrealistic expectations and time restrictions for the resolution of social problems that are, at their core, manifestations of historically intractable structural problems. Interviewees also felt that foundations often fail to consistently address focus areas and stick with problems, and are too trendy, moving from issue to issue or, as one put it, “the problem du jour.”

Interviewees also stated that nonprofits cannot rely on project-focused foundation support over a long enough period of time to invest sufficiently in organizational development and capacity-building. Many, including funders, stated that too much time and energy must be directed to grant-getting and maintenance, as well as foundation cultivation.

Double standards for innovation and risk: While there was an appreciation for encouraging genuine creativity and timely attention to emerging issues, there was widespread agreement that overvaluing innovation requires nonprofits to re-jiggle and change successful programs (or those that are beginning to work) into new forms to satisfy foundations’ desire for something different in the next grant cycle. Grantees often must waste valuable time and resources in re-packaging their work. Describing and doing things differently in the name of innovation requires the use of scarce resources, as well as the assumption of risk. Too often, if the innovations do not provide positive results, those who suffer are the nonprofit organizations (which are seen by the foundation to have failed, rather than having suffered the consequences of becoming reluctant guinea pigs) and their constituents – rather than the foundation, which required the innovation and risk in the first place.

Many interviewees built on this argument by stating that in spite of insistence on innovation on the part of grantees, foundations tend to be risk-averse with respect to their own operations and appearances, and that they are excessively eager to avoid making or acknowledging mistakes on their own part. One program officer jokingly quipped that “If we’re here in perpetuity, what difference does it make if we risk screwing up all of next year?” Another program officer questioned, “If you can’t acknowledge mistakes – mainly because your bosses don’t want to admit they allowed them, and their bosses don’t want to let the board know they asked them to approve a bad docket or a poorly conceived initiative – how can you correct your own practice?”

Counterproductive outcome measurement: Many interviewees stated that grantmakers' demands for outcome metrics (too often of their own design) are often inconsistent with the inherent character of programs working for long-term change, that measurability does not always equate with effectiveness, and that what was termed an "MBA management style" overly focused on immediate production efficiencies all may work against fundamental social change.

Insularity and power relations: There was general concern among interviewees that foundations tend to be excessively insular with regard to who governs them, whom they hire, whom they consult, and to whom they otherwise turn for inspiration and guidance. Additionally, interviewees felt that there are unnecessary gaps between foundation "professionals" and people with direct and personal experience in problems being addressed. Many interviewees stated that funding decisions tend to favor those within a known and comfortable universe, and that such insularity limits foundations' potential to operate effectively with marginalized groups. There was a clear sense that this insularity needs to be addressed both externally and internally, and that foundations need to come to grips with class, in addition to established diversity concerns such as race, ethnicity, gender, sexual orientation, disability, and age. Still further, interviewees felt that diversity efforts must address access to power and power relations – both within foundations and in the larger society – in order to be effective. As a complement to this final point, several interviewees stated that grants programs generally need to implicate power in order to maximize their potential to advance social change.

Role of foundations vis à vis government: Another widely held view was that foundations have not adequately located and defined a role for themselves in relation to government. As an extension of this, many see foundations as being overly fearful of controversy regarding their grantees' involvement in public policy work and advocacy. Many interviewees stated that absent support for organizations' direct engagement with public policy, civic participation and democracy-building activities, foundations will be unlikely to realize their potential as social change agents.

Roles of foundations: Many interviewees stated that foundations would be able to have greater impact with their grantmaking if they were to seek greater alignment between their values, mission, vision, conception of their larger role in society, and broad objectives. Interviewees felt that this could be advanced through greater collaboration across the field of philanthropy, among foundations, and between foundations and nonprofit organizations. Many also felt it critical that foundations help nonprofit organizations to bridge divides across narrow program areas and find common purpose. Some felt it instrumental to such collaboration that organizations and foundations work to develop shared analyses of broad-based social issues and power dynamics in society. There was a sense that foundations should play the role of convener in working toward a clearer sense of the Common Good, and the roles that various partners could play in promoting it.

APPENDIX D

COMMON GOOD

Notions of the Common Good have been central to conceptions of society since Plato and Aristotle, and it has been described in fairly consistent ways since then.¹ There has been general agreement that “...the common good is disciplined yearning, deliberation, judgment, and action in concrete realization of the best, most choiceworthy way to live”² and that “Its most basic meaning is that the community and its institutions should serve the good of all its citizens and not just the restricted good of a particular ruler or class.”³

“The 1776 framers of the Constitution of the United States reflected an orientation toward the common good when they planned a government ‘by the people, for the people, and of the people...’”⁴ They specified “the components of the common good” when they said “We the People of the United States, in Order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defence, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America.”⁵ In pursuit of that Common Good, we are reminded that “‘We the People’ are not a special interest group.”⁶

Yet, there are real differences among us. “[Our] notion of democracy straddles and tries to harness two divergent traditions: the one pertains to the common human good ..., with its concern for character formation and virtue, friendly authenticity, obligation and responsibility to and for others who comprise the social whole; the second pertains to individual rights, social contract justice, and tolerance. Call the first tradition, republican; the second, individualist....”⁷

Some suggest that these two notions of common good and individualism are not antinomies, that in fact “the American experiment was an original conception of the common good with central to the common good the protection of individual rights.”⁸ The suggestion that the Common Good and the individual are necessarily opposed to one another incorrectly assumes that “liberal individualism and communitarianism exhaust the possibilities for conceiving social relations.”⁹ Yet the American experience has shown us the importance of what we might call “intermediary” institutions, that is, the informal groups and formal organizations (including nonprofits and foundations) that mediate between the individual and the society.¹⁰

Mediating institutions help establish that the Common Good is more than an aggregation of individual rights or goods: “The whole is ... necessarily more than the sum of its parts and the independent goodness of the whole is what seems to make intelligible the loyalty of citizens, even their sacrifices of closer [individual] ... goods.”¹¹ The philanthropic sector plays a key role in helping individuals to engage in dialogue and action with one another to realize that a better, more just society is possible when individuals work together.

“The common good is ... conditioned by human attention, intelligence, judgment, and responsibility... [It is] open ... to our own liberty or self-determination and its thoughtful, sensitive exercise.”¹² “But, without friendly authenticity—without mutual trust, fidelity to our moral obligations, and regard for others, especially our community’s most vulnerable members—the common good is jeopardized by our

own self-regarding selfishness.”¹³ “What constitutes the common good of a particular community at a particular time is not a matter of theory, but of practice, indeed of prudence.”¹⁴

Caring to Change believes that philanthropy exists to serve the Common Good prudentially. As framed by Bob Payton, a prominent former foundation leader and scholar, its task is to move beyond compassion to work for a strengthened community which he “relates to the things that bring us and hold us together. The emphasis is on mutuality and sharing, *common values that override or discipline our self-interest and competitiveness*; a healthy community not only permits but encourages vigorous individual development within a few powerful constraints.”¹⁵

But what are those “common values?” Payton says “My bias is clearly in favor of organized inquiry into the values, principles, and purposes of philanthropy, as well as efforts to better understand how our system works. The future of philanthropy depends on its self-renewal, in John Gardner's sense of that term.” Payton suggests every philanthropic organization should foster:

- Commitment beyond self
- Worth and dignity of the individual
- Individual responsibility
- Tolerance
- Freedom
- Justice
- Responsibilities of citizenship.¹⁶

This list is not exhaustive, nor particular to philanthropy. Sissela Bok, the philosopher and ethicist, speaks to common values across societies, including first those minimally necessary to survival such as *mutual support, loyalty and reciprocity*. A second set pertain to negative duties in *refraining from harmful action* including force and fraud, violence and deceit. A third set is concerned with *rudimentary fairness and procedural justice*, requiring *truthfulness and equal and just treatment*. “There are certain rules of conduct that any society must stress if it is to be viable. These include the abstract virtue of *justice*, some form of *obligation to mutual aid* and *mutual abstention from injury*, and, in some form and in some degree, the virtue of *honesty*.”¹⁷

The Institute for Global Ethics, headed by author and foundation trustee Rush Kidder, affirms these inventories in asserting that there are five “universal values” of *compassion, fairness, honesty, respect, and responsibility*.¹⁸ This is further reinforced by the FrameWorks Institute which identifies *freedom, democracy, leadership, defending the integrity of allied institutions, opportunity, community, connection, prevention, and stewardship* as values very widely shared by Americans.¹⁹

These “common values” must not be confused with the values of the majority or of a community that restricts membership and excludes some voices. Rather, what we might call “common values” are those that create and maintain the conditions necessary for on-going dialogue and debate about what constitutes the Common Good in theory and practice. Such conditions include both basic rights to survival but extend also to conditions that enable people to participate in public projects and discourse. John Dewey warns us “against identifying the community and its interests with the state or the politically organized community”²⁰ Dewey defines the “public” as opposed to the state as consisting of “all those are who affected by the indirect consequences of transactions to such an extent that it is deemed necessary to have those consequences systematically cared for.”²¹ This definition of *res publica*—the commonwealth—implies that the public interest is only protected when those who are least powerful are protected. It further suggests that we must always be on guard for the consequences of the actions of those who

purportedly act in the public interest. Lastly, it suggests that we must engage in on-going dialogue about just when it is necessary to care for consequences and how we should take care.

In other words, we recognize that community is “contingent,” as Richard Rorty has argued. Inspired by both Dewey and Rawls, Rorty argues that our conception of justice is not “true” so much as “reasonable,” something congruent with our “deeper understanding of ourselves and our aspirations.”²² Such a view does not dismiss justice, but rather demands more of both individuals and the institutions in which they participate. The search for social justice is on-going and found only through dialogue in community about who we are and what we want to become. “*A just society, a good society oriented toward the common human good is contingent; it relies upon the women and men who constitute that society. The common human good is fragile; it relies upon a range of sets of probable events But the crucial contingency is us—our human attention, intelligence, cooperation, collaboration, and responsibility as authentic women and men, who will pay the cost of living the human good.*”²³

Caring to Change argues that it is appropriate, perhaps essential, for philanthropy itself to engage the realm of values in service to the Common Good. “[The] common good flourishes only in a democracy constituted by truly good women and men of well-formed conscience and good values, who orient themselves toward realization of good.”²⁴ “Society is the means by which individuals come to see themselves as those whom it has nurtured and developed; society teaches its members to seek their own matured responsibilities as members of a polity, the activities of which are to be justified as the instrument enabling them to seek their common good together.”²⁵

Given the imperfect socialization of many to such values, and the failings of society more generally, a significant task looms large for philanthropy. “Some persons” – Caring to Change suggests ‘foundations’ – “must will the common good not just formally, but also materially.... Their specific actions are actions that materially advance and maintain the common good.”²⁶

We are in a historical moment when philanthropy can serve its own interests and foundations can advance their diverse missions exactly by contributing more to the Common Good. “The common good is common sense. ... [it] is post-ideological in the best sense. It’s something more innately human: faith. Not religious faith. Faith in America and its potential to do good; faith that we can build a civic sphere in which engagement and deliberation lead to good and rationale outcomes; and faith that citizens might once again reciprocally recognize ... that they will gain from these outcomes.”²⁷

This sense of enlightened self-interest is reflected by the American public today. In a recent poll, 87 percent said that they would be more likely to support a political candidate who believed in the Common Good when it was defined as “putting public needs above the privileges of the few, doing more to aid the poor and disadvantaged, and treating people with respect and dignity.”²⁸ “Americans recognize the absence of a common good in civic life and yearn for some leadership that will do something about it. 68 percent strongly agreed with the assertion that ‘our government should be committed to the common good.’”²⁹

When other Americans were asked how they themselves would define the Common Good “the two most frequently volunteered answers [were] ... ‘Good for all concerned/involved/more than individual’ (20 percent), and ‘Good for the majority/not just for the few’ (15 percent).”³⁰

While themselves individually cherishing the Common Good, a significant minority (about 25 percent) of “Americans also expressed doubts about the Common Good as a guide for government,” believing the

“society is too diverse for there to be a single Common Good.” There is also fear among younger Americans and people of color that their voices and needs would not adequately inform the Common Good.³¹ Further, McAdams has shown that while usually sharing fundamental values, liberals favor preventing harm and ensuring fairness while conservatives today are “drawn to loyalty, authority and purity” put significantly different weight on those that tend to undergird their ideology.³²

There are “three marks or signs that suggest the presence of a genuine common good. The first is collective causality, i.e., that actions can be traced to the community and not simply to individual members or parts. The second characteristic is that the actions of the community pursue a goal shared by the members. agreement can exist on a continuum of breadth and depth. The third sign is communication among the members that reinforce the goals and existence of the community...”³³

This was understood by President John F. Kennedy when he “engaged Americans precisely at the level of asking them to sacrifice for a common good, through the things that are obvious to us – the Peace Corps, and of course ‘ask not what your country can do for you, ask what you can do for your country.’”³⁴ President Lyndon Johnson understood it too when he said “upon signing the Civil Rights Act: ‘I am about to sign into law the Civil Rights Act of 1964. I want to take this occasion to talk to you about *what that law means to every American.*’ What Johnson and his advisers knew ... was that desegregation would fail if the matter were put to the American people only in terms of the rights of those directly affected; it had to be presented as advancing the common good.”³⁵

Differences in public opinions about both what the Common Good is and who is included in the Common Good themselves reflect the point that we have made above: the Common Good is not something pre-given but something achieved through on-going dialogue and critical debate. Particular efforts must be made to include those voices that have been historically marginalized. The fact that younger persons, poor persons, persons of color, and others who have been disenfranchised doubt that their voices will be heard tells us something of the negative consequences of prior public discourse and demands that we (to repeat Dewey) care for those who have been most effected by those actions. As Georgia Warnke argues, justice is always better served when we open up the conversation. “Conversation allows us to intervene in the political practice of our community with an understanding of it and its history that is both adequate as we can make it at the time and open to self-revision. Since we recognize that it remains only an interpretation, we are also open to any illumination that we can cull from others.”³⁶

This creates a clear, if circular, agenda for foundations. In serving the Common Good, it is essential that social justice prevail: that all in society must have both the right and the capacity to participate effectively in defining it through discourse and in action. The Common Good requires full and equal access to participation in our democratic processes and institutions, as well as effective controls over any abuse of power and position. This becomes circular because social justice is an inevitable outcome of the Common Good and its value base. Without constant and sufficient attention to the Common Good, foundations certainly will produce individual goods in service to some narrower interests – but may do so in ways which fail to achieve their full and enduring power or which may inadvertently harm the social whole.

“Social justice” is advanced by activity intended to alter dynamics that reduce needs or otherwise affect the Common Good by modifying social structures and institutions to achieve more democratic and equitable opportunities and outcomes in the distribution of economic, social, and political resources and power.

Thus, philanthropy must itself begin by becoming clearer about its own values and deciding to stand more clearly for the Common Good. This means that philanthropy will have to extend the discussion of

social justice values and become clearer about how their finer evolution and application can serve the nation. There are two key roles for philanthropy: first, to secure – through focused action – the conditions necessary for on-going civil discussion about what constitutes the Common Good, and second, to provide – again through focused action – venues and forums where such discussion can take place.

What needs to be understood clearly is that neither of those two roles can be addressed successfully without foundation efforts to advance social justice, for such is the precondition necessary to legitimate dialogue and authentic deliberation, as well as the creation and maintenance of venues for them. Further, given contemporary US society, there is little reason to believe that such preconditions can be realized absent their vigorous and sustained pursuit by organized philanthropy.

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Notes


1. According to Nowell-Smith, the earliest recorded reference to the idea of the common good was in Ancient Egypt. The term used was “Ma’at.” This term had three overlapping meanings: (a) being straight, level, or even, (b) having order, conformity and regularity, and (c) possessing truth, justice and righteousness. See. Nowell-Smith, P. (1954). *Ethics*, Harmondsworth, England: Penguin, p. 14.
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7. Copeland, *op. cit.*, p. 6.
8. Magness, *op. cit.*, p. 33 citing Novak, *op. cit.*, p. 44.
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11. Lewis, *op. cit.*, p. 7.
12. Copeland, *op. cit.*, p. 4.
13. Copeland, *op. cit.*, p. 6.
14. Lewis, *op. cit.*, p. 17.
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21. Dewey, *op. cit.*, p. 16.
22. Rorty, R (1989). *Contingency, irony, and solidarity*. Cambridge: Cambridge University Press, p. 58.
23. Copeland, *op. cit.*, p. 8. *Emphasis added.*
24. Copeland, *op. cit.*, p. 7.

Notes (Continued)

25. Sherover, C. M. (1989). *Time, Freedom, and the Common Good*. Albany, NY: State University of New York Press, p. 14.
26. Lewis, *op. cit.*, p. 12.
27. Tomasky, *op. cit.*, p. 5.
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30. Tomasky, *op. cit.*, p. 5.
31. Jones, *op. cit.*, p. 3.
32. Jacobs, *op. cit.*, p. 1.
33. Lewis, *op. cit.*, p. 8-9.
34. Tomasky, *op. cit.*, p. 2.
35. *Ibid.* (emphasis added)
36. Warnke, G. (1993). *Justice and Interpretation*, Cambridge, MA: MIT Press, p. 160.

Caring to Change

A Project Seeking Ideas for New Grantmaking Strategies



Overview

Foundations want to make their community, their nation and the world into better places. They do this through funding that's been characterized as charity, institutional patronage, and systems-change philanthropy.

This presentation looks at the scale of independent grantmaking philanthropy over the past few decades, and in particular foundation accomplishments in making contributions to broad societal improvements. It looks as well at the challenges that remain.

We ask that you view these slides before we meet to talk about foundation grantmaking.

Source: Paul Yvilsaker as cited by Michael Learner in *Alliance Magazine*, <http://www.alliancemagazine.org/free/html/dec06e.html>

Caring to Change



Directions for Use

As you click through the following slides at your own pace, you will occasionally see an **Information** button. *If you wish*, clicking on it will take you to graphs or other supporting documentation. Once you've reviewed that data, you can look at more material (if it's available) by clicking on the new **Information** button or **Return** to where you were in the slide presentation by clicking on the green button. If you don't want to look at the **Information**, just proceed through the slides as if no button was there.



Caring to
Change



US Foundation Growth

Foundations have had tremendous growth in the last 30 years.

Their **number** has more than **doubled**.

Their **assets** grew more than **four-fold**.

Their **grantmaking** has increased by **over 425%**.



Caring to
Change



Foundation Funding

But with this major growth, foundations' proportional investments in broad program areas have not shifted dramatically in the last 15 years save for [gains in education, health and the environment](#).



Caring to
Change



Foundation Funding

Grant support for sub-program areas aimed at [some of the greatest needs](#) (e.g., unemployment, homelessness) and some of [the neediest populations](#) (e.g., low-income, racial/ethnic minority) have received [proportionately less](#) than might be expected.



Caring to
Change

Recap

In overview:

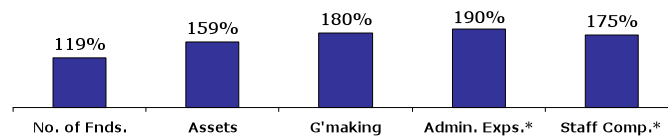
- there has been tremendous growth in foundations and grantmaking since 1975 (although the following Summary presents only data since 1990 so that everything is comparable)
- growth in foundation professionalization has kept pace with its grantmaking
- grantmaking across program areas has remained relatively constant with *environment, education* and *health* having the greatest increased investment
- *poverty, populations in greatest need, and associated program areas* still receive a disproportionately small share of grant funds.



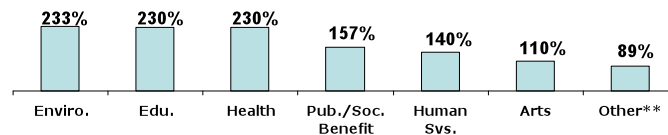
Summing Up Input Trends

1 of 2

Growth in Foundation Size and Scope 1990-2005



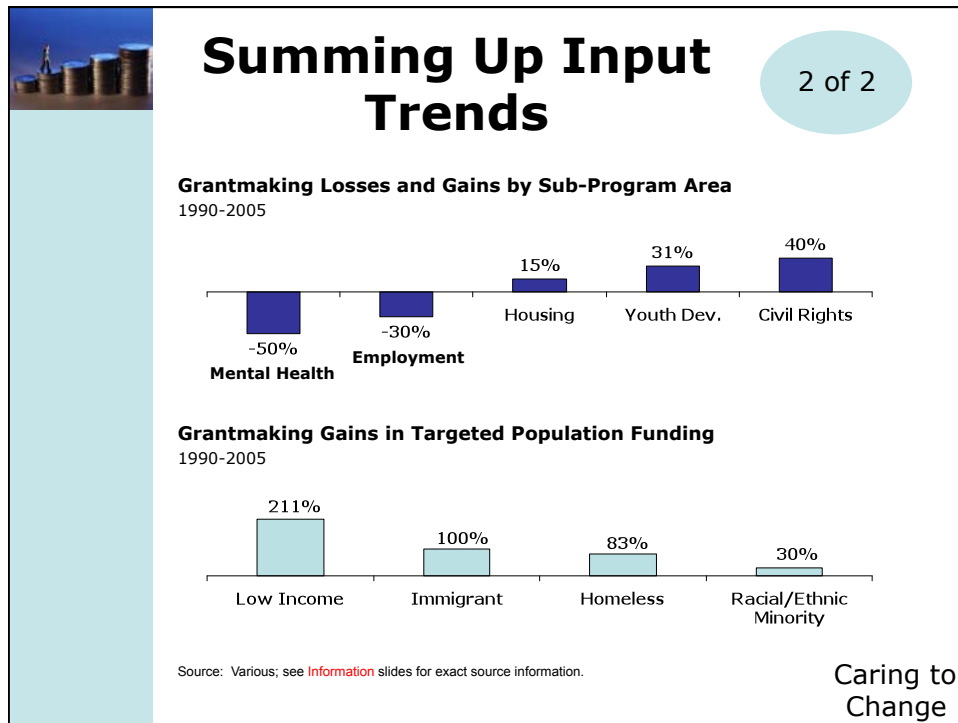
Grantmaking Growth in Major Program Areas 1990-2005



Source: Various; see [Information](#) slides for exact source information.

*Administrative expense and staff compensation data cover 1990-2003.

**Includes grantmaking for international affairs, science and technology, social sciences, and religion.



Accomplishments

The slides which follow turn to questions of what foundation grantmaking has achieved broadly. What have been some of the major accomplishments in the past two or three decades beyond general charitable beneficence?

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A Caveat on Accomplishments

- These slides are *just a sample* of foundations' *broad accomplishments* and their impact on society
 - They give examples in education, health and environment, the major growth areas
- These accomplishments *do not include* the many local and other goods that foundations provide in tending to people's immediate needs, leveraging modest policy change or enhancing institutions used by the general public
- Further, most nonprofit organizations and programs are funded by a variety of sources beyond foundations
 - These include fees for service, government grants and/or contracts, individual contributions, etc. It is difficult to assign full credit to any particular foundation for a program's or organization's success

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Foundation Accomplishments

Education

- Ford and Carnegie foundations funded Sesame Street, revolutionized children's TV as an educational tool – it has viewers performing better in reading, mathematics, vocabulary and school readiness; even getting significantly better grades in English, science and math as adolescents
- Through model programs, research and policy advocacy, the Pew Trusts and others have helped make Pre-K education the norm in 30+ states
- Charles Stewart Mott and Nellie Mae Foundations have helped establish after-school networks of enrichment programs across the country
- Pew and other funders have joined together to build successful movements for standards and accountability in public schools

Sources: Fleishman, Joel, *The Foundation: A Great American Secret*, Public Affairs 2007, p. 126-129.
 Museum of Broadcast Communications website: <http://www.museum.tv/archives/etv/C/html/C/childrenste/childrenste.htm>
 Fisch, Shalom, ed., *G is for Growing: Thirty Years of Research on Children and Sesame Street*, Laurence Erlbaum Associates, Inc., 2000, p. 90-91. ALSO Source: Grantmakers for Education

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Foundation Accomplishments

Health

- Robert Wood Johnson Foundation's multi-pronged attack on tobacco effectively diminished its use in America.
- Aaron Diamond Foundation funded studies leading to the development of protease inhibitor drug cocktails, reducing the death rate from AIDS in America to a fifth of what it once was.
- Foundations collaborated to support a regional, systematic approach to a nationwide 911 emergency response system and helped to establish regional medical emergency services in 32 states.
- Annie E. Casey & Robert Wood Johnson Foundations, are credited with having shaped Child Health Insurance Program (CHIP), enacted by Congress in 1997.

Source: Bournemeier, James, "Taking on Tobacco: The Robert Wood Johnson Foundation's Assault on Smoking," *The Robert Wood Johnson Foundation Anthology, Volume VIII*, ed. Isaacs, Stephen I. and Knickman, James R., November 2005, accessed at http://www.rwjf.org/files/publications/books/2008/chapter_01.pdf, and "The Foundation: A Great American Secret," Joel L. Fleishman

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Foundation Accomplishments

Environment

- Ford Foundation funded the Natural Resources Defense Council which helped in passage of the Clean Water Act, the removal of lead from gasoline, increased energy efficiency of home appliances, and ban of CFCs to curtail deterioration of ozone layer
- Pew Charitable Trusts and other funders are credited with helping change public attitudes on global warming
- Surdna Foundation worked to advance smart growth initiatives
- MacArthur Foundation funded efforts credited with gaining biodiversity protection
- Greenhouse gases cut by tougher vehicle emission rules and slowed coal-fired power plant expansion achieved through foundation-funded organizing and advocacy
- Millions of acres of wilderness preserved through foundation funded land purchases and advocacy

Source: Duke University Center for the Study of Philanthropy and Volunteerism, online case studies: <http://www.pubpol.duke.edu/dfrp/cases/> & NRDC research division, and Source: Environmental Grantmakers Association

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But What Impact?

The slides which follow look at some of the *impact* of decades of grantmaking accomplishment.

While certainly the \$380+ billions in grants since 1975 have *offered relief to distressed people and communities* and (more frequently) *raised the quality of life for others not in immediate jeopardy*, has foundation strategy leveraged enough significant and enduring change and sufficiently improved general well-being?

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Uneven Progress


Education

Although there is some progress in education, benefits are skewed:

- High school *drop-out rates decrease, but disproportionately* affect Black and Hispanic students.
- The “*achievement gap*” in academic performance and educational attainment has grown for Blacks and Hispanics since 1990.
- While completion rates have increased for all, *high school graduates are disproportionately white*.
- *College tuition skyrockets* out of the reach of poor and many middle-class families.
- *Arts and music education is proportionately less and less available* to students of all races.



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Losing Ground?


Health

With both improvements and declines in health conditions, comes an unavoidable fact:

- In the last 20 years, the **number of Americans under 65 without health insurance has grown** by close to 12 million – an increase of about 13 percent in the uninsured with people of color faring worse than white people.
- There is **alarming growth in the rates of cancer, obesity and other serious illnesses**.
- **Infant mortality has declined, but the US is still behind** the European Union, Japan, Cuba & others; the infant mortality rate for Blacks is about 2½ times that of whites.
- **Minorities suffer disproportionately from many illnesses**, even after controlling for socioeconomic status.



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Losing Air & Water

Environment


- **Carbon emissions climb** and **global warming growth continues**.

Even with some improvement in air & water quality:

- The **rates of illness linked to chemical toxins and pollutants are rising** year after year
 - childhood cancer up *1% a year*
 - pediatric asthma *skyrocketed 60% in the past 20 years*.
- **Oceans are on the brink of biological collapse**
 - 90% of large food fish like tuna *already gone*
 - 75% of world's fisheries *at or beyond limits of sustainability*




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Income/Poverty


A Fundamental Concern

- Poverty has increased slightly as a percentage of US population since 1975 (12.3% to 12.6%).
- On average, *the poor are poorer* – further from the poverty line than they have been at any time since 1975, and
- Over a third of adults in poverty are working poor.



Source: U.S. Census Bureau, Housing and Household Economic Statistics Division, 2006.
Source: US Department of Labor, A Profile of the Working Poor, 2003.


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Income/Poverty

INEQUALITY: A Fundamental Concern Grows Worse

- Poverty in the US is spread disproportionately across races.
- In fact, all income disparities are significant across race and have remained relatively constant in the US for the last 30 years.
- Income inequalities have increased dramatically in the last 25 years; the *poorest have gained by 6% and the wealthiest 1% by 176%*.
- The top 5% of the US population has over 58% of the wealth and the bottom 50% has under 3%.



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Some Optional Words on Where We Stand Today

Some US Presidential candidates, policymakers and foundation officials have commented on these problems.

If you would like to see their statements, just click the button for more **Information**



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So Where Are We?

- There has been great growth in foundations assets and grantmaking in the past few decades.
- There has been much charity and institutional patronage and some systems-change work, and there have been some very consequential broad-based accomplishments.
- There seems to have been less than significant impact on some of society's most intractable problems, even in areas of increased philanthropic activity, particularly when concerns about race, poverty and growing economic inequality are considered.
- The public and policymakers have less trust and positive regard for charitable institutions than they did in recent memory.
- Nonprofits' and foundations' efficacy, even their value and values, are increasingly open to question.

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Perhaps it's time...

Perhaps it is time

- ... to think about additional grantmaking strategies,
- ... to go beyond fueling innovation in relatively narrow program areas,
- ... to think beyond the current debates and alternatives.

Perhaps it is time

- ... to see if there might be some new ideas, especially among people who don't usually get asked about foundation grantmaking strategy.

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Steering Panel

- Tessie Guillermo President, ZeroDivide (*formerly Community Technology Foundation of California*)
- Ben Jealous President, NAACP (*formerly President, Rosenberg Foundation*)
- Rachel Mosher-Williams Associate Director, Aspen Institute
Program on Philanthropy and Social Innovation
- Albert Ruesga President, Greater New Orleans Foundation
- Heather Scott Community Foundation Services Manager,
Council on Foundations
- James Siegal Vice President, Nonprofit Sector Programs & Practice,
Independent Sector
- Josh Solomon National Board, Young Nonprofit Professionals Network
- Rusty Stahl Executive Director, Emerging Practitioners in Philanthropy

Funders

Ford Foundation, Charles Stewart Mott Foundation,
Annie E. Casey Foundation, Rockefeller Brothers Fund,
William C. Graustein, Pettus-Crowe Foundation,
New World Foundation, Morino Institute, The California Endowment

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Acknowledgements


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Sarah Schultz

Additional Assistance
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Information

The slides that follow are provided as information links from the presentation.

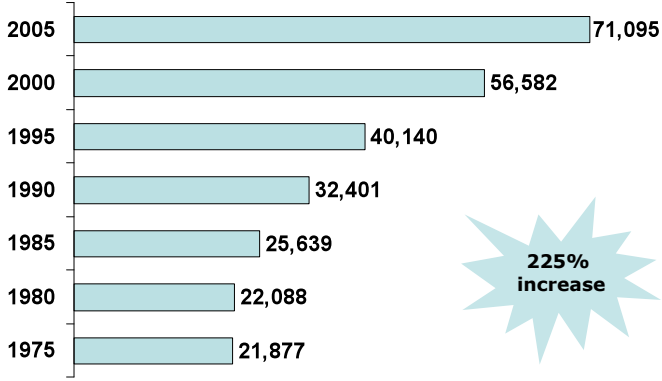


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Growth in Number of Foundations, 1975 to 2005

Number of *All* Registered Foundations*



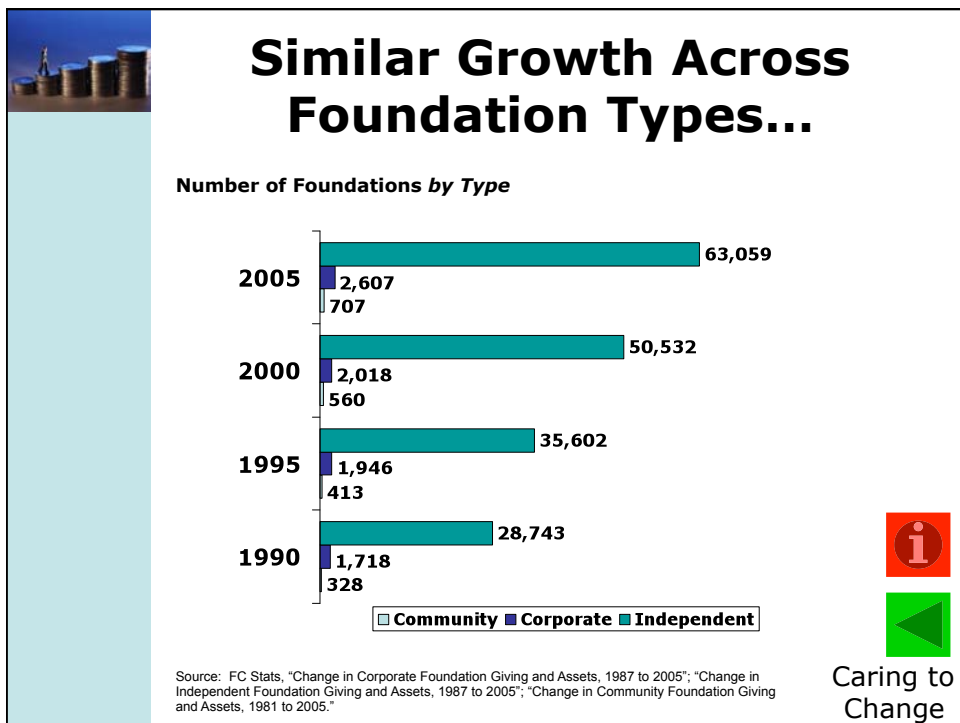
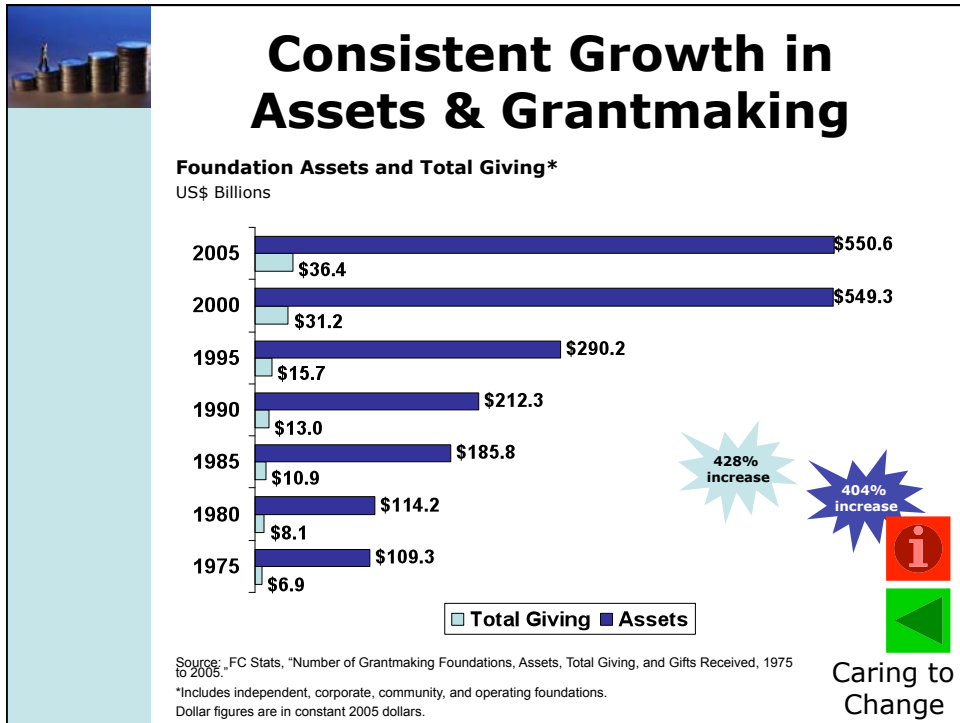
Year	Number of Registered Foundations
2005	71,095
2000	56,582
1995	40,140
1990	32,401
1985	25,639
1980	22,088
1975	21,877

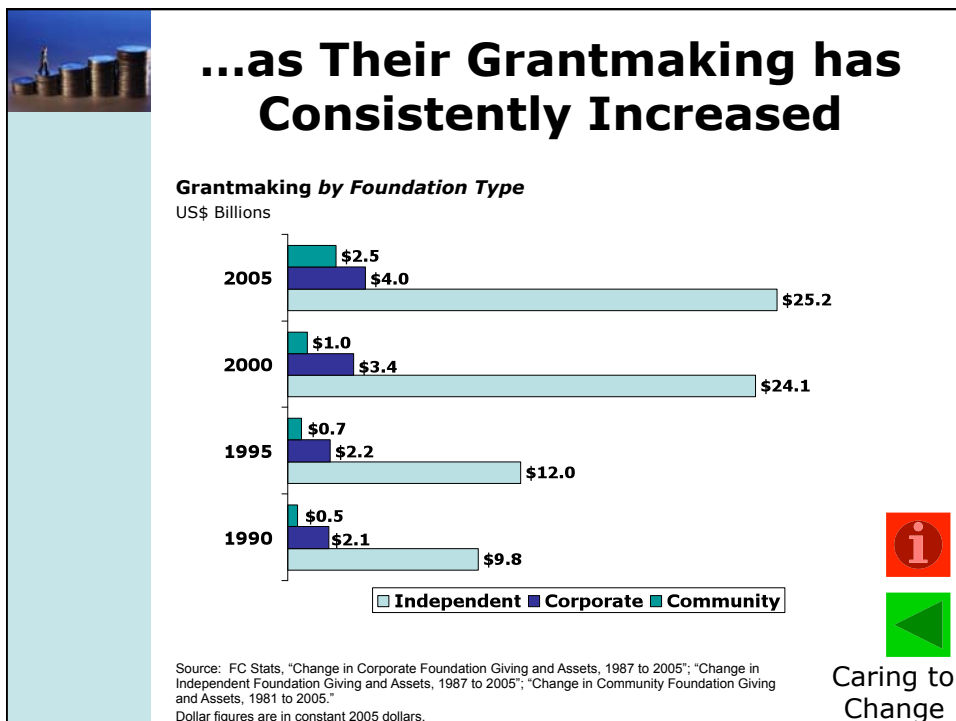
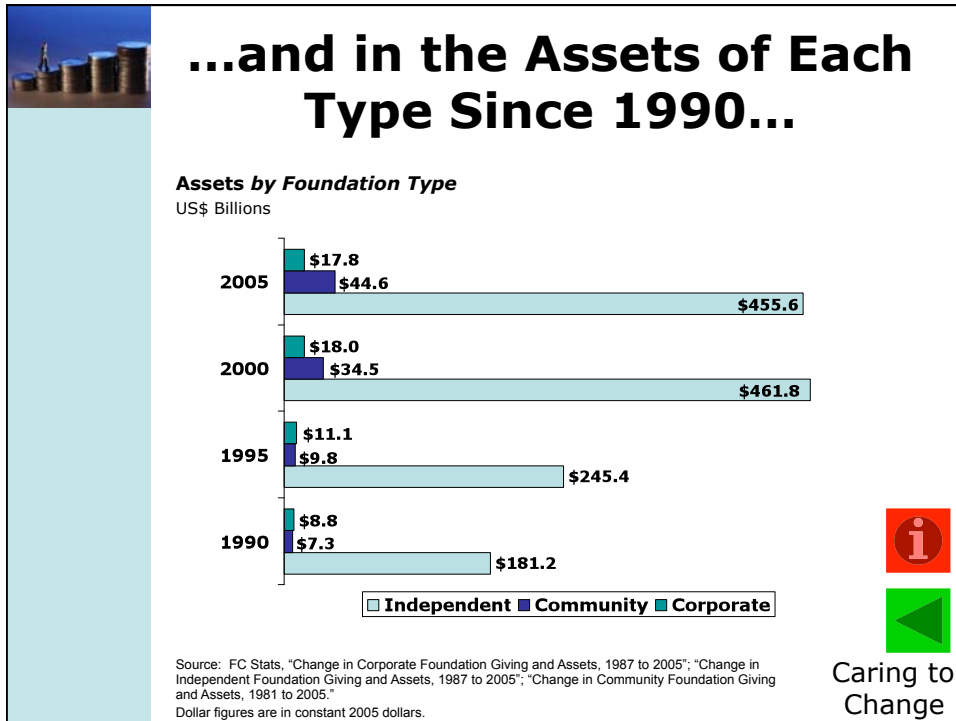
225% increase



Caring to Change

Source: FC Stats, "Number of Grantmaking Foundations, Assets, Total Giving, and Gifts Received, 1975 to 2005."
*Includes independent, corporate, community, and operating foundations.






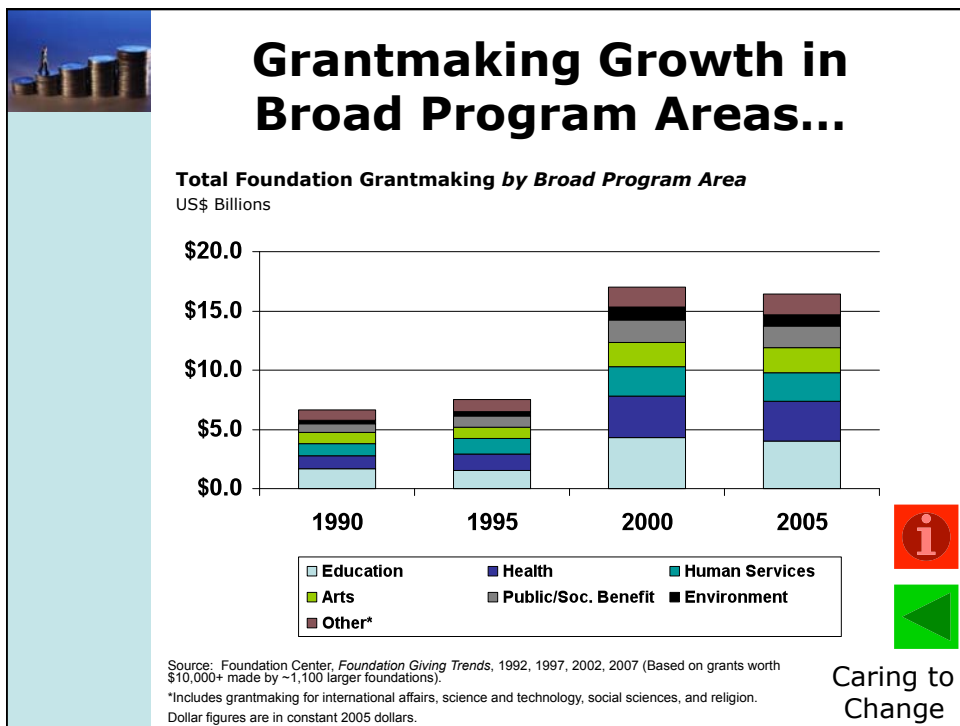
Foundations Today

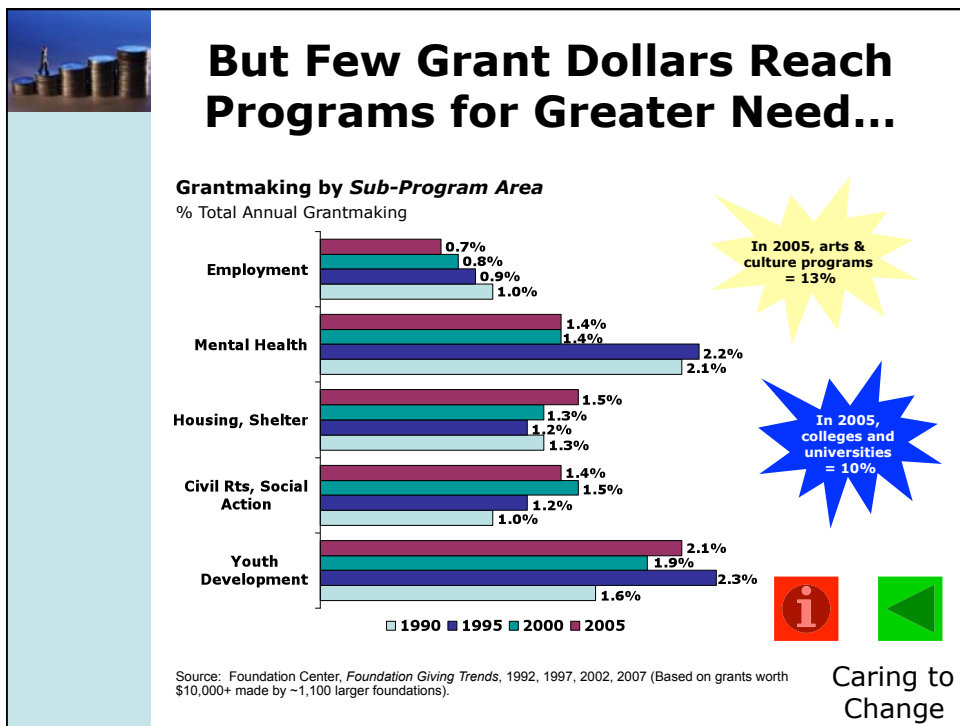
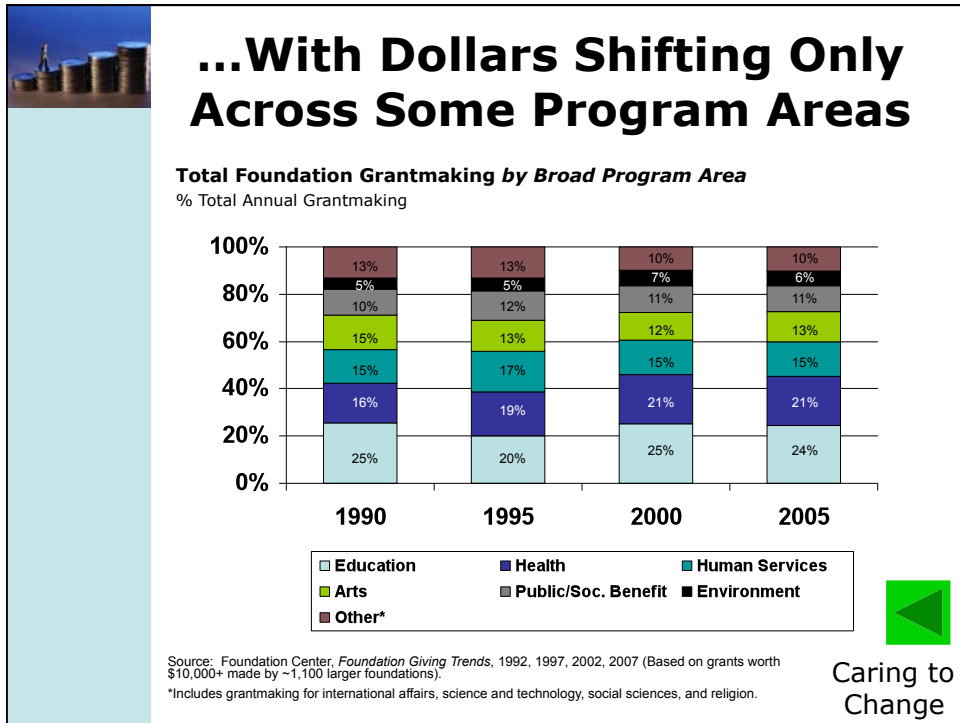
	2004	2005	% Change
All Foundations*			
No. of Foundations	67,736	71,095	5.0%
Total Giving	\$32.8 billion	\$36.4 billion	10.8%
Total Assets	\$525.8 billion	\$550.6 billion	4.7%
Independent			
No. of Foundations	60,031	63,059	5.0%
Total Giving	\$24.0 billion	\$25.2 billion	4.8%
Total Assets	\$437.9 billion	\$455.6 billion	4.0%
Corporate			
No. of Foundations	2,596	2,607	0.4%
Total Giving	\$3.5 billion	\$4.0 billion	13.1%
Total Assets	\$17.1 billion	\$17.8 billion	3.8%
Community			
No. of Foundations	700	707	1.0%
Total Giving	\$3.0 billion	\$3.2 billion	7.1%
Total Assets	\$39.5 billion	\$44.6 billion	11.6%

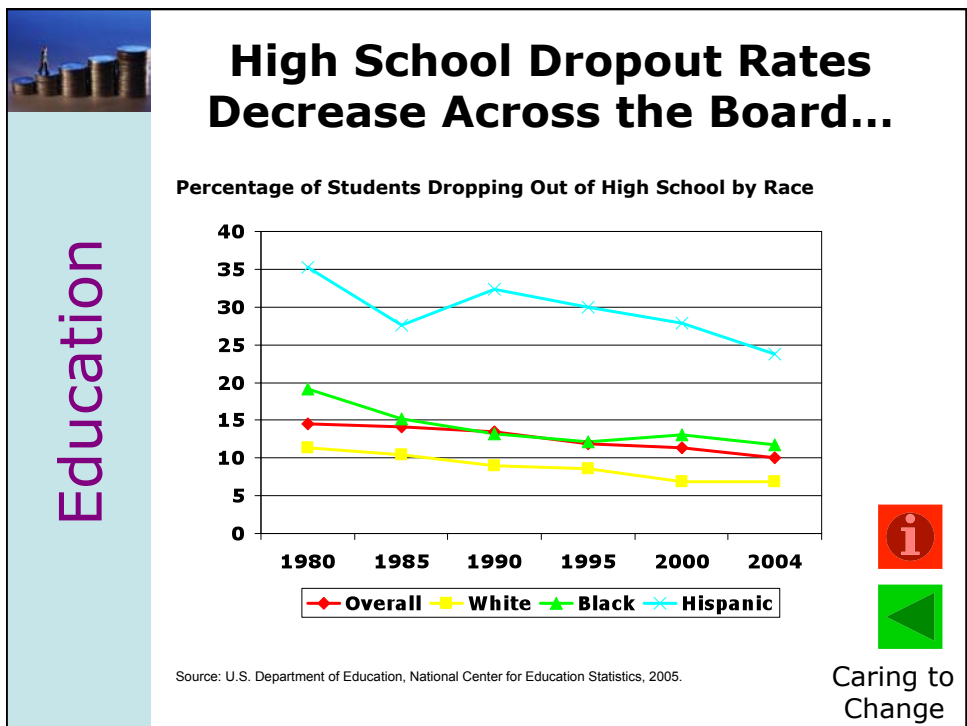
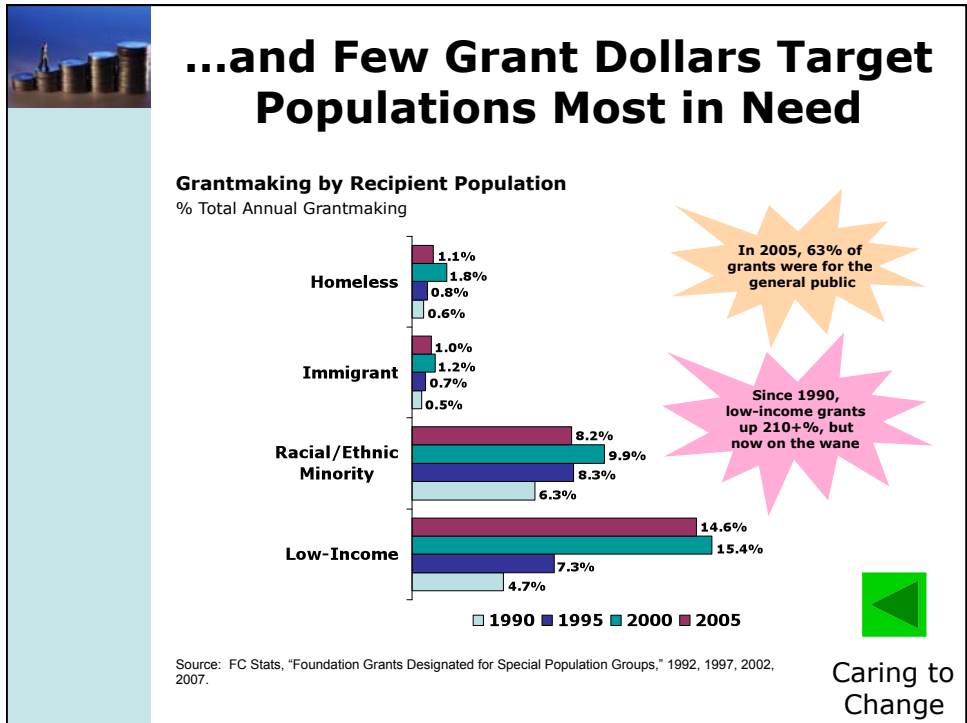
Source: Foundation Center, *Foundation Growth and Giving Estimates*, 2007 Edition.
 *The "All Foundations" category includes data on independent, corporate, community, and operating foundations.
 Dollar figures are in constant 2005 dollars.

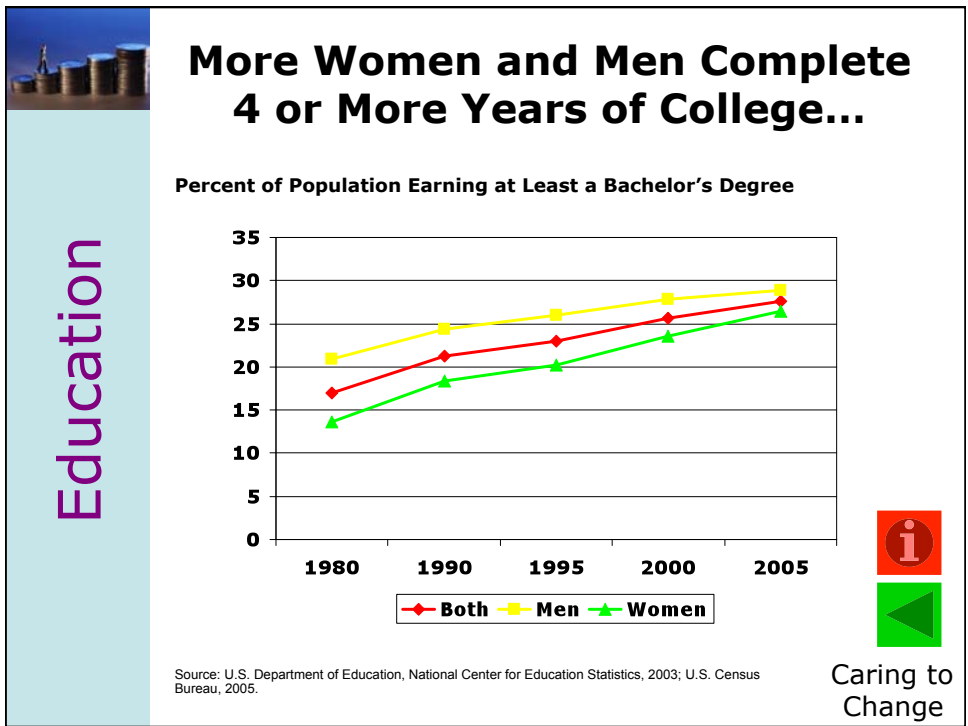
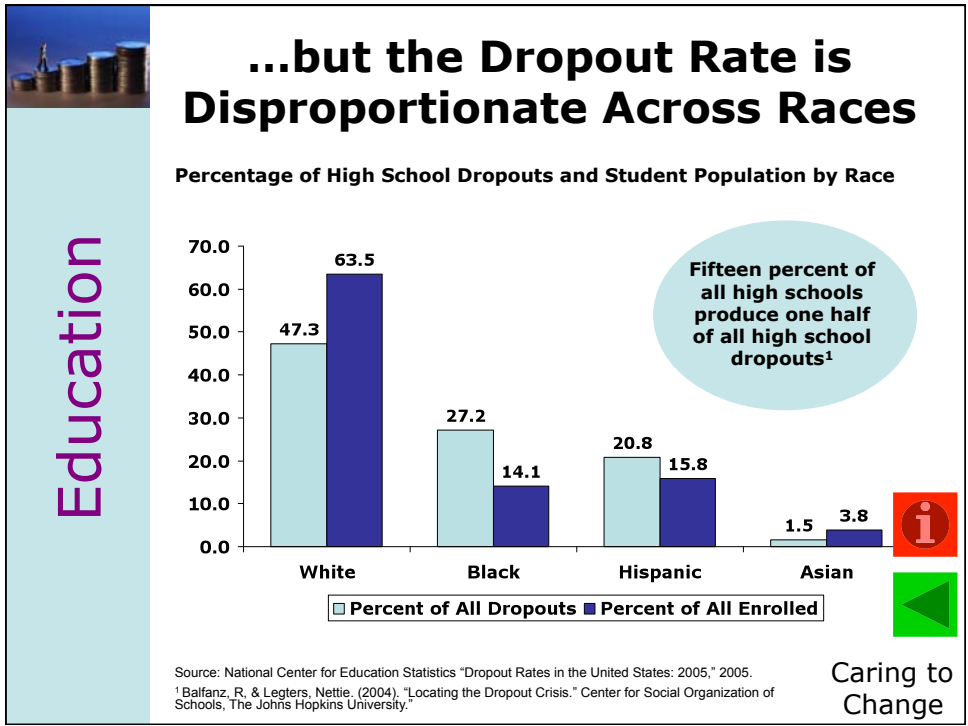


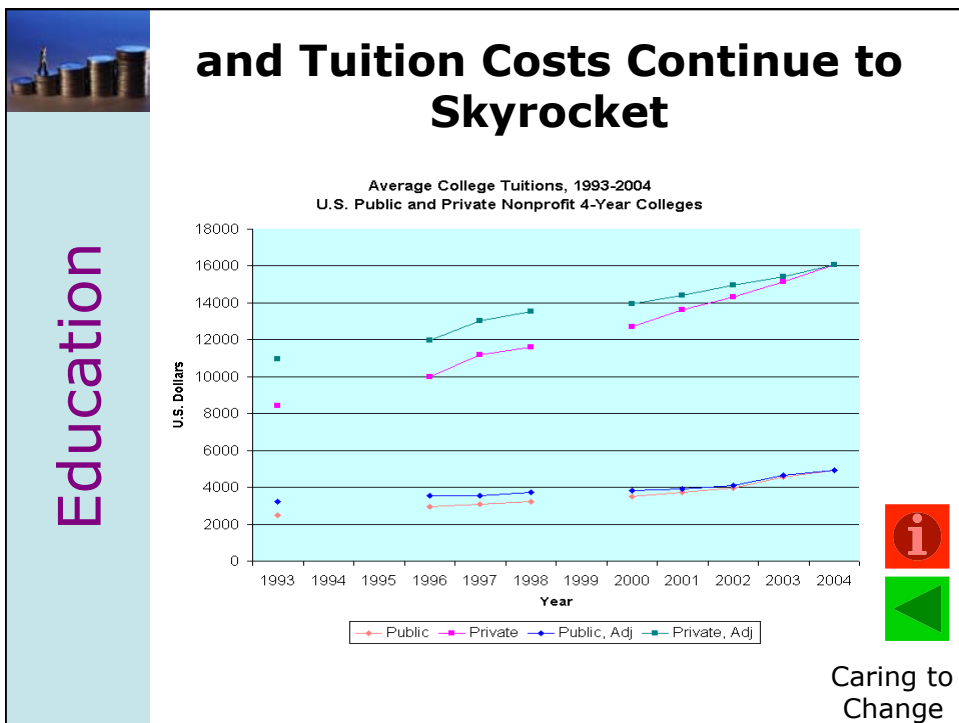
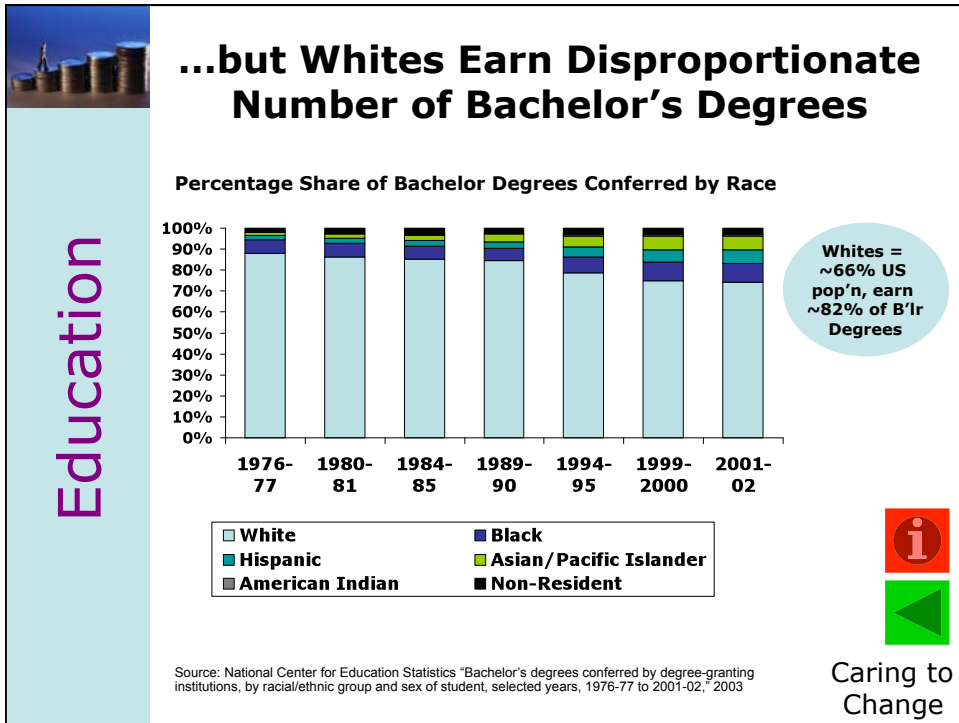
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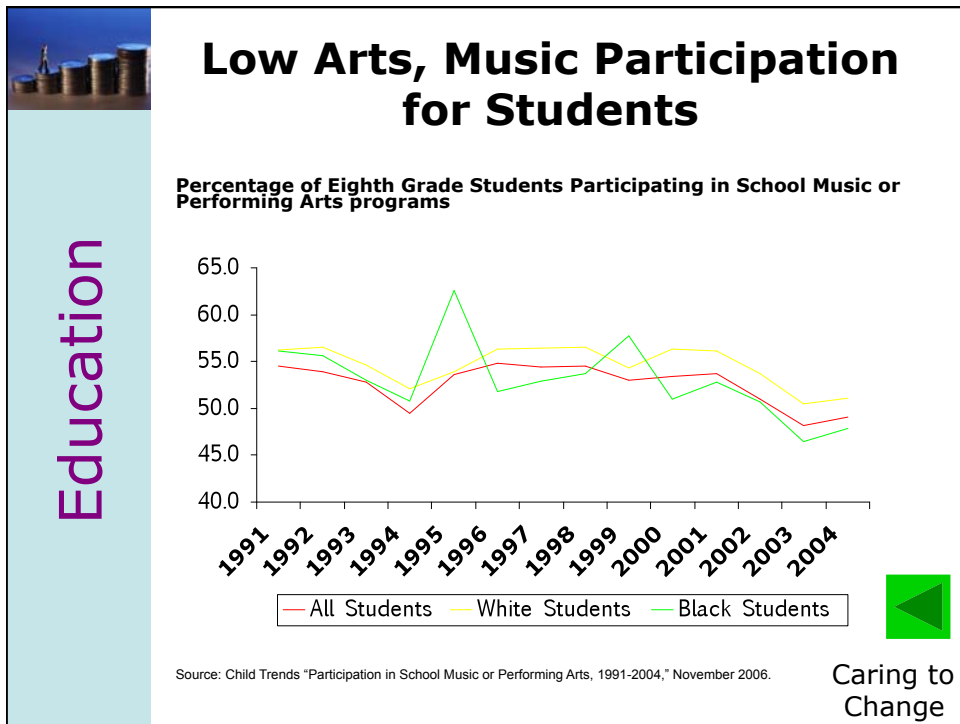
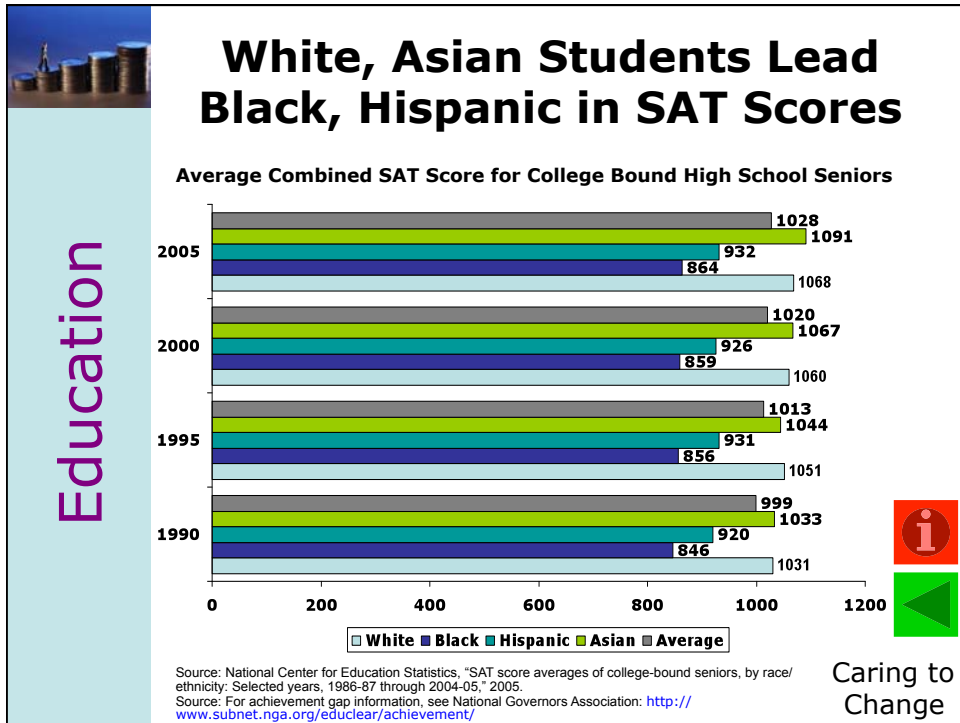


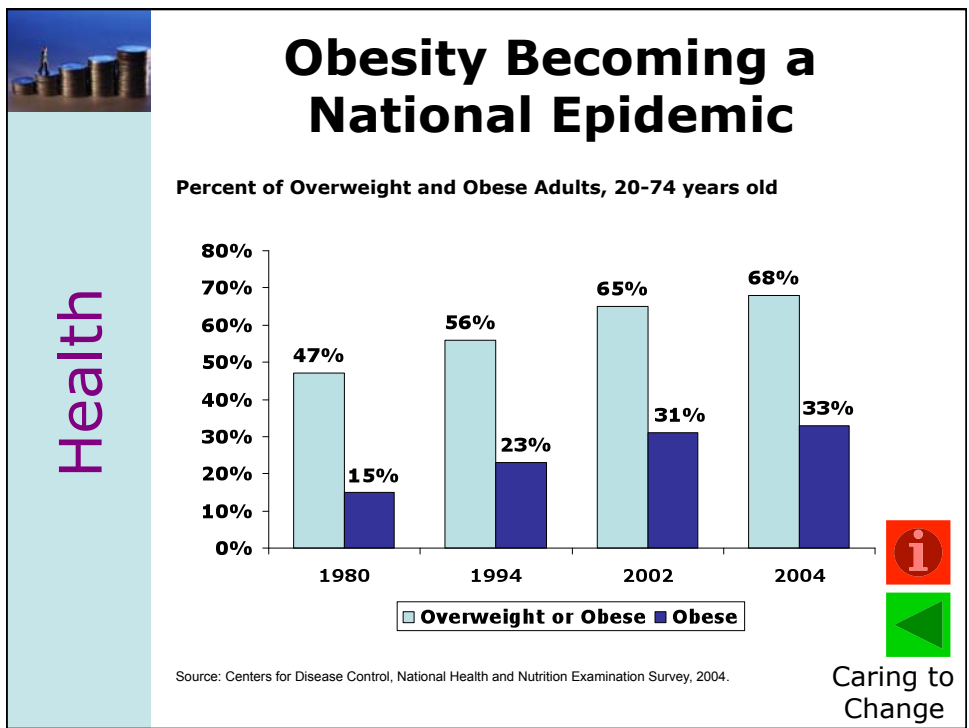
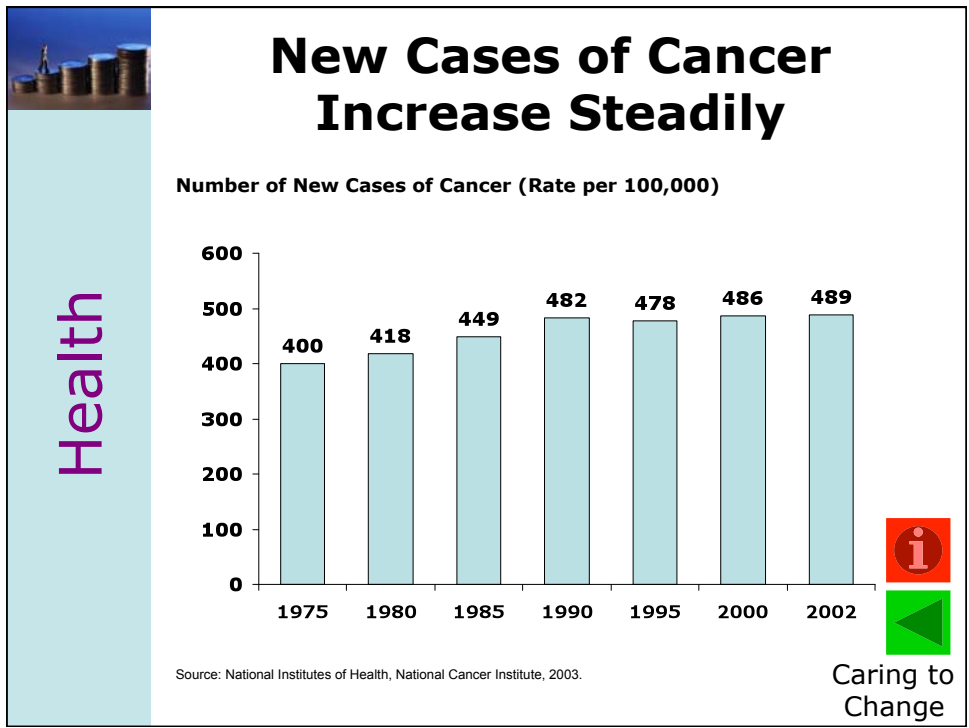


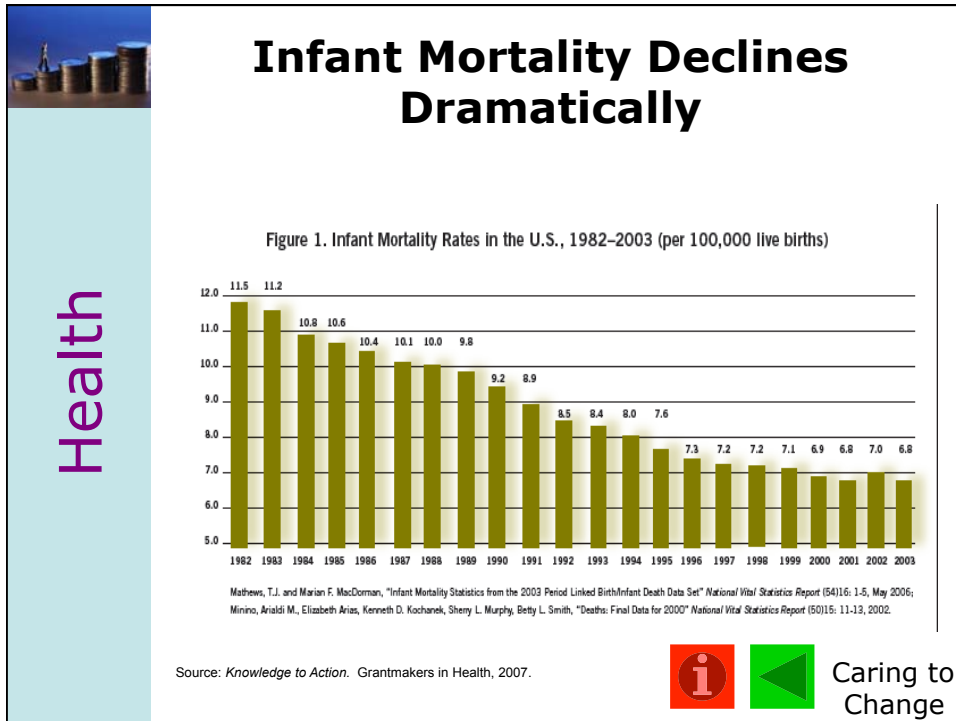








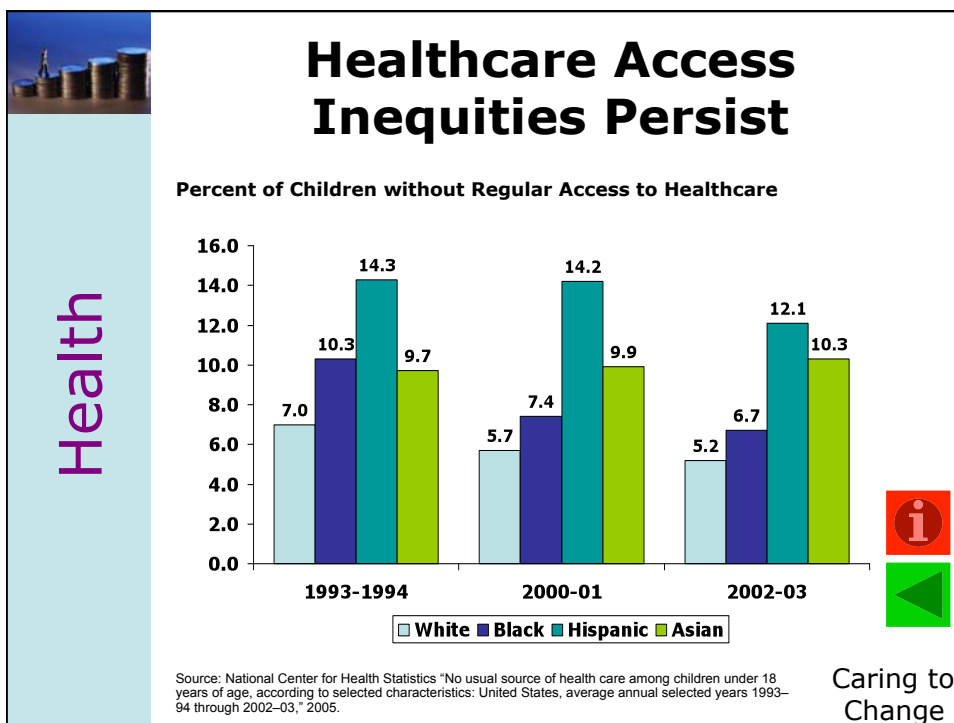
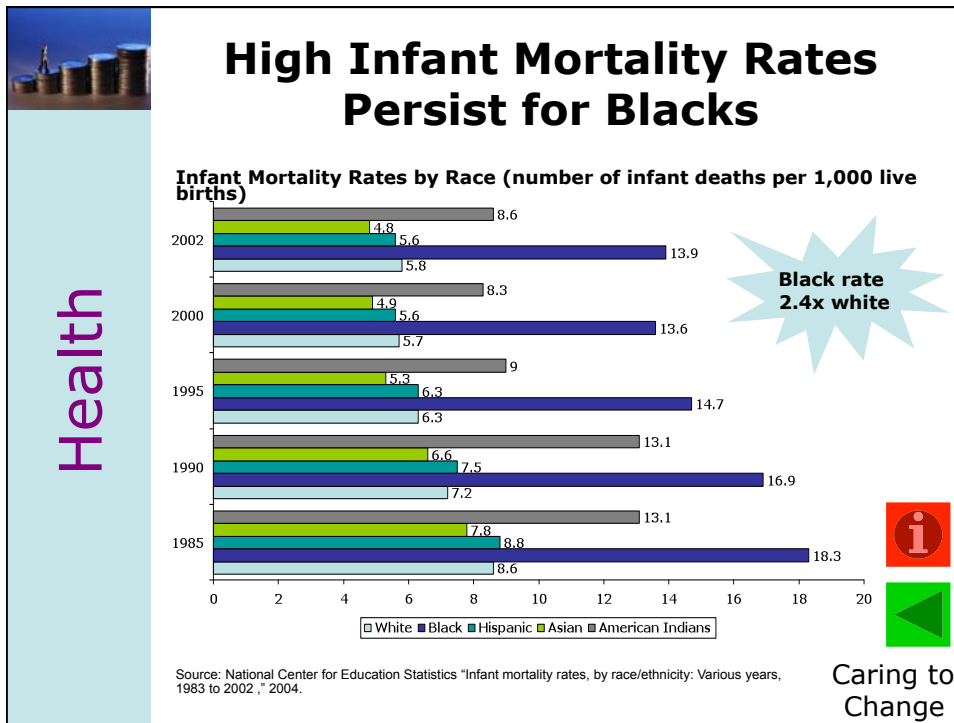




But US Still Lags...

- Behind
 - European Union
 - Japan
 - Cuba
 - and others

Source: *Knowledge to Action*. Grantmakers in Health, 2007.





Health & Justice

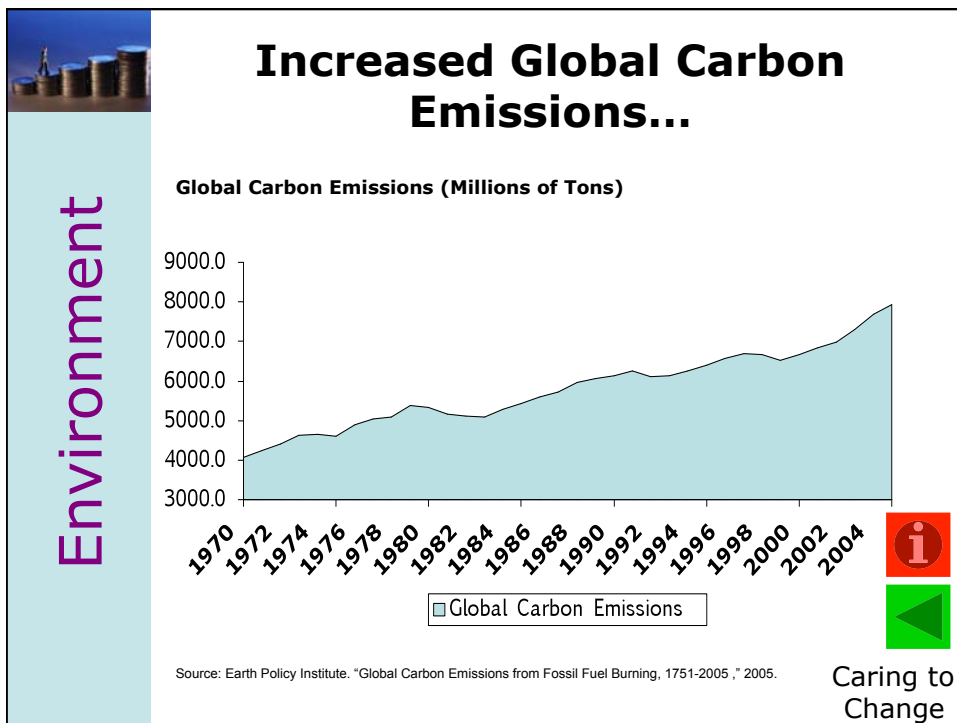
Health

Minorities suffer disproportionately from many illnesses, even after controlling for socioeconomic status.

Source: *Knowledge to Action*. Grantmakers in Health, 2007.

Caring to Change

This slide features a vertical light blue bar on the left with the word "Health" written vertically in purple. At the top left, there is a small image of a person standing on a stack of coins. The main text is centered in a green, serif font. A green square with a white triangle pointing left is located in the bottom right corner.



Increased Global Carbon Emissions...

Environment

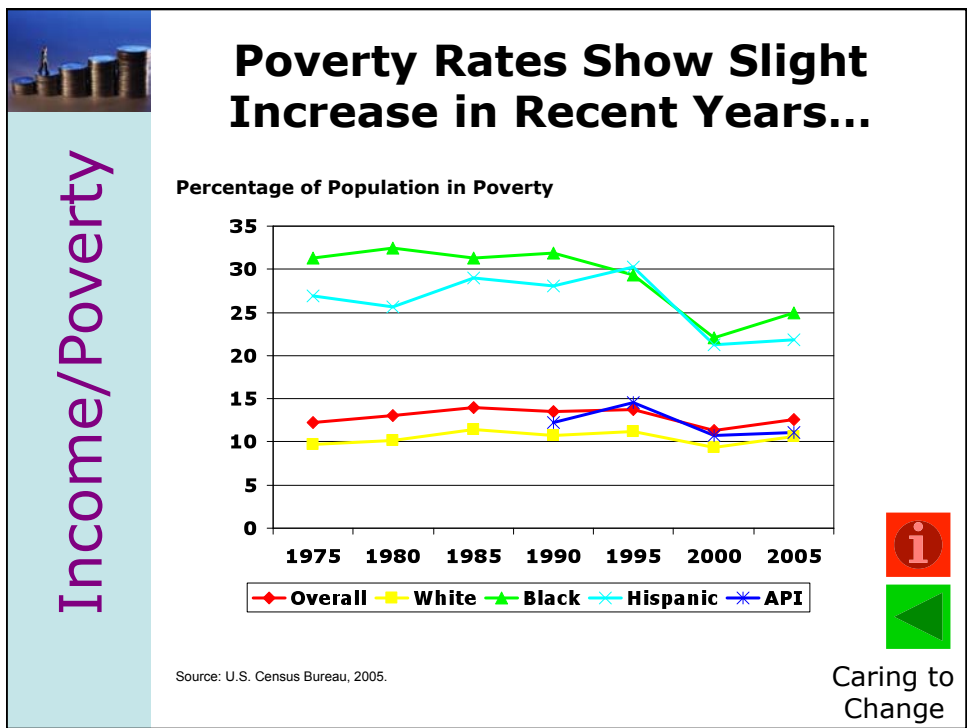
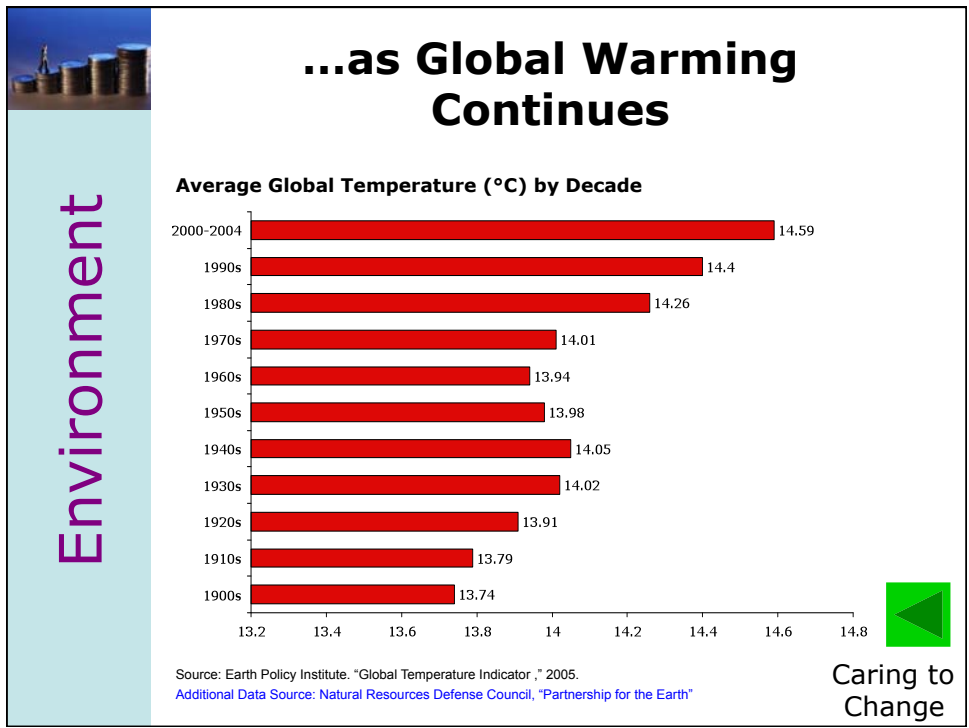
Global Carbon Emissions (Millions of Tons)

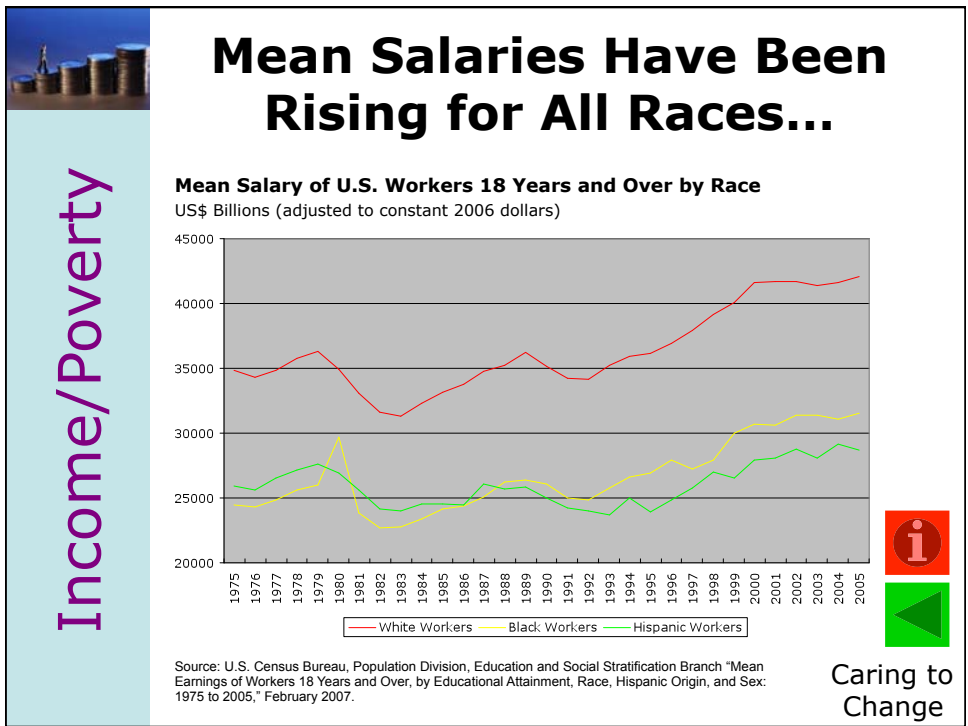
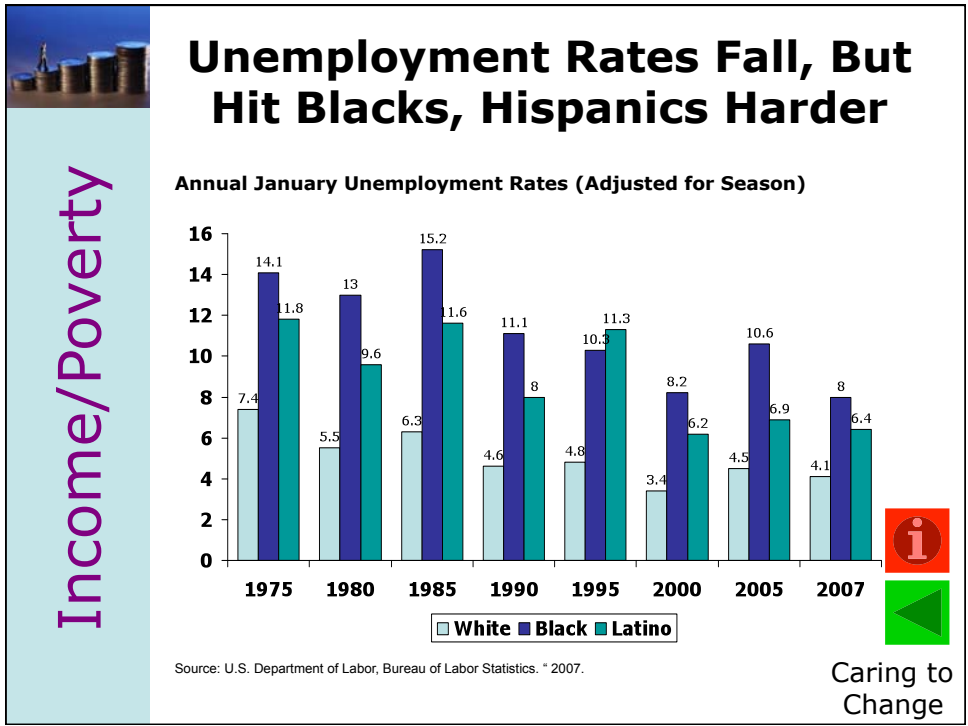
Year	Global Carbon Emissions (Millions of Tons)
1970	4000.0
1972	4200.0
1974	4500.0
1976	4800.0
1978	5000.0
1980	5200.0
1982	5000.0
1984	5200.0
1986	5500.0
1988	5800.0
1990	6000.0
1992	6200.0
1994	6000.0
1996	6500.0
1998	6800.0
2000	6500.0
2002	7000.0
2004	7800.0

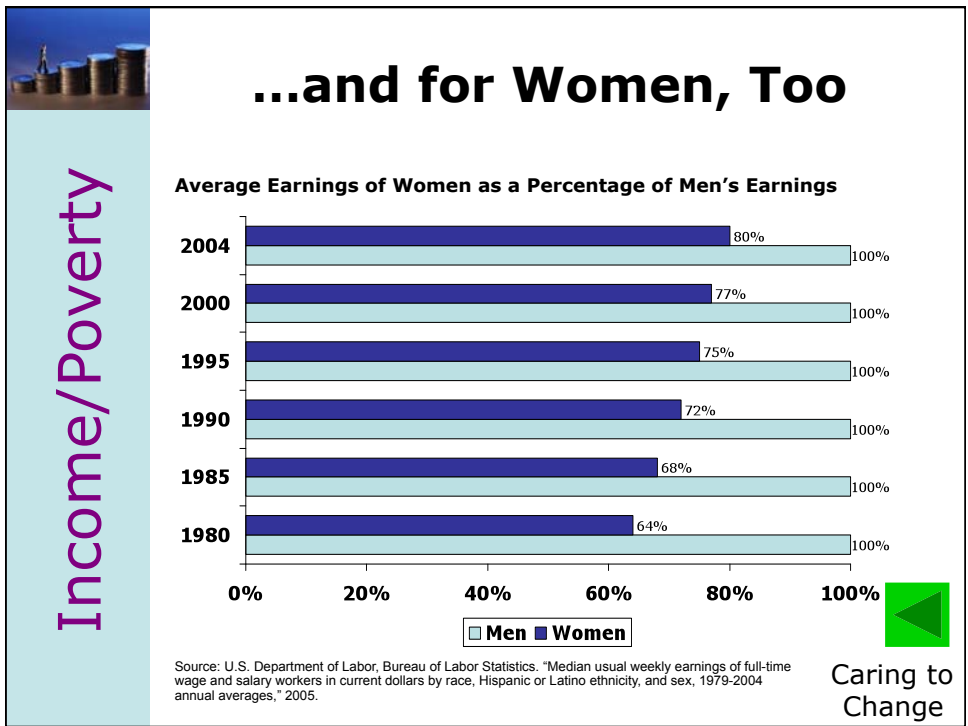
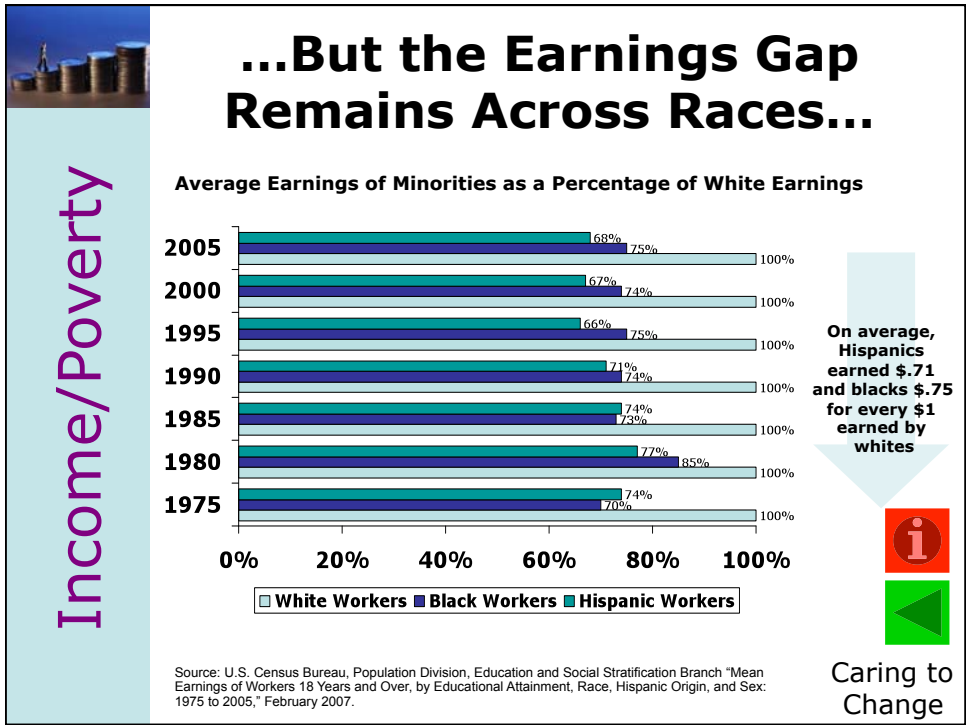
Source: Earth Policy Institute. "Global Carbon Emissions from Fossil Fuel Burning, 1751-2005," 2005.

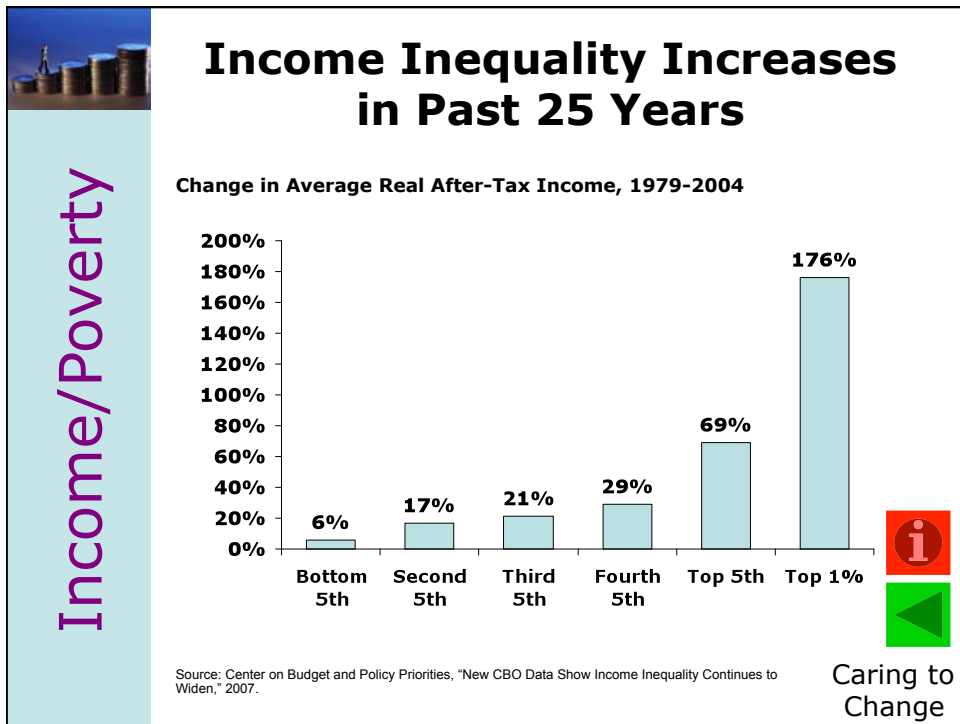
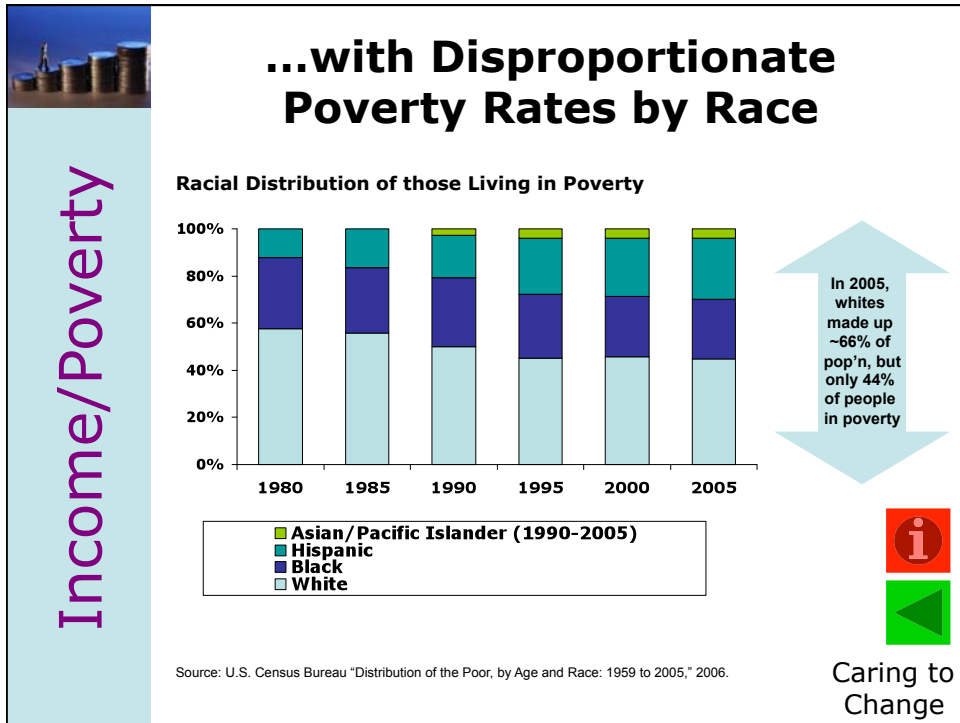
Caring to Change

This slide features a vertical light blue bar on the left with the word "Environment" written vertically in purple. At the top left, there is a small image of a person standing on a stack of coins. The title "Increased Global Carbon Emissions..." is centered in bold black font. Below it is a line graph with a light blue fill area showing the trend of global carbon emissions from 1970 to 2004. The y-axis is labeled "Global Carbon Emissions (Millions of Tons)" and ranges from 3000.0 to 9000.0. The x-axis shows years from 1970 to 2004 in two-year increments. A legend below the graph identifies the blue area as "Global Carbon Emissions". In the bottom right corner, there is a red square with a white lowercase 'i' and a green square with a white triangle pointing left.








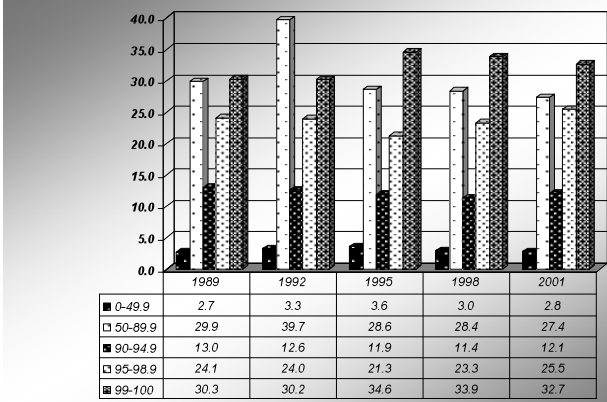


Income/Poverty




Inequality in Wealth Continues to Be Incredibly Skewed

Top 5% has over 58% of wealth --- Bottom 50% under 3%




	1989	1992	1995	1998	2001
■ 0-49.9	2.7	3.3	3.6	3.0	2.8
□ 50-89.9	29.9	39.7	28.6	28.4	27.4
■ 90-94.9	13.0	12.6	11.9	11.4	12.1
□ 95-98.9	24.1	24.0	21.3	23.3	25.5
■ 99-100	30.3	30.2	34.6	33.9	32.7

Source: Federal Reserve Bank of Chicago, "Wealth Inequality: data and models," 2005.




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Education




Some Words on Where We Stand Today

“We know that global competition requires us to revamp our educational system, replenish our teaching corps, buckle down on math and science instruction, and rescue inner-city kids from illiteracy. Our debate seems stuck between those who want to dismantle the system and those who would defend an indefensible status quo, between those who say money makes no difference in education and those who want more money without any demonstration that it will be put to good use.”


 Senator Barack Obama
The Audacity of Hope
 2006



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Education


Some Words on Where We Stand Today

"How can we rest when poverty and inequality continue to rise? How can we sleep, while 46 million of our fellow Americans do not have health insurance? How can we be satisfied, when the current economy brings too few jobs and too few wage increases and too much debt? How can we shrug our shoulders and say this is not about me, when too many of our children are ill-prepared in school for college and unable to afford it, if they wish to attend?"

Senator Hillary Rodham Clinton
Speech on 42nd Anniversary of Selma March (2007)



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Education



Some Words on Where We Stand Today

"The dropout epidemic in the United States merits immediate, large-scale attention from policymakers, educators, the non-profit and business communities and the public."


The Bill & Melinda Gates Foundation
The Silent Epidemic: Perspectives of High School Dropouts
2006

"Some say it is unfair to hold disadvantaged children to rigorous standards. I say it is discrimination to require anything less. It is the soft bigotry of low expectation."

President George W. Bush
January 8, 2002



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Education


Some Words on Where We Stand Today

“The increasing wage gap between those with and without postsecondary education places student achievement in high school at the crossroads of income inequality... Despite these needs, many educators are saddled with an antiquated secondary school system conceived at the beginning of the last century.”

The Carnegie Corporation of New York
Creating a New Vision of the Urban High School
2001



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Health


Some Words on Where We Stand Today

“America's public health system is not equipped to respond to disasters such as Hurricane Katrina; nor is it sufficiently prepared to respond to the rising burden of chronic diseases, like cancer and heart disease, and address the growing disparities in health based on race, ethnicity and income.”


Robert Wood Johnson Foundation Website



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Health





Some Words on Where We Stand Today


“Overweight and obesity are among the most important of [our nation’s] new health challenges. Our modern environment has allowed these conditions to increase at alarming rates and become highly pressing health problems for our Nation. At the same time, by confronting these conditions, we have tremendous opportunities to prevent the unnecessary disease and disability that they portend for our future.”

Former U.S. Department of Health and Human Services Secretary Tommy Thompson
The Surgeon General’s Call to Action to Prevent and Decrease Overweight and Obesity


2001



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Health





Some Words on Where We Stand Today


“We still live in a country where there are two different Americas. One for all of those people who have lived the American dream and don’t have to worry, and another for most Americans, everybody else who struggles to make ends meet every single day. It doesn’t have to be that way. We can build one America where we no longer have two health care systems: one for families who get the best health care money can buy, and then one for everybody else rationed out by insurance companies, drug companies, HMOs.”

Former Senator John Edwards

July 28, 2004



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Environment


Some Words on Where We Stand Today

“[Global Warming] isn’t a Hollywood invention nor is doing something about it a vanity of Cassandra-like hysterics. It is a serious and urgent economic, environmental and national security challenge .”

Senator John McCain
The New York Times
April 23, 2007



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Environment


Some Words on Where We Stand Today

“Significant harm from climate change is already occurring, and further damages are a certainty. The challenge now is to keep climate change from becoming a catastrophe. There is still a good chance of succeeding in this, and of doing so by means that create economic opportunities that are greater than the costs and that advance rather than impede societal goals. ”

United Nations Foundation
Confronting Climate Change: Avoiding the Unmanageable and Managing the Unavoidable
2007



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Environment


Some Words on Where We Stand Today

“Future generations may well have occasion to ask themselves, ‘What were our parents thinking? Why didn’t they wake up when they had a chance?’ We have to hear that question from them. Now. ”

Vice President Al Gore
An Inconvenient Truth
2006



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Income/Poverty

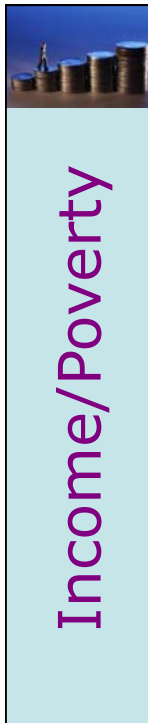
Some Words on Where We Stand Today

“So the numbers of the desperately poor grow, the level of support declines, and the gulf between rich and poor yawns ever wider. We are a better country than that. Or at least we'd like to think so.”

Rev. Jesse Jackson
“American has Poor Excuse for Poverty,” *The Chicago Sun-Times*
February 27, 2007




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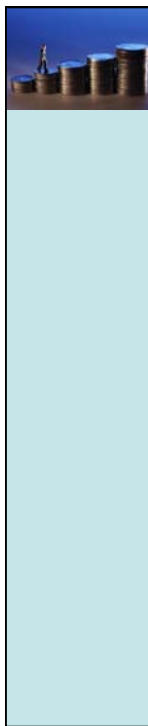
Some Words on Where We Stand Today

“Advocates of social and economic justice in the United States should be in the front ranks of those demanding more accurate assessments of U.S. poverty. Without a clearer sense of where we stand, how we got here and where we are headed, most initiatives aimed at reducing poverty in the United States will be needlessly ineffective.”

Nicholas Eberstadt
“Why Poverty Doesn’t Rate,” *The Washington Post*
September 3, 2006



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Worsening Public Attitudes Toward Philanthropic Sector

- “Prior to September 11, 2001, public confidence in charitable organizations was generally high and largely unqualified. Americans gave the benefit of the doubt to charitable organizations despite occasional high-profile scandals...they never wavered in believing that charitable organizations pay a major role in making their communities better places to live.”
 - Paul Light, Brookings Institution


Percent of Public Having a lot of Confidence in Nonprofits:

Month	Confidence Level
June 2001	25%
May 2002	18%

Percent of Public Having No Confidence in Nonprofits:

Month	No Confidence Level
June 2001	8%
May 2002	17%

Source: Light, Paul. “To Give or Not to Give: The Crisis of Confidence in Charities.” Brookings Institution, December 2003, accessed at <http://www.brook.edu/comm/reformwatch/nw07.pdf>.



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Recent Philanthropic Scandals Impact Gov't Attitudes...

- Increased scrutiny following September 11, 2001 include Senate Finance Committee hearings lead by Senator Charles Grassley:

"It is obvious from the abuses we see that there's been no check on charities. Big money, tax free, and no oversight have created a cesspool in too many cases."



Source: Strom, Stephanie, "Charities Face Increased Reviews by I.R.S. as Senate Considers Strengthening Oversight," *The New York Times*, June 23, 2004.

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...Leading to Increased Gov't Oversight of Philanthropy


- 2007: IRS proposes changes to Form 990, the main tax form for charities and foundations, designed to more clearly show executives' salaries and charitable impact
 - "This new form will help the public and the IRS assess whether tax exempt organizations are staying true to the reasons they were granted exempt status in the first place. We must be assured that the public's donations are used appropriately." -Senator Max Baucus, June 2007



Source: Strom, Stephanie, "I.R.S. Seeks More Charity Transparency," *The New York Times*, June 15, 2007.

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APPENDIX E

THE CHRONICLE OF PHILANTHROPY “OPINION”

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How Even Great Foundations Can Do More for the Common Good

By MARK ROSENMAN

IN THE PAST FEW DECADES the growth of organized philanthropy has brought more grant making for all kinds of causes—including efforts to feed hungry people, prevent illness, protect human rights and the environment, and promote arts and culture. Some of those grant programs have made a big difference while others have not, prompting questions about foundations' operations.

Some people say foundations support projects valuable only to a select, and often privileged, slice of the population or give money to causes with comparatively narrow appeal. Others contend that with the varied missions of endowed foundations, combined with living donors' interests, just about all causes end up getting served in some way, even if the amount spent is not always appropriate to the need.

Increasingly, as skepticism about philanthropy's spending has grown, policy makers and others have begun to ask if it is wise just to give foundations a free hand to pick what causes and groups they will support. How significant and enduring are the benefits from philanthropic support? Can foundations' contribution to society be measured by summing up all of those separate and disparate efforts and comparing them to the costs of foundations' special tax treatment? Are foundations truly serving the common good?

When Caring to Change (a project I direct) talked with more than 150 foundation and nonprofit staff members—and then brought together a group of philanthropic leaders—to consider how grant making might have a greater impact, we started by asking whether decreasing suffering, improving arts and education, and all other such diverse efforts were sufficient to prove the point that foundations well serve people and society. While

those are all very good things, they may even be great things, the answer from the people we asked was clear: Philanthropy must do more for the common good.

Caring to Change also sought these participants' ideas about how grant making could achieve more substantial and sustainable results. They concluded that since current grant-making practices don't yield enough, new approaches are needed. The role of

How significant and enduring are the benefits from philanthropic support?

philanthropy, they said, must indeed be to truly serve the common good. No matter how well each foundation does in its particular mission and grant-making niche, each foundation needs to advance the broader interest. They were clear that the common good is more than an aggregation of individual goods that benefit particular groups or causes.

The challenge to foundations then is to set their programs in context of the common good: to help grant makers, policy makers, and the public at large understand that it is possible to focus on a narrow mission as long as their grant-making efforts are designed creatively to ensure they will have broader benefits that strengthen the fabric of America.

For instance, the hotel mogul Leona Helmsley's much-discussed directive that her foundation's billions ought to tend to the welfare of dogs has attracted much controversy. Perhaps it would have raised fewer eyebrows if it had been interpreted to include, for instance, efforts to increase the diversity of people studying the veterinary sciences. After all, many minority and

poor people who might make great veterinarians probably would never get the opportunity unless a donor decided to support an effort to reach out to them and help them prepare and pay for their education.

It could also mean supporting organizations that work with individuals who are cruel to animals, with an understanding that the dehumanizing circumstances of some people's lives may too often lead to poor treatment of animals. It might even provide aid to poor people who can't afford to properly feed or provide veterinary care for their pets. Such a creative approach to thinking about what it means to help dogs could lead to grant-making that advances the common good.

Yet even such creatively cast grant-making programs probably would fall short in advancing the common good if they were designed principally to help individuals, apart from their communities and longer-term considerations. To fully benefit the common good, grant makers would focus on the causes of the problems they seek to solve, and their efforts would be informed by an understanding of the interdependencies of people, communities, and institutions.

For instance, if minorities or people from low-income neighborhoods too rarely enroll in veterinary schools, why is that so and how can those dynamics be changed for the entire group rather than just for select individuals? How can we challenge dehumanization instead of simply counseling individuals who abuse animals? And if low-income people have difficulty covering the costs of pet care, how can we raise their income levels or reduce the costs of care rather than simply providing individuals with a subsidy?

But then exactly what does it mean to work for the common good—does it mean to improve the lives of poor peo-

ple and others at the margins of our society?

Put simply, working for the common good means operating in the interests of the broadest possible swath of people according to long established values.

It requires action, based on both morality and enlightened self-interest, to better allow all people to enjoy a life of justly and humanely distributed resources, rewards, responsibilities and obligations. It requires working for change in society as well as in organized philanthropy.

Each foundation might seek to commit itself to fulfilling the broad role of philanthropy. Such a role was best expressed decades ago by the renowned public leader and foundation official Paul Ylvisaker: Foundations might simultaneously provide relief to individuals and for causes in need of immediate help; build and support institutions that offer goods to all, including those not in immediate need; and work to change the social, economic, political, and other dynamics that constrain the common good.

But what kind of change? Committing to the common good will require foundations to wrestle with defining it fully. And to do so, foundations themselves will need to become clearer about their values. Yet most grant makers seem to shy away from proclaiming theirs. Some probably fear that declaring values will move them toward ideology, while others may be reluctant to tread into such highly personal territory.

Foundations ought to fear little, however. The fact is that the common good rests on values that are central to the American credo. Since our founding, Americans' sense of the common good has been enshrined in the Constitution. It means freedom from untoward interference in our individual and collective lives, as secured by the Bill of Rights. It means freedom to have equal opportunities to pursue society's rewards, independent of the circumstances of our birth, demographic characteristics, and socioeconomic class, as is promised by the American Dream.

Researchers show us that justice, fairness, and freedom are central to the common good. Responsibility for ourselves and one another, commitment beyond ourselves and compas-

sion for others, reciprocity and mutuality, truth, and honesty, also are significant, as are connection and community. While grant makers and others may not always agree on all of elements of the common good, it is imperative that those ideals be at the core of how foundations define their value systems.

Foundations need to respect, even promulgate, the values that undergird our ability to live in communities and societies governed by laws and regulations that themselves are fundamental to the broader common good. Those common values, grounded in our religious traditions, are essential to defining, assuring, and extending the common good. It cannot be achieved through piecemeal application of selected values.

Some of those values may be seen at times to conflict with one another, especially by conservative and progressive foundations.

Apparent contradictions can arise in applying values, most often when individual rights and freedom are contested with the social whole.

For instance, an individual's freedom may be constrained by calls for mutual responsibility, the requirements to refrain from acts harmful to another, or sometimes even by justice. In a multicultural society, disagreements can often arise in the effort to balance respect for individual rights and community traditions.

In such situations, foundations must not confuse "common values" with "majority rules," particularly when that majority is not built on a base of equitable participation for all in society.

In articulating the elements of the common good for organized philanthropy, it is essential that the diversity of the populace have full voice and power. This includes representation across socioeconomic class as well as race, gender, ethnicity, sexual orientation, religion, age, and other important characteristics.

Such pursuits create a clear, if circular, agenda for foundations. In serving the common good, it is essential that social justice prevail: that all in society have both the right and the capacity to participate effectively in defining it through discourse and in action. The common good also requires full and equal access to par-

ticipation in our democratic processes and institutions, as well as effective controls over any abuse of power and position. This becomes circular because social justice is an inevitable outcome of any effort to promote the common good.

The commitment to define and act on common-good values ought not to be seen as a theoretical exercise. Rather, it is a prudent decision that allows foundations to move beyond narrow interests and self-regard to realize a society in which all may prosper. In fact, it is precisely because of the common good that individuals may themselves be secure in society's benefits and in their own accomplishments and rewards.

By thinking about and acting on the common good, foundations are more likely to produce significant and sustainable results in achieving their missions and at the same time promote changes that make a difference in the broader society.

The time for this shift has come: too many people seem to have lost sight of the notion that "we're all in this together, we're all in the same boat" and substituted "every person for herself or himself, every boat on its own bottom." As a consequence of such narrowly focused attention and selfishness, a universe of societal problems has become more intractable and their solutions more difficult. Problems spread in breadth and depth, filling the void left by diminishing concern for one another and for the whole.

No matter what the mission of any foundation, we indeed are all in this together. While differences among donors and across our society certainly exist, it is only by seeking the common good that we can find enduring and fully consequential benefit from grant making. As the sociologist Robert Bellah reminds us, "We the People' are not a special-interest group."

With foundations' leadership, the common good—and philanthropy's contributions to it—will be increasingly recognized and appreciated by policy makers and the broader public.

Mark Rosenman directs Caring to Change, a project in Washington that seeks to improve how grant making serves the public.

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