



The Center for Public & Nonprofit Leadership

Issues Forum

THE COST OF CAUTION: ADVOCACY, PUBLIC POLICY, AND AMERICA'S FOUNDATIONS

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Educating Leaders Who Change the World

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DIRECTOR'S COMMENTS

In choosing the topic for the Center's 2005 Issue Forum – "The Cost of Caution: Advocacy, Public Policy and America's Foundations" – we sought to create a venue in which to explore the challenges posed by a changing era for philanthropy. One of the foremost contemporary students of philanthropy, Robert L. Payton, brings perspective to this changing era as he writes about four fundamental supports of American life¹, supports that stand almost as legs supporting a stool:

- Self help, or our ability to take care of and serve ourselves;
- Mutual aid, meaning our webs of family, religious institutions, associations, and friendships that help sustain us;
- Government assistance, that is, provision by the state of goods (and services) that will not be provided by self-help or mutual aid, such as safety and defense, foreign policy, roads and transit, and, to a degree, care of the poor and marginalized;
- Voluntary service, meaning philanthropy, nonprofits and what we have come to think of as the independent sector.

Much of the cultural and political angst in America today is the result of shifting weight, strength and power among these four legs and, consequently, the rebalancing that must occur between them. In such a time of change, philanthropy may seek to influence this rebalancing, or take a more passive role and respond to the influences of others. Which is the appropriate role for philanthropy and, if the appropriate role is a proactive one, how might philanthropic agents, particularly foundations, which hold the bulk of philanthropy's assets, best fulfill that role?

Foundations and the nonprofits they fund can be important centers of thought, action and involvement, and yet foundation advocacy – at whatever level – draws both criticism and praise. Some foundations are active in advocating on national public policy issues, seeking to influence policy and legislation on matters as diverse as gun control, immigrant welfare, and health care reform. Inevitably, differing political views drive praise or criticism – both for efforts made and for the lack of effort.

Foundations – big and small – face the challenge of advocating in their own interests, whether it be around proposed changes in government oversight and regulation or issues of taxation that may impact philanthropy. Again, there are those organizations that choose to be active and those that choose to remain out of the fray. Some foundations choose to work at a more local level, funding advocacy efforts of nonprofits or coalitions of nonprofits seeking to influence local or state policy makers on issues ranging from neighborhood cleanup to state budget allocations. Often these activities raise the eyebrows of those less familiar with philanthropy in an activist role.

For every voice criticizing foundations for taking a proactive posture, there is a counter voice sounding alarms that foundations are slipping into the role of service providers or becoming surrogates for government. Which voices should claim our attention? And what, indeed, is the cost of action, or alternatively, of remaining on the sidelines?

We are grateful to our distinguished panel for their willingness to wrestle with this complex topic and, hopefully, shed new light that will help guide future conversations.

Kathy Postel Kretman, Ph.D.
Director, Center for Public & Nonprofit Leadership

¹ "A Defining Moment in Philanthropy," Robert L. Payton, www.paytonpapers.org

PANEL BIOGRAPHIES

MODERATOR

Teresa J. Odendahl holds the Waldemar A. Nielsen Chair in Philanthropy at Georgetown Public Policy's Center for Public & Nonprofit Leadership. Odendahl is the co-founder of the Institute for Collaborative Change and recently served as Senior Program Officer at The Wyss Foundation. For a decade she was Executive Director of the National Network of Grantmakers where she led a campaign to increase foundation payout. She is Board Chair of the National Committee for Responsive Philanthropy and Vice Chair of the Center for Economic Justice. She was a co-founder of the Institute for Women's Policy Research and serves as board member emeritus. Odendahl is the author of *Charity Begins at Home: Generosity and Self-Interest Among the Philanthropic Elite* (Basic Books, 1990) and the co-editor and contributor with Michael O'Neill of *Women and Power in the Nonprofit Sector* (Jossey-Bass, 1994) as well as numerous other publications.

PANELISTS

Emmett D. Carson is currently the president and CEO of The Minneapolis Foundation. Since his arrival in 1994, The Foundation has expanded its grantmaking and communication efforts and increased its assets from \$186 million to well over a half billion dollars. Previously, Carson was the first manager of the Ford Foundation's worldwide grantmaking program on philanthropy and the nonprofit sector. He also has worked for the Joint Center for Political and Economic Studies and the Congressional Research Service. An internationally recognized speaker and advocate for progressive social change, he has published over 75 works on philanthropy and social justice. Carson serves on several nonprofit boards including the Council on Foundations (Board Chair), Blue Cross Blue Shield of Minnesota, Southern Education Foundation, and the University of Minnesota's Humphrey Institute of Public Policy, among others. He is the recipient of several nonprofit leadership awards and has been recognized by *The Nonprofit Times* as one of the 50 most influential nonprofit leaders in the United States.

Cecilia Muñoz is the Vice President of the Office of Research, Advocacy and Legislation at the National Council of La Raza (NCLR). She began at NCLR in 1988 as a Senior Immigration Policy Analyst, and her area of expertise is immigration policy. Muñoz represents NCLR before the media, Congress, and policy-makers in Washington. Her media credits include the *Today Show*, *Good Morning America*, the *Newshour with Jim Lehrer*, *Dateline NBC*, the *McLaughlin Group*, *CNN* and *National Public Radio*. She serves on the Boards of Directors of the Washington Office on Latin America and the Appleseed Foundation. She also serves on the U.S. Advisory Committee of Human Rights Watch and the Executive Committee of the National Immigration Forum. In June of 2000, Muñoz was awarded a MacArthur Foundation fellowship in recognition of her work on immigration and civil rights. In 2001, the Mexican Government presented her with its Ohtli award for her work advancing the cause of Mexicans living and working in the United States, and *Washingtonian* magazine named her one of eight "Women to Watch."

PANEL BIOGRAPHIES (CONT.)

William A. Schambra is the director of the Hudson Institute's Bradley Center for Philanthropy and Civic Renewal. Before joining the Hudson Institute in January 2003, Schambra spent ten years as director of programs at the Bradley Foundation in Milwaukee. Schambra served as a senior advisor and chief speechwriter for Attorney General Edwin Meese III, Director of the Office of Personnel Management Constance Horner, and Secretary of Health and Human Services Louis Sullivan. He was also director of Social Policy Programs for the American Enterprise Institute and co-director of AEI's "A Decade of Study of the Constitution." Schambra was appointed by President Reagan to the National Historical Publications and Records Commission, and by President George W. Bush to the board of directors of the Corporation for National and Community Service. Schambra has written extensively on the Constitution, the theory and practice of civic revitalization, and civil society in *The Public Interest*, *Public Opinion*, *The Wall Street Journal*, *The Washington Times*, *Policy Review*, *Christian Science Monitor*, *Nonprofit Quarterly*, *Philanthropy* and *Crisis*, and is the editor of several volumes, including *As Far as Republican Principles Will Admit: Collected Essays of Martin Diamond*.

RESPONDENTS

Pablo Eisenberg is a Senior Fellow at the Georgetown Public Policy Institute's Center for Public & Nonprofit Leadership. Before coming to Georgetown in January 1999, he served for 23 years as the Executive Director of the Center for Community Change. A regular columnist for *The Chronicle of Philanthropy* and *The Nonprofit Quarterly*, Eisenberg has published numerous articles and chapters of books. In December 2004 his book, *The Courage to Change*, was published by The New England Press. Eisenberg is a founder and member of the Executive Committee of the National Committee for Responsive Philanthropy and is President of Friends of VISTA. He serves on the boards of Youth Today, Eureka Communities, and the Eisenhower Foundation, and is also a member of the National Board of the University College of Citizenship and Public Service at Tufts University.

Gara LaMarche is Vice President and Director of U.S. Programs for the Open Society Institute, a foundation established by philanthropist George Soros to promote open societies around the world. LaMarche's articles on human rights and social justice issues have appeared in publications including *The New York Times*, *The Washington Post*, *The Los Angeles Times*, *Newsday*, *The Nation*, *The American Prospect*, *The Texas Observer*, and *The Wharton Magazine*, and he is the editor of *Speech and Equality: Do We Really Have to Choose?* LaMarche has taught at New School University and The John Jay College of Criminal Justice. He serves on the board of Article 19, the international free expression organization, and as a member of the Sundance Documentary Fund Selection Committee. He also serves on the U.S. Advisory Committee for the London-based human rights magazine *Index on Censorship*, and on the Advisory Committee for the Human Rights Watch Women's Rights Division.

INTRODUCTION

Kathy Kretman: Good morning. I am Kathy Kretman, the Director of Georgetown University's Center for Public and Nonprofit Leadership, and it is my pleasure to welcome you to what has now become our annual Issues Forum. The enthusiasm that has greeted each of these sessions has encouraged us in our efforts to bring together people across sectors around issues of concern and of common interest.

Today's event promises to be engaging and provocative, and on behalf of the Center, I would like to thank all of you for coming. I am especially delighted to see in attendance a number of students from local universities, and I hope that you, our next generation of publicly-minded leaders, will become involved in the discussion today. I would also like to take this opportunity to thank the Surdna Foundation for its help in underwriting this Forum.

Without any further ado, I am going to turn the discussion over to our moderator, Terry Odendahl. Thank you very much.

PANEL DISCUSSION

Terry Odendahl: It is my great pleasure to serve with this distinguished group of panelists and to have such a fine audience to join in the conversation.

To begin the conversation, I have posed four questions to the presenters to reflect upon in their presentations:

- What are the appropriate roles of the 65,000 foundations in the United States?
- Should foundations be required to serve the public good? And if so, what is the public good?
- Are foundations overly cautious? And if so, why?
- What kinds of advocacy should foundations fund?

Let me add some commentary: With \$435 billion in assets, why do foundations make grants of only \$30 billion a year? Why do foundations, as a group, spend a quarter of their grants on education compared with 12 percent spent on what The Foundation Center terms "public affairs/society benefit ." And why is less than 2 percent of that 12 percent going to civil rights and social action? On the other side of the coin, why is it that charitable organizations spend only 2 percent of their budgets on advocacy and lobbying activities?

Emmett Carson: I appreciate and welcome the opportunity to share some views on the questions that Terry just posed. Let me start with an orienting framework, or world view, if you will: In the United States, the foundation/non-profit/volunteer infrastructure is a critical part of our democratic system.

Foundations are the expression of the founders' values, whatever they are. Just as individuals are able to vote in different ways across different lines for different things and be, at times, inconsistent and illogical in our voting patterns, so foundations and their founders represent similar diversity, variety, inconsistency and, at times, illogical behavior.

Foundations play an important role in supplementing government and in opposing government; in saying what government ought to do more of and saying what government ought to do less of. That is their role. That is the role they play in this country.

I don't think it is useful, productive or helps to clarify the debate in any way to label foundations as conservative or liberal. Such labels don't take you anyplace and don't get you anyplace. I'm liberal on some things; I'm conservative on others. Just as people are that way so are institutions. Of more importance, I think, is understanding why foundations get involved in particular roles, why they don't, and why they should. And if they are cautious, why.

I've never seen a foundation mission statement in which the founder says "use my wealth to keep the status quo. Do everything you can to assure that society remains just the way it was when I left." I've never seen a mission statement like that. What I see are mission statements that say "I have an interest and in my area of interest, I want to see changes. I want kids to see the arts. I want young kids to be fed. I want diseases to be cured. I want the environment to be protected."

If you accept that, then every foundation at some level is a change agent. That's what they are about. They see society as a snapshot and they want to move it forward to look like something else. In some way, they want it changed from what it is to something else. And they want to promote that kind of change. So, if that is true, why don't more foundations engage in some kind of advocacy to be change agents?

I offer four explanations – from least important to most important:

1. Foundations have a fundamental misunderstanding of what the law allows in the area of advocacy. There persists a view on the part of foundations that they cannot engage in advocacy. In fact, the rules and regulations have been changed expressly to encourage foundations to be advocates. It is the most amazing thing in the world: we write a law that says "here is how you can be an advocate and be completely consistent with the law" and foundations persist in saying, "You know, we can't do that. I'd love to do it, but it's against the law."
2. Foundations fear criticism. The field is insulated from the marketplace and largely not regulated by government. (By that I mean the regulations are very minimum: The payout rate is not a very onerous minimum and you can support any 501(c)(3) you want. It's not really tough requirements to have to meet.) And yet foundations are too thin-skinned, worried that somebody might disagree with us.

Our fear, as a field, prevents us from encouraging one another to jump into the conflict. Like it or not, American society is about a dynamic tension of conflict of ideas. It's freedom – it's freedom for everybody to have their ideas. You get in there and you elbow and you argue and you fight and you discuss and a consensus emerges. And that consensus holds for a while and then different people come and different things happen and you argue about it all over again. That's democracy. That's what it is about. But we don't like conflict.

3. Foundations have moved to an over-emphasis of measurement and evaluation, which has constrained and limited our passion. We put so much stress on whether you can measure it and prove it is successful that we have forgotten why we try to do the things we want to do. Two quick examples: One, the bumblebee. If you were to go to an engineer today and draw a bumblebee, the engineer would tell you it cannot fly. Impossible - aerodynamically impossible. Too top-heavy. Yet bumblebees fly every day. Foundations with their engineering eyesight don't see the possibility and, therefore, don't fund it. Second, Martin Luther King. A young, ambitious, articulate, black minister comes and says, "I want to tear down discrimination."

- Well, what's your plan?

“I am going to go talk to some people and see what we can do. And I'm going to do it in 10 years or less.”

- *Impossible, can't believe it, can't work, no strategic plan, no infrastructure. You and this little church basement? Pu-leeze!! We're sorry, we've got more proposals than we could support this year.*

We've got to bring balance back to evaluation and passion.

4. Foundation boards and staff no longer believe they can actually change the world and fulfill the dreams of their founders. So they cease to try, creating a self-fulfilling prophecy.

I'm reminded of this song, and I'm sure you've heard it, *I Believe I Can Fly*:

I believe I can fly.
I believe I can touch the sky.
I think about it every night and day
Spread my wings and fly away...
I believe I can fly.

Foundations have ceased to believe they can fly. And until we do, we will not believe in the power of advocacy, we will not believe in the power of change. We will be limited and constrained by our need to always prove something can be successful before we invest in things that might be successful.

Bill Schambra: I suspect that most large American foundations would be somewhat puzzled by this panel's premise, that foundations are too cautious about engaging in public policy. Foundations, in fact, think they are extremely engaged. But I suggest what they mean by engagement has less and less relevance to the contemporary political scene.

Foundations' notion of engagement is shaped by the century-old progressive movement. Progressivism never cared much for the rough and tumble of partisan politics – too much amateurish participation by all those crude, ill-informed citizens. So, it tried over the decades to recast public policy as a series of tidy technical problems to be solved by professional experts.

This view continues to resonate today. Describing the work of the Pew Charitable Trusts recently, for instance, president and CEO Rebecca Rimel put it this way: “In an era of personal attacks and polarization, the Trusts strive to provide objective information and to seek common ground solutions to many of our country's most vexing problems by drawing on the best and brightest minds.”

By that standard – experts solving technical problems – most large American foundations can indeed claim to be engaged in shaping public policy. But this standard is coming under increasing fire today, not just from conservatives, but from fellow progressives. Consider the recent essay, *The Death of Environmentalism*², written by activists Michael Schellenberger and Ted Nordhouse. They argue that the problem-solving approach, in fact, contributed directly to the death of their beloved movement. By reducing environmental issues to merely technological problems, foundations actually sapped the movement's political energy. Some suggest that the triumph of expertise has similarly enervated other parts of the progressive agenda as well.

² *The Death of Environmentalism: Global warming politics in a post-environmental world* was released in October 2004 at a meeting of Environmental Grantmakers Association. Copies can be found at www.Grist.org

Now as a conservative, I'm tempted to whistle merrily past this intramural contest on the left, heeding Napoleon's dictum that you should never interfere with your enemy when he's in the process of destroying himself. But I'm not sure, in fact, that my enemy is in the process of destroying himself. I think he may, in fact, be in the process of renewing himself, which means I do need to interfere a little bit.

How might the death-of-environmentalism thesis help renew the left? The large foundations may be the last piece of progressivism's decaying institutional empire to realize that the public has become very skeptical about self-serving claims of disinterested expertise. Even journalism has begun to understand this; the mainstream media is finding it harder and harder to persuade us that they are just neutral, unbiased reporters of the news. But foundations are famously insulated from politics and markets, so they can pretend indefinitely that they are merely funding objective research. And no one in their immediate circle will set them straight because, when it comes to invisible imperial wardrobes, grant seekers are notoriously reluctant fashion critics.

That's why the death-of-environmentalism thesis is so important. It urges foundations to see that the public no longer responds to a politics of problem solving. It prefers a politics of conviction - that says, "you might not agree with my specific policies, but at least you know where I stand." To meet this challenge, the essay suggests progressives must now reflect more deeply about where they stand on fundamental questions, like what sort of political order do they wish to pursue, and what sort of political vision should they espouse.

Speaking of vision, my friends at the National Committee for Responsive Philanthropy argue that a coherent and unified vision of public policy is the key to success for conservative foundations. To be sure, conservatives do tend to refer frequently to fundamental principles. But contrary to NCRP's view, conservatism has not locked itself, I would argue, into a single, narrowly focused vision. Within a broad consensus about the virtue of the American constitutional framework, there flourish a number of contrasting schools of thought about the character of the American political order - some emphasizing liberty, some property, some national defense, some religious values.

Last February, the Bradley Center asked 20 leading conservative thinkers to wrestle with the question: What is the conservative vision? (The transcript now available online at our website, www.hudson.org). We had several quite distinct answers revealing some pretty fundamental differences. My favorite dispute involved the question: is belief in God essential for democratic morality? There wasn't even agreement on that question, though the folks at NCRP would have you believe that all conservatives yearn for the good old theocratic days of the Salem witch hunt.

The New York Times, just this past Sunday, carried an article by Jeff Rosen on conservatives' view of judicial power. But it was, in fact, a story about two diametrically conflicting conservative views, one arguing for judicial activism on behalf of property rights, and the other for judicial restraint.

These differences are reflected within conservative philanthropy as well. You'll find on the grant list of The Bradley Foundation (www.bradleyfdn.org), for instance, funding for godless libertarians, for god-intoxicated social conservatives, big-government conservatives, leave-us-alone conservatives, judicial restraintists, judicial activists, and so forth. This certainly is not the mono-chromatic ideological agenda conservatives are usually accused of pursuing. Conservatives embrace and acknowledge their differences, discussing them openly and publicly. As William Kristol, editor of *The Weekly Standard*, argued at the panel, when a movement begins to fear rather than welcome that sort of debate, then it's finished. Debate about the largest political questions compels conservatives to stay in touch with their fundamental values and principles. It's how they refresh themselves at the wellsprings of their own most cherished political beliefs.

Far from damaging the movement, this lively debate has, in fact, kept it agile, responsive and alive. That's why, if you're on the left, you should be heartened by the death-of-environmentalism debate. At last someone is saying let's break out of the moldy prison of technocracy. Let's re-visit the basic questions about what we're trying to accomplish as a political movement. If the left will now have this conversation, then it may indeed begin to refresh and renew itself.

To have such a large, messy and open-ended debate, the left is going to have to struggle against the gravitational pull of its own most generous funders. The large foundations, no doubt, will continue to mass their millions behind a narrow technocratic orthodoxy. For them, robust open-ended intellectual disputation can be quite alarming, far too much like that crude wrangling from which progressivism was supposed to deliver us in the first place

If, in fact, foundations surprise me and indeed welcome a vigorous and wholesome conversation, I sound one cautionary note: What if liberals were to decide that it really isn't possible to resolve our problems within the established constitutional framework, as conservative foundations maintain? What if they were to conclude, say, that the structural racism critique is correct, that America's political order is so fundamentally racist, sexist, and imperialist that it requires total root and branch change? Such a radical turn would simply push liberal philanthropy out of the frying pan of progressivism into the fire of revolution. It would become not only irrelevant, but downright dangerous.

But such an unlikely extreme shouldn't divert progressives from the task at hand. The first step on their comeback trail is to enter into expansive conversations about their deepest beliefs in spite of the drag weight applied by their own largest funders. The alternative is the slow, sustained decay of liberalism. That's not good for the nation, or even for conservatism, because we all benefit from an open, honest and fully competitive contest of political visions.

Cecilia Munoz: I am not a student or a scholar of philanthropy. I am a consumer of philanthropy. I work for a national civil rights and advocacy organization. It was very hard to prepare for this presentation without just recounting the litany of gripes. (A litany of gripes would not be helpful to this discussion, but we've got them.)

Ultimately, I agree with the premise that foundations should be about the business of change. At their best, advocacy institutions, such as my own and those of others here today, ought to be about the same business. The real question is how do you make that happen? There are many, many steps on the road, many bricks on that path. Which are the ones worthy of investment? Where are we investing and not investing in order to make change happen?

I believe that you can't affect change on a major scale without engaging in public policy and that means engaging in the elements of the public policy discussion that are safe as well as the elements that feel less safe. That means producing the information that hopefully guides a policy discussion, but it means more than that. If you pay any attention to the major policy debates of the day, they are lacking in data and information and they are not grounded in research. Often that is not because the research doesn't exist, but because we are not investing in ways to push the dialogue beyond rhetoric to thoughtful conversation that is actually going to produce change and produce policy that gets us to solutions.

In part, I think, investments tend to go into the areas of the dialogue that feel safer, less edgy, less out there, less likely to get your grantees names in the paper. If your grantees names are in the paper, it might be because they are promoting an agenda and beginning to have an impact. Impact almost never comes without some degree of controversy and some degree of difficulty. Rather than something to be feared, that is something to be embraced if you're about the business of making change.

Even at the community level this logic applies. Foundations invest in groups that are in the business of making change in their communities through programs, through education, through information - whatever it is. Foundations can help them become effective in making change on a small scale. But at the end of the day, the fact that successful program models exist at the community level does not mean that they will be replicated and taken to scale. If they are to be taken to scale in any serious way, guess what you need? Advocacy.

Whether you produce fabulous information that should be informing debate or program models that are capable of transforming communities, you don't get to change without the advocacy element.

We are woefully under-invested in the advocacy piece, in strengthening the voices that can make change happen at the community level and the institutional level, and more importantly, in strengthening the links between those various levels of the policy debate. We are most effective at change if there is a relationship between the conversations among communities, the conversations among advocacy institutions in state capitals and here in Washington, and the people who are actually writing legislation and regulations and making policy. Philanthropy works best when it identifies where those relationships exist and turbo-charges them, rather than trying to build new relationships from scratch.

There also is very little investment in the link between how research happens and how policy happens. During my sixteen years at NCLR, this has been a source of huge frustration. There is an assumption that if you are part of a community, a voice for a particular community or a particular interest, you are not objective and, therefore, should not produce the research or the data that contributes to a policy debate. In my experience, being part of a community or constituency, having that perspective, in fact, makes you informed and gives you the ability to articulate trends and patterns that may make a difference in the policy debate. We often see money being poured into a distant think tank - again, the venue that feels safer. But the think tank just sells you what they think, not what they are going to do. You are only buying the thinking, right? If you don't invest in the connection between thinking and doing, you are not getting to change.

Discussion and data and information are important, but by themselves, they don't get us where we need to be. There is precious little exploration around how to marry information with action, how to get to the place where you're sitting in the room with the person who is writing the bill or the regulations or, for that matter, characterizing it in the media.

I have to say, from my work in a minority institution, the notion that being outside of a community or a constituency makes you objective and being inside of it means that you're not makes us crazy. Here's what happens: we end up in funding strategies where there is major investment in producing the research because it's expensive and a modest investment in the voice piece. Consequently, we spend our energy educating the folks at the think tank who are doing the research because they don't know very much about us. That doesn't get you to change, and it is a source of enormous frustration.

Regardless of your political perspective, regardless of your ideological framework, we are in a divisive, divisive period, where there is much emphasis on who is on our side and who is on their side, who are the friends and who are the enemies. However, there are goals and values that Americans share; they share them across the political spectrum, and there is enormous potential and enormous work to be done together, collectively, to bring about change. That means, however, being willing to invest and daring to invest in unusual partnerships, supporting unusual partnerships where they exist, and investing in people who are willing to be a little bit loud in order to make change happen. At the end of the say, that's the only way that change occurs.

Terry Odendahl: I think the respondents have been given plenty of materials on which to comment. Gara, would you like to begin?

Gara LaMarche: It's great to be a respondent, because, as I said to some of my fellow panelists earlier, you can tear down without building up and have no obligation to be coherent. So I'm going to follow that. Let me just react to a couple of things that I've heard:

It may surprise some of you to know that I would associate myself with almost every single thing that Bill Schambra said. I don't disagree with hardly a word of it, although he lost me at the very end when he went on the structural racism thing because I don't think the critique of structural racism is outside the constitutional framework. I would not locate people who have that kind of concern as wanting to kind of explode the constitutional framework in the United States. Indeed, I think it's another kind of argument about what kind of constitutional framework we have. But up until that point, I must say, although he and I disagree on a lot of public policy issues, I really associate myself with most of his critique.

Part of the problem of the philanthropic community, of the non-profit community, and, I would say, on the progressive side in the political community, is a lack of conviction, a lack of articulated conviction. One of the reasons, I think, that the progressive side has been on a losing side in recent years is partly a consequence of the investments that the right has made in ideas and organizing and strategic thinking. Progressives suffer not only from a lack of such investment but also a paucity of thinking. There is, to a great extent, a lack of intellectual ferment and argument on the progressive side.

It really underscores a point that David Brooks - another person with whom I don't enjoy agreeing - made in his *New York Times* column a couple of weeks ago. Addressing the state of the progressive movement, Brooks said that if you want to take a page from the right, what you should understand is that it's not monolithic and that there is argument. Argument is the core of its strength, and, he concluded, in disunity there is strength. That made a lot of sense to me.

The Open Society Institute, for its part, has tried to open up the debate on a lot of issues in American society. Lest we kind of glamorize the result of such action, let me tell you what happens: you get attacked and often by the very people on the other side who are calling for such ideological argument. When a person such as George Soros stands up and tries to open up the debate on the drug war or the death penalty or whatever, there is a consequence to be paid. Now Soros is a strong character with plenty of resources, and he can take care of himself - he likes to sail into a room full of people who may not agree with him; he sees debate as the essence of an open society. But we're living in a time that is so polarized ideologically that when you stick your neck out a little bit and you weigh in with conviction, opponents do not wrestle with the merits of your argument, they try to discredit and delegitimize you. Not a day goes by when there isn't an attack on the Open Society Institute that questions our very legitimacy.

I accept the notion that you should speak with conviction, but I'm afraid that one of the reasons why some people on our side don't is they and their more mainstream or conservative foundation boards don't welcome the kind of scrutiny and attacks that tend to come with that. You've seen what happens with the Ford Foundation and the way many foundations react in the face of that kind of criticism.

Emmett's point about the over-emphasis on evaluation metrics is on target. On the one hand, I see more progressive foundations trying to be comfortable with advocacy and public policy, but I also see them trying to apply crude numerical tools to looking at that as if it was entirely scientific. They do not seem to understand that it takes a long period of time for these investments to bear fruit, and sometimes, or for a long time, losing is the way ultimately to win. Social Security privatization, something that I disagree with vigorously, was an audacious, exotic idea many years ago. Now it is - for better or for worse - in the

mainstream of public debate because, when it was audacious, people on the right invested in thinking about it and organizing about it and pushing the idea over a long period of time.

I'm fond of the line that says progressive foundations spend a lot of time worrying about evaluation, whereas the right does not – they just turn on the television to see the impact of their investments. I'm not saying that one doesn't need to figure out what you want to do, hold your grantees accountable to what they say they want to accomplish, benchmarks, all that stuff. But you can over-emphasize that.

Finally, I would caution that we must be careful not to have too foundation-centric a view of the world. I believe foundations have a role to play in various movements for social change. But I am somewhere in between views expressed on the Bradley panel by Heather McDonald, who blames every social ill of the last 20th century on a handful of liberal foundations, and Grover Norquist, who says foundations have zero impact on the commercial life of a free republic. I'm somewhere in the middle, but I'm a little closer on some days to Norquist's view, even though I'm in this business.

Martin Luther King didn't get where he went, nor did his movement get where it went, nor the gay rights movement, nor the women's movement, nor any significant social movement in this century or the last century – none of them made their impact within American society *primarily* with the benefit of foundation grants. Foundation grants have generally followed those movements, not created them. That's a very important thing for us to understand in terms of how you make change and what the limits of philanthropic investment are. It's more often the case that philanthropic dollars, as Bill has said, have slowed down movements than accelerated them.

Pablo Eisenberg: About 30 years ago, the Filer Commission³, one of the greatest commissions on public needs and philanthropy, claimed that the mission and purpose of philanthropy was to meet the most urgent public needs of the country today and not yesteryear. When you look at what the urgent public needs of today are, you find poverty, racism, inequality of income, lack of health, environmental encroachments - on and on. With each of those issues, the only solution lies not in service, but in advocacy, in organizing and constituency mobilization, and in public policy. What always has astounded me is that when you look at the history of our civil society, almost all the major social and institutional changes are the result of non-profit activism. So, you might ask yourself why foundations, by and large, refuse to finance one of our greatest historical success stories?

I do take issue with one of Gara's observations: foundations *did* contribute an enormous amount to most of the major social movements in the last 40 to 50 years, starting with some of the small foundations that funded some of the civil rights groups in the fifties and sixties.

Emmett says, and quite rightly, that he hasn't seen a mission statement that advocates for the status quo. But when you look at the composition of our mainstream and family foundation boards, you find the champions of the status quo – the elite in American society, the wealthy, the privileged – and it is in their vested interest to not be on the cutting edge of change but, in fact, to try to preserve their self-interests.

Another impediment is this enormous fear of government that has been manifested at least by the large foundations (except for the conservatives, who do their thing with a feeling of impunity). That fear goes back to the 1969 Tax Reform Act, which for many foundations is a cautionary red light, despite the fact

³ Formally known as The Commission on Private Philanthropy and Public Needs, the commission is popularly known as the Filer Commission after its chair, business leader John H. Filer. The commission was funded by John D. Rockefeller III and, in 1975, after two years of study, produced the most comprehensive report on American philanthropy to that time.

that the '69 tax act actually saved philanthropy as we know it by ridding it of the excesses and the scandals and by putting foundations on a solid footing. This fear of government intervention is, in part, genuinely felt and, in part, an excuse for not doing much more risk taking and innovative grant making.

We also have to look at the lack of vision, which has been mentioned by a number of panelists. Bill is a little modest about the conservative foundations, but they have had a sense of vision. Lots of conservatives knew what they wanted. They wanted less progressive taxes, less government, and other major issues of the right.

When you look at the mainstream foundations, even the ones that call themselves progressive, there does not seem to be an end goal. They don't want to eliminate corporate power and excesses and accountability. They don't seem to want to get a national health insurance system. They don't want a new GI bill for education, including loan forgiveness. They don't want a lot of things. They don't know what they want. And as long as you don't have a vision or end goal, it's very hard to finance advocacy.

The nature of grant making is another obstacle. Most foundations' emphasis is on special project money and not general support money, although that has improved a little, and this priority makes it harder to finance public policy, advocacy and organizing work. Most foundations fund short-term, while public policy activities are long term in nature. Foundation budgets are in silos – education, health, etc. – making it hard to fund cross-cutting issues, which are the heart of public policy activities. And then there is the reluctance of foundations to take money out of their endowments, even when a major issue arises. For example, a few months ago we witnessed the closing of the Salinas Library in California, a city whose population is predominantly low-income and people of color. The library was the heart of the community and an institution for which everybody had respect. Where was philanthropy? The Carnegie Corporation, which started the whole library system through Andrew Carnegie, sat on its rear end and did nothing. When they were asked, "Why don't you do something to save the Salinas library and carry the flag for a major campaign to save our libraries," they said they had spent their money for the year. When they were asked, "Gee, you've got \$2 billion of endowment, why don't you take \$2 million?" The response was, "Oh, we can't take money out of the endowment."

Having said that, it seems that we are financially under-invested. The real issue is what do you do about it? How do you create a vision among foundations that will enable them to do the type of advocacy grant making that we expect? Further, what do non-profits do about it? How can they pressure foundations to do the right thing?

Terry Odendahl: Thank you all for your very thoughtful comments and suggestions. Now it's the audience's turn.

Question: My name is Barbara Wallace, and I'm the executive director of Results, a grass-roots advocacy organization creating the political will to end hunger and poverty. I think it's really critical that it become clear that by supporting advocacy, foundations actually leverage the impact of investment in direct service work.

Some of the commentary today has referred to right or left political positions. We work both sides of the aisle – you have to if you're going to make change. I think the notion that you're either promoting a left or a right agenda actually gets in the way. It's critical that the political will get developed to tackle the problems of society, and unless we have a good debate and involve both sides of the issue, it's going to remain low on the agenda. Kennedy said in '63 that we have all the means to end hunger on the planet; we don't have the political will. The National Academy of Sciences said it in 1975. We still don't have the political will to deal with it, because it's easier to avoid the problems than to deal with them. How can we encourage foundations to invest in building the political will to actually tackle the problems?

Emmett Carson: I agree and I hope I made clear that I don't think labels are very useful. Here's the challenge with foundations from my perspective: Many want to be strict constructionists; they are constrained to do what their founders ask them to do. Why do some foundations believe in using technical experts to solve problems? Look at their mission statements - the Ford Foundation, for example; that's what they were conceived to do. That's their methodological orthodoxy. Foundations created today by people in today's context aren't trapped by those rules, but the people who follow them will be. That's the nature of perpetuity. Do you really want boards to say, "I don't care what the founder wanted, how they approached the world, what they wanted to achieve." It's now what these activist board members think is right for today. People who follow founders are required, both morally and by law, to do what the founders wanted. People get sued when they don't. So, this idea that suddenly you can ignore the rules of incorporation, the founding framework, because it doesn't fit the orthodoxy you have today simply isn't within the bounds of how the game works. Now, newer foundations reflect newer values. Active living founders are far more willing to behave differently because it's their name, their reputation, their involvement.

I would add this point: To criticize foundations for being populated by elite people ignores the fact that it was the elite folk that had the money to create them and wanted to create change in the first place.

Terry Odendahl: Thank you. I would add that it is not necessarily the case that all foundations need to exist in perpetuity. Gara has indicated that he has a few things to say.

Gara LaMarche: I don't, by the way, place quite as much emphasis as Pablo tends to on the nature of trustees and being in the mainstream and so on. I think that many foundations use their trustees more as an excuse than as an actual reason for not doing the things that they ought to be doing. At the same time, I do believe in having diverse trustees that represent all points of view.

Earlier I meant take some issue with what was said about political labels. I agree that labels are not useful, that people should not be put into boxes that they don't want to be put into, and that many issues fall in between a right/left divide in this country. Indeed, OSI supports - in addition to a variety of apparently progressive organizations - the Hoover Institute on drug policy issues. We support fellow, Chuck Colson, on criminal justice re-entry issues. We don't exactly have an ideological litmus test in our funding, and we don't have any problem giving money to people on the other side.

I do however think though that one of the strengths of the right - this kind of catholicity of view and diversity of opinion - has evolved such that at the same time you also have a frankly ideological cast and conviction. I hear people like David Horowitz and Heather McDonald act as if some of the large, so-called left foundations like Ford and Carnegie are Marxist institutions. It's a little ridiculous. They are centrist institutions and they conceive themselves that way. There are, of course, progressive foundations, and there is nothing the matter with people who have conviction, a set of views, and a set of values that locate them on one side of the political spectrum, and that they take that position in their funding. So, I don't want to be labeled against my will, but I think we would all be a lot better off if people owned up to their own actual convictions, whether they be in politics or philanthropy or anyplace else.

Bill Schambra: Regarding Emmett's point: I doubt that there is a neutral playing field for foundations as they are being established by the founders. I think there is, in fact, thanks to the Council on Foundations and a number of other similar institutions, a sense of "the right way" to go about setting up a foundation. It has to do with the notion of "look at the social science research before we tackle a problem; hire professional staff..." Conventional foundation wisdom suggests staff should probably have been trained at some of the non-profit management programs represented here. It's not the case that the Council says to people, "You guys, you crazy, idiosyncratic guys, just go out and do your thing." They don't say that.

They produce endless publications and trained experts and have sessions around the country telling you that there are certain professional ways of going about foundation work. Otherwise, you all wouldn't be in here being trained to be professional nonprofit and foundation workers of one sort or another. So it is not the case that it's just an open book. There is that orthodoxy and that orthodoxy is, in fact, connected to a progressive notion.

When it suits that orthodoxy, it retreats to the idea that we shouldn't label folks. That is, in fact, a progressive notion. That was the original idea: "There's too much partisan wrangling in this country," by which they meant, "All these immigrants to this country are lending their votes to bosses, political bosses." Progressivism was designed to overcome that and develop an objective basis for public policy that transcended labels. I don't think that "transcending-label" framework really is useful anymore. I think that you would make more progress against the problems of the country if everyone had an honest conversation about what they were trying to achieve, as does indeed George Soros. He is not at all shy about telling you what he wants to do. He is very clear about what his ends are. He doesn't say, "Oh, I'm just here to kind of create a better world." He has very specific ideas, and it's to his credit that he speaks about those ideas.

Question: My name is Yondra Williams and I'm from American University's Communities program. My question is in regards to some of the comments by Mr. Carson and Mr. Eisenberg. I guess the major reason a lot of foundations can't advocate is because of this notion that we need a lot of evaluation programs and different metrics in order to see if something is really going to work. What do you think is the reason why?

Pablo Eisenberg: I think there's been a lot of pressure, particularly on boards and staff, to show that their work is successful, particularly in the short run. I believe that has driven a lot of the recent emphasis on metrics and on evaluation, so much so that it really stultifies the drive to do long-term advocacy and public policy work, which, in many cases, cannot be quantified and has to be judged over the long term. That prevents a lot of risk-taking advocacy funding.

Even beyond that, my sense is that the leadership of many of the large foundations today, particularly the mainstream, center-left foundations, are afraid to exercise judgment. I think they are not sure of what they are doing (and I say this in comparison to a lot of the outstanding major foundation leaders of 15 or 20 years ago.) I think they withdraw and think, "I've got to be sure that what my foundation is doing is successful," which breeds the reliance on metrics. There is neither the confidence to do what their instincts tell them nor is there much vision, I would argue. I don't know if it was Gara or Emmett who said that philanthropy is really a world that is based on a very slim intellectual foundation. There isn't much discussion; there isn't much dialogue. It's all so collegial - collegiality has become a fine art. The give and take of tough dialogue just isn't there. So, they try to be safe through metrics and measurement.

Cecilia Munoz: The conversation should not be about proving to my funders that we have been effective. My institution should be designed in such a way that I make decisions about advocacy strategies based on our objectives with respect to change, our own methods for accomplishing change and our measures for assessing change.

We worked with Results, with the support of the Open Society Institute, among others, to make sure that legal immigrants in this country were able to access food stamps after welfare reform took them off of that program. That is a classic example of grass-roots advocacy united with research and policy analysis and Washington-based advocacy that had a clear goal and courageous funders. Within a year the effort had a huge outcome that affected people we could count and, in some cases, whose names we knew. However, it is hard to take that and say, "We've demonstrated how we can be successful. Here's what the relationships are, here's how it worked. Here's how many people benefited. Here's the next thing we're

going to do. Who's going to step up to the table?" That strategic conversation happens separately in the foundation world and in the advocacy world. There isn't a meaningful strategic table where we are partners deciding on a goal and a vision in getting there.

Terry Odendahl: I want to second that important point. I would like to try to get several more comments in before we go to phase two of the program.

Comment: I'm Aaron Goldman, the Executive Director of something called Policy Development, a non-profit organization that helps community-based organizations get more involved in the policy issues that affect them. We all know that when you get a bunch of strong-minded people together in a room and try to agree on one sentence, it often ends up very general.

I think the systemic and long-term nature of a lot of policy work explains why it's not always so appealing. But I want to ask what can be done to break down that kind of difference, and whether there's a climate and a culture of hyper-specialization, of quantified metrics, of short-term results - commercialization of the non-profit sector and that kind of culture, and a lack of alternative, legitimate vocabulary to discuss social change, social impact, and social ideas.

Question: I'm Kathy McCarthy and I direct the Center for Philanthropy in Civil Society of Graduate Schools in the City University of New York. I think there is a breathtaking amount of unanimity and agreement, which I hadn't expected, that there is a crisis in foundations stemming from the lack of vision and problems with values. Let me be a little provocative here, and let's see if we can focus this a little bit more. Bill, your model is right, for the most part. Certainly the old progressive notion stems from the root of the idea of disinterested expertise, but it was a very elitist model. You funded research, you found the right guy in government, you tested your program, you turned it over to government, and government replicated it for you.

I would argue that the conservatives have co-opted this idea brilliantly: you concentrate resources on funding research, find the right folks in government, replicate the program, and, in this case, downsize it. Let me play devil's advocate and say something that I don't necessarily agree with. Is it possible that maybe the so-called liberal foundations, the big foundations, should go back to the older, elitist model? Maybe part of the policy problem is that so much money has been spread around among so many grass roots organizations. And if that is not it, what is the prescription for not just funding more social advocacy, but for having an impact in a way that really will change government so that we have more social justice in this country.

Pablo Eisenberg: I think that's the \$64 question – what do you do about it? How do you shift priorities particularly among the large centered left or mainstream foundations? I'm not sure what the answer is. It's not necessarily an issue between funding a whole mess of local organizations vs. national public policy or advocacy groups. The vast number of local organizations are pure service deliverers. A small minority of local organizations are really tough organizing issue groups that have been starved for money, because most of the money going to the local level has been to service organizations. However, it has become clear that if all organizations on the local and state level do not reserve a portion of their agenda for advocacy, coalition building and public policy, they are no longer doing right by their constituents. So what kinds of organizations are funded at the local level? I say there has to be a shift to empowerment and to advocacy organizations. That shift will result in more policy changes.

Terry Odendahl: I'm going to interrupt because I've now gotten the sign that almost everyone wants to respond. Bill?

Bill Schambra: First, I think there is an enormous difference between focusing research and resources to the purpose of up-building government, which was indeed the progressive model, and focusing those resources to downsizing government. Everyone focuses on technique and technology instead of the goal, the purpose. The techniques look the same. Brookings has the same tax status as AEI and Heritage, but until you ask about the purpose, you're missing the point.

Second, I think you're committing the sin that Gara referred to, which is to give too much emphasis to foundations and think tanks. The '60s were a time of huge ferment and revolution. The conservative movement was invisible – 1964, 27 million votes, that was it; Barry Goldwater, the nadir of conservatism. Two years later, it wasn't conservatism that rose up against the progressive great society; it was, in fact, the left. It was the new left that decided that these progressive bureaucratic centralist expertise-driven programs were de-humanizing. It was the energies rising up all across the spectrum against this de-humanizing progressive framework that set in motion the possibility for kind of a conservative backlash. Think tanks and foundations were, frankly, a very small part.

Emmett Carson: Kathy, I would go back to what you said, which I think would help all foundations: that they need to clarify what they want to accomplish. What does success look like? Too many of us want to define what we *think* we are. I know many of the people at these so-called large foundations, and they would not say that they consider themselves to be progressive and liberal. Yet we want to define them that way. We create a "them" and "us" ideology but far more often fall somewhere in the middle. Nevertheless, I don't think these definitions are critical to their operation.

What is critical is that foundations define the outcomes they would like to achieve. I think what has happened is they have not been articulate in defining the outcomes for people that they would like to see. What does their vision for the world look like? What strategies are they pursuing to actualize it? If they could clearly state the kind of outcomes they would like to achieve, it would be much easier to have debate and dialogue across sectors because then you know who you ought to talk to. Right now, they're not so sure who they ought to talk to - not because they don't know the conservative or liberal label but - because they don't know the kind of world that they want at the end of the day.

Gara LaMarche: Let me say the point of elite versus grass roots is kind of a false dichotomy, but this is why it is necessary to play out the differences, for example, that exist between Bill and me. Bill and I agree on technique but, of course, not on ultimate ends. And so Salinas library has been mentioned, or as Cecilia mentioned, the immigrant benefits issues.

President Clinton, actually, signed a welfare reform bill that cut off \$16 billion of benefits to legal immigrants who pay taxes, who work in this country. OSI funded a campaign that in part provided services to naturalized people and in part funded advocacy so that the benefits, ultimately, were restored. That was a public policy campaign. We believed that there were public obligations – and this is where we part company with many conservatives.

Salinas library is an interesting example. I wouldn't fault Carnegie for not bailing out the Salinas library with \$100,000 or even fault them for not having some kind of large program for libraries. I believe that every kid – every person – in this country ought to be able to go to a library that's open practically 24-7. It's a scandal that in a society as rich as ours people don't have access to that. Now, Bill may agree with that, but I don't know how he wants to get there. I know how I want to get there: I think there is a public obligation. The reason Salinas library is closed has to do with the ideology that has dominated this country for the last ten or fifteen years – an ideology that starves the government quite deliberately so that kids don't have a library to visit. My solution is not people reaching into their pocket with \$10 and \$15 so that private donations keep the library open - that is not going to get us there. We only get there if we create and restore a sense of public obligation, and that, of necessity, involves public policy in the broadest sense. Foundations that don't speak out on the estate tax, that don't speak out on broad

questions of tax policy, are actually failing, in my view, in their obligation if they want to have the kind of society where kids can go to libraries.

Question: I'm Shara Saperstein from the Moriah Fund. My question is in regards to funding grass roots engagements and public policy. It seems like over the last several years, there have been some efforts, specifically among smaller progressive foundations, to try and engage certain constituencies - particularly those that have not been engaged in the past - in public policy issues. I recently read a book, *Stealth Democracy* by John Hibbing and Elizabeth Theiss-Morse, which examines public opinion research and makes the case that much of the public doesn't want to be involved in the nuts and bolts of policy, that they hold fairly weak policy opinions. They want policy makers to be less self-interested and more interested in the public good. In a sense, the public wants to go to the mechanic who fixes their car and not be told how the engine works or how to fix the engine themselves, but rather to know that they can trust the mechanic to fix the car. If that is the case, how does that play into trying to balance the elitist technical approach with grass roots advocacy in an attempt to solve public policy problems?

Cecilia Munoz: I think in some respects that's the essence of what I was trying to say about the connection between these things, about how you get to change. It sometimes involves designing approaches, coming up with goals and strategies about how to get there. It also can involve listening at the community level for folks who actually have darn good ideas about the changes that need to happen and about how to make them happen. Sometimes we are most effective when we are able to marry those things. However, there are very few forums for meaningful conversation - it's not clear to me that they exist at all - and I think that is part of the challenge.

Terry Odendahl: We are now going to ask the presenters to deal with another set of questions, although this is also an opportunity for them to add or emphasize anything we previously discussed:

- What is or should be the public policy role of foundations? We've already begun touching on that, but I'd like some specific commentary.
- How should the public policy agenda be set and what is the role of foundations in that?
- Do foundations exercise too little or too much power?
- And finally, given current congressional interests in philanthropic reform, what would each of you recommend?

Cecilia Munoz: That's a lot of territory to tackle, and I've been wrestling with how to do that in the context of this conversation. I want to expand a bit on this idea of the power of foundations. In some respects, they exercise both too much power and too little. That is, they have a lot of control over what kind of tables are set and what kind of conversations happen by virtue of the fact that they hold the purse strings. Many of us who are trying to move things forward ultimately must engage in the where-is-the-money conversation. You have a vision, you know the changes needed, and you want to get there.

If you view this in terms of having generals and troops, it's not clear who the generals are and who the troops are. At some level in my world, we like to think of ourselves as having a perspective and having a sense of strategy and how to accomplish change. We view ourselves in the general's role and foundations in the role of supporting those efforts. It's not illegitimate for foundations also to have a perspective and a vision for change and how to get there. They also are, in fact, in the general's role viewing us as the troops. We have both kinds of conversations: from an advocate's perspective: "here's where we want to go, and we want to work with you in getting there" as well as listening to foundations say: "here's where we've decided to go, do you fit? Can you do this? Is this consistent with what you do?"

I think it's possible to move forward in a world where both things happen, but in my experience the most effective changes have taken place when there is a table where people play different roles - people who

play different positions on a team, if you will - including foundations. I very rarely have been in that conversation when it includes a funder, and it's very rare for a funder to see themselves as an appropriate player in that kind of conversation. I think that's one of the things that prevents us from moving forward. We all see ourselves as partners in these efforts, but we very rarely sit down and roll up our sleeves in order to figure out together where we want to go and who is going to do what.

Bill Schambra: I'm going to ignore the questions and go back to this grass roots question. Curiously enough, in so far as there is a cross-ideological possibility for some consensus here, I think it does have to do precisely with grass roots. I think the other side of the decentralist argument in conservative ideology is that grass roots groups need to be more involved in solving the problems of society. Whatever you think of the President's faith-based initiative, it was his effort to draw in grass roots groups in faith communities that had typically been left out of the equation. I think the National Committee for Responsible Philanthropy is a very articulate proponent of the empowerment of grass roots, and I would like the conservatives to be more articulate proponents as well. There is a strand of conservative thought that does argue precisely for that kind of empowerment of grass roots groups, if you go back thirty years to Peter Berger and Richard John Neuhaus and their monograph entitled *To Empower People*.

If NCRP Executive Director Rick Cohen and I were to sit down and look at a list of grass roots groups, I think we would see that they are partially solving the immediate problems before them and partially articulating complaints to the powers-that-be about some of the larger difficulties they face because of the political structure around them. I don't think you can separate those two things. I think there is a lot of both going on at the grass roots, and I dare say that Rick and I would both probably agree on the value of providing support for sixty percent of that list. There would be some at his end that are way too advocacy-oriented for me; there would be some at my end that are too focused on the immediate problems and not willing to challenge enough the system; but there is, in fact, the possibility for kind of a consensus moving forward.

Emmett Carson: One comment on the power issue and then a policy reform proposal. On the power issue, I would be mindful that ninety percent of giving comes from individuals and not from foundations. Organizations and institutions that want to direct their own destiny do so when they go to the people and get direct gifts from a large number of people in small amounts of money. Foundations only have the power you give them because you ask.

My philanthropic reform proposal: I argue that the number one issue facing foundations is accountability and ethics, and I propose a simple mechanism to improve accountability and ethics: prohibit the creation of very small foundations under \$1 million. Based on IRS statistics, such a prohibition would eliminate 68 percent - or some 48,000 - foundations. This proposal, if implemented, would in no way eliminate anybody's ability to be charitable. They could create a fund at a community foundation or a commercial donor fund. It would reduce the infrastructure and regulatory burden on the IRS so they can focus on where the money actually is and on institutions that have greater capacity. It would not affect the membership base of any foundation organization - Philanthropy Roundtable, the associations, Council on Foundations, or the RAGs - because these small foundations typically don't join those associations. Accountants, lawyers, and financial planners will all tell you that foundations under \$1 million are not effective. That's my policy proposal.

Gara LaMarche: Let me just say that Cecilia's discussion of generals and troops is a really important one. I came to the Open Society Institute nine years ago after twenty-some years in advocacy work on the grant-seeking side with Human Rights Watch and a variety of human and civil rights organizations. I have to say that at Human Rights Watch we would wake up in the morning and worry about what the Ford Foundation's strategy was. We saw the Ford Foundation as a place to get money to support the work that we wanted to do and twisted ourselves in whatever kind of knots we had to in order to get the

money we needed. We tried to do so without violating our own sense of morality and mission, although people do sometimes transcend their mission to do this.

A problem with this foundation-centric view of the world is that from where Cecilia sits or where I sat - all politeness aside - foundations are a place to get money. Now sometimes they can be more than that: there are people who are thoughtful and strategic and you value their advice. Larry Cox at the Ford Foundation, for instance, is a tremendous ally to the human rights movement and has just exactly the right balance of that power dynamic, and there are plenty of people in philanthropy like that. However, in the nonprofit universe the advocacy world doesn't look to foundations for leadership. Foundations, however, often mistake themselves as the generals and think of themselves as the head of whatever movements they fund. We know that there are some foundations that are a bit more prone to that than others: frankly, it's an occupational hazard. Now this is not an argument against vision: if you have a bunch of money to give out, you want to have a view of the world and a strategy for doing that.

I also want to address this business of accountability and scrutiny. Foundations need the legal accountability as well as more scrutiny in other ways. They need legitimate spotlights thrown on these massive public policy interventions - somebody ought to be looking at those and critiquing them. The right does it for the so-called left foundations, but in my view they mostly miss the mark. The Capital Research Center, for example, attacks OSI on a regular basis. However, nobody calls us and asks us for any information. What information is presented is highly irresponsible, wrong, and counter-factual, so we just ignore it. What are you going to do? We do need some credible source, though. For instance, *The New York Times* is a philanthropy correspondent, but mainly what the Times, and other sources that bother to cover philanthropy do is just cover big developments: Gates gave X million dollars to this or that.

We, for instance, have a massive after school investment program. We've spent \$125 million over the last five or six years to create more after school programs and expand entitlement to them. Is that money well spent? Poorly spent? Nobody is paying much attention to it. We make our own attempts at evaluation, and we tend to favor more journalistic approaches than so-called scientific things. But we have to force this scrutiny on ourselves because you don't get it from the grant-seeking world, and you don't get it from the press.

I've gotten in trouble before for appearing not to acknowledge the existence of the National Committee for Responsive Philanthropy. We support it - as all foundations should - and everybody should work together to make it a stronger, more vibrant organization than it already is. It's a terrific organization, but what it generally does not do is critique in a journalistic fashion the practices of individual foundations. The only way you change behavior is if Gara LaMarche has to worry about waking up and reading an article that is a detailed thoughtful critique of what the Open Society Institute or he as an individual does. Politicians and business people have to live with a critical press on a daily basis, but philanthropy generally does not have to live with that until they get caught with their pants down. It's not my point that foundations are not important - they obviously are - but they don't get the kind of scrutiny of their ideas and investments that others sector receive everyday. So, while NCRP does great work, it is not structured to critically comment on the Carnegie Corporation or say the kind of things Pablo can afford to say, for example, without concern for somebody cutting off a grant.

Pablo Eisenberg: Gara, welcome to the NCRP. A couple of points: Emmett mentioned the importance of philanthropic accountability, and I agree wholeheartedly that it is a crucial thing. However, even if you had much greater philanthropic accountability - particularly on the part of foundations - that would not change foundation priorities. The issue is how do you change foundation priorities. How do you get them to get a vision and to move much more to advocacy?

Cecilia raised a crucial point: grantees and donors rarely get together to discuss the priorities of the donor. When I ran the Center for Community Change we had a budget that ran from \$6 to \$10 million and, at one point, 100 donors, but maybe with the exception of two donors, a foundation never said, "Consider that we're discussing and what we should do in the next five years. Let's talk about what you think the issues are or what your constituencies think." There is, in a sense, an imbalance of power, but if you could get a table at which both donors and donees sit and help determine the future of philanthropic directions, that would be a positive thing. The problem is that foundations don't listen very much, and that is a big challenge.

Gara and Bill have said that too much importance is placed on foundations, but I don't think that's accurate. Just look at the needs of advocacy and public policy groups today: many of them are starved for money. Then you look at what the potential sources of funding are, and you have to come to the conclusion that foundations are very, very important. Cross off corporate donations – they are out of the picture. Individuals, for the most part, don't give much to public policy and nonprofit advocacy - they may give to politics; they may give to voter registrations; but they are not going to give to nonprofit advocacy. Most community foundations - Emmett is one of the exceptions – don't do very much advocacy and activist work. So what does that leave? Foundations. Therefore, they are terribly important.

Again the challenge is how to get them to move in an advocacy direction. Now it may well be that many foundations continue to do mostly their non-risky safe service giving because of the lack of money that they have. I've heard a number of foundations say, "Gee, if we had an extra \$2 or \$3 million and didn't have to save these organizations that are threatened because of public funding cutbacks, we might give to advocacy." To us, to the NCRP at least, the answer is simple: raise the payout. The problem is that for the last twenty years the Council on Foundations has had an 11th Commandment: Thou shalt not raise the payout. Nonetheless, here's a potential solution to a little more money for advocacy.

Bill Schambra: I think Emmett Carson's proposal is a terrible idea, the notion of banning foundations under \$1 million. If we are going to have a grass roots agenda in this country that does, in fact, cut across the political spectrum, it's going to come not from the large foundations that are entrenched in the technocratic agenda, but from the folks who have set up a very small foundation, who are moved by some very small, particular concern on some issue, who are focused on their locality. Those smaller foundations, I think, are the hope of the future.

I think Emmett made a telling remark, that if you were to ban those foundations, it wouldn't affect the membership of the large philanthropic associations at all. This is part of that general process of eliminating amateurs by professionalizing and credentialing and raising the barrier to entry for new start-ups. I think this is happening in the foundation world. I think that the philanthropic associations are very likely to game the Senate in such a way that they actually manage to get restrictions that are more onerous for new struggling start up organizations of all sorts, and that is a dangerous thing.

Emmett Carson: For those of you who are listening to what I am saying, let me be quite clear: These individuals can continue to give, continue to be effective, continue to have whatever values that they have, but there are 48,000 entities that don't have annual reports, that don't have any access to professional information, to ideas, to research - to a whole range of things. The structure of a foundation is very complicated, but it offers no inherent advantage to individual giving. There are other ways that donors can be just as effective, not have a tax return every year, not drain resources. The issue is the structure. It's not the giving.

Pablo Eisenberg: Emmett, I would feel a lot more comfortable about your suggestion if, in fact, there were a minimal payout requirement for those funds under community foundations and other financial institutions to make sure that the small donors actually pay out some of their money.

Returning to the issue of advocacy: we should not make a major distinction between advocacy at the local level and advocacy at the national level. Both are needed. You're not going to get national policy and changes in Congress or in regulations without a national policy or advocacy approach. The grass roots advocacy is important to reinforce that, to strengthen it, and to get at the congressional district levels of activity and action, but one without the other is not going to make much of a difference.

Cecilia Munoz: I'd like to bring up the issue of how we are investing in and building the next generation of leadership in this sector, and I'm going to frame it as some friendly advice to the people who are students in this audience: if your vision is to work in the sector and try to make your life's work about making change, I would heartily encourage you to work outside of the sector first. Get involved in making change and knowing what it looks like, what it feels like, and how you get there, before you move into the business of helping grease those wheels with money. Knowing your way around all elements of this work is essential to make good judgments and to be most effective.

Teresa Odendahl: I'm going to take the privilege of the moderator to make a comment. I'm surprised that we have spoken so little of the assets of foundations, and the power that foundations have through their assets. It's not just the grant making, but it's also where the investments are going, whether or not the investments are socially responsible or program related.

Question: Mark Rosenman with the Union Institute University. There are, I think, very clear differences between center-right philanthropy and center-left philanthropy, and it basically falls out around the role of the state. However, there is an issue that crosses the divide in terms of individual philanthropy and the philanthropy of foundations, and that is the estate tax. It is an issue around which foundations have failed and the organizations of foundations have failed to speak with any clarity and with any force, and yet it is probably one of the most profoundly important issues affecting us today.

A quick bit of information: according to the Congressional Budget Office, if we repeal the estate tax, it will result in a decline in annual charitable giving of between \$10 billion and \$25 billion –roughly 10% of the individual giving that we would like to celebrate. It also will result in a decrease in tax revenue of about \$200 billion in the 10-year frame. The decrease in individual giving is equivalent to the contributions, the annual contributions, of the 110 largest U.S. foundations. Think about that – take the 110 largest U.S. foundations' annual grants out of the picture and that's what we are about to do, according to CBO.

Pablo Eisenberg: I'm glad you raised the issue because here's one example where the center- left foundations put in almost no money. This is one issue where a major approach by private foundations might have made a difference, certainly in beefing up the minimal campaigns by a nonprofit world and a Council on Foundations, which didn't do much of anything. Even though the overwhelming number of foundations have benefited from the estate tax, the lack of investment in this issue is a reflection of the lack of advocacy and public policy funding at least by the center-left.

Emmett Carson: I would agree that, by and large, foundations have been silent both individually and organizationally. I disagree with the sentiment that the issue hasn't been discussed. It has been discussed, but foundations have chosen affirmatively not to be active. In fact, there are some foundations and individuals that have been very interested in this issue - some agree with the estate tax and some disagree with it. You are right, however, that the larger institutions and their members have not reached a

consensus, but that shouldn't be surprising when they have membership of 1,800 or so individuals trying to come up with a single point of view among a diverse constituency.

Comment: I'm Gable Barner, former executive director of a grass roots organization here in Washington, DC. I just wanted to follow up on an issue raised by Cecilia, who I think it right on point: it's my belief that the funders fund people. They like your cause, but they have to like you. Pablo had 100 groups funding his organization because, not only did they like his organization, but they liked Pablo. I think a lot of foundations are very apprehensive to fund public policy groups because of the lobbying issues - and that's very serious - but if you want to build up the policy-support base, then *you* need to get to know potential funders. If you reach out and make certain that it's your wheel that you want greased, they will respond to *you* because people fund people. As Cecilia said earlier, some funders have been on the advocacy side and are on the grant-giving side, so they understand where grantseekers are coming from. If you can craft your piece and get in to make the ask, you'll be a lot more successful

Question: My name is Steven Graysdorff and I'm with Initiatives of Change. As I understand it, there are about a million nonprofit organizations in this country. In a democratic society barriers to entry for new nonprofits probably ought to be low, but many of these individuals and groups are doing ostensibly the same thing. As such, a lot of time and money is spent going after the same dollars. I wonder what role foundations might play in encouraging more non-profits to working together so that foundation and charitable giving as a whole can be better leveraged?

Terry Odendahl: I'm going to respond very briefly. It's sort of a double-edged sword. I've been in non-profit organizations where you know with what other groups you can successfully collaborate and what groups you can't, but a funder may be telling you who to work with. It's a bit of a problem; let me see what my colleagues have to say.

Cecilia Munoz: There are several different ways for collaboration to work well and ways for it not to work well. It hasn't worked well when a funder approaches us and says, "For our strategic purposes and convenience, we want to fund a collaboration, so would you please collaborate with the following people who we want to fund?" It's very difficult to create collaboration from whole cloth unless you are collaborating already.

Conversely, collaboration has worked well when a funder gets engaged in the work enough to know who is working well together and how the agenda is going to get advanced. The collaboration is successful because the objective is clear, and the relationships already exist. But again, because of this barrier and this need to be polite and raise money, it's very hard to say to a funder, "We don't think that's going to be the best way to accomplish your objectives." Sometimes what we've heard in response is, "We don't really care. That's our strategy, and if you want in on this, this is what you have to do." That very rarely produces change.

Pablo Eisenberg: Collaborations are one thing. Public policy coalitions are another, and that is one area that many, many foundations refuse to fund or have been reluctant to fund for a variety of reasons: 1) there is always a risk, and 2) there are issues of control. We haven't talked about the issue of control as a means of power in foundations, but foundations hesitate to fund coalitions because they can't control the outcome. One of the reasons why they don't like to fund general operating support is that they can't control the agenda of the nonprofit they are supporting. Consequently, coalitions are very difficult to fund, and yet increasingly on public policy issues they are proving to be essential.

Gara LaMarche: In my experience, the best kind of collaboration bubbles up from the groups in the field, which come to a funder and ask for help to work better together. On the other hand, as is usually the case with funder-created collaborations, no matter how carefully a funder tries *not* to control the

power dynamic, nonprofits will jump through whatever hoop they think they need to jump through in order to get some money.

I don't want to speak so much about collaboration as address a different part of the point: I think, frankly, there are too many organizations competing for the same dollar. That is, in part, because of another dirty secret about philanthropy: a refusal to exercise judgment. A lot of funders throw their money around and keep a lot of insufficiently funded organizations going. This behavior by funders requires groups to differentiate themselves in ways that are often false. I mean, any significant change in a given area has many fathers and mothers, but the dynamic of funding creates a situation where an organization must constantly justify its uniqueness to the funder.

Moreover, funders want to put their stamp on something, and one of the ways they do that is to help create an organization for which there is no actual market, if you will. This distorts the marketplace. If a foundation comes in with millions of dollars to create an entity, that entity has not faced the important disciplinary process of having to seek funding and convince supporters and hone a message and hone a strategy. There are very few examples of successful organizations that were created with a big pile of money rather than having to go out and raise support and convince people.

Emmett Carson: Of the one million plus institutions, most of them are not surviving because they have great grant writers and are getting money from foundations. They are surviving because they have boards of volunteers who go tap their friends and say, "Come to the dinner, come to the charity auction, come to my event." That's how they raise money and survive. It's the power of American ideas and ingenuity and people who believe they can build a better mousetrap and who go to their friends to try to do so. We ought to celebrate that. Nobody goes to Burger King, Wendy's, White Castle and says, "You are all selling ground beef, you are all frying fries - come together." That's American ingenuity. Yet when it comes to non-profits, suddenly we want to impose a level of rationality that doesn't exist anywhere else in the marketplace that we otherwise celebrate.

Bill Schambra: I'm thrilled at this skepticism toward coalition building or collaboration. I thought I was the only person in the world who was anti-collaboration. We constantly bemoan the inefficiency, the replication, the waste - it's called democracy. It's called "I'm tired of my block being neglected by city services, and I'm going to form a non-profit to rectify that situation - Yes, there's a powerful block association across the street, but it doesn't address my needs, and I have the ability to organize and do something about it." I think that's a terrific thing.

One last quick point: to the young people, as they say, there is a presumption in the advice that before you go out and organize for serious change within the sector, you should try to organize for serious change amongst the people themselves. Because you're trained in a certain way you have a pre-conceived framework, but be mindful: pay careful attention to the folks in the neighborhoods with whom you are working, and take seriously their concerns. Don't dismiss them because they aren't as ideologically sophisticated or as politically developed as you would like them to be. Indeed, maybe in the end, you'll say, "Gee, maybe I didn't know as much as I thought I knew. Mrs. Taylor really does know something about organizing this block. She really does understand what this neighborhood needs, even though it involves this bizarre combination of things that they didn't teach us in college."

Terry Odendahl: I totally agree with your last comment. I think we've had a very interesting, thoughtful, and provocative discussion. I would like thank the panelists and the audience. Just before you go, I'd also like to acknowledge the staff of Georgetown's Center for Public and Non-Profit Leadership for their work on this forum.