HOW CAN THIS MARKET-ORIENTED GRANTMAKER ADVANCE COMMUNITY-LED SOLUTIONS FOR GREATER EQUITY?

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BY GITA GULATI-PARTEE
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The Walton Family Foundation (WFF) was started in Bentonville, Arkansas, in 1987 by Sam and Helen Walton, the founders of Walmart, now the world's largest retailer. The Waltons seeded the foundation with an initial donation of $1,000. By 2013, the fair market value of the foundation’s asset base stood at nearly $2.3 billion. The foundation granted $325 million that year through three strategic programs – K-12 education, freshwater and marine conservation and quality of life efforts in the foundation’s home region – as well as special interest grants individually directed by foundation board members.

This assessment focuses solely on the strategy and impact of the Walton Family Foundation as an institution. It is not an assessment of the individual philanthropy of Walton family members, the corporate practices of Walmart or giving from the Walmart Foundation. Still, the beliefs and actions of these closely-related entities are relevant to WFF’s choices and outcomes and thus cannot remain entirely separate from an assessment of the family foundation’s full influence and impact.

WFF’s philanthropic strategy is bringing more free market choices to public education, marine and freshwater conservation and other areas of interest. Measured against Philamplify’s criteria, WFF’s approach sometimes contributes to and sometimes hinders social justice results, depending on the degree to which it engages stakeholders to address root causes and make systems more equitable. The following sections detail the assessment’s findings, as well as its recommendations to enhance the foundation’s impact.

ASSESSMENT FINDINGS

1. WFF has achieved powerful and lasting results through its environmental portfolio, leveraging the power of markets as a key strategic element.

2. An overreliance on specific market-based vehicles hinders the transformative potential of the foundation’s education program. The expansion of high-quality charter schools and related advocacy have created meaningful benefits for individual students and families, but have not achieved far-reaching, sustainable and equitable system-wide improvements.

3. WFF maintains a strong commitment to its home region and recently revised its strategies there with community input. While the home region program has learned from past comprehensive community efforts, it does not pursue equity, resident empowerment and other proven approaches for effective place-based giving.

4. Special interest grants and initiatives, directed at the discretion of individual board members, provide opportunities for responsive grantmaking. But they lack transparency and are, at best, too diffuse to achieve meaningful, long-term impact.

5. While the environmental portfolio prioritizes broad engagement across an ecosystem of actors to plan strategies and drive sustainable results, the education framework instead offers a preformulated, specific approach and then engages supportive stakeholders to help pursue it.
6. The foundation is becoming more collaborative and increasingly committed to learning; yet, it lacks diverse perspectives and insulates itself among like-minded peers rather than connecting with the broader field. The foundation does not make use of its bully pulpit, but prefers to wield its influence behind the scenes.

7. The vast majority of grantees greatly appreciate their partnership with Walton, especially its large and long-term funding commitments. Many request more unrestricted support, opportunities for networking and improved reporting mechanisms that allow them to communicate the full story of their work.

WFF expresses a genuine concern for and commitment to increasing opportunity for people living in poverty. Its market-based approach has led to successes in some areas as well as misses in others. The following recommendations suggest building on strengths and actively adapting strategy to amplify social justice impact.

RECOMMENDATIONS

1. Continue to pay out a generous portion of assets through grantmaking. This practice enables WFF to support a broad range of groups at a high level for the long term.

2. Continue multi-year and expand general operating support grants, and be consistent when communicating about and dispensing these funds. Extensive research has shown that long-term unrestricted support enhances nonprofit effectiveness in such ways as covering administrative costs, building organizational capacity, taking advantage of programmatic opportunities, allowing maximum engagement in advocacy and enabling grantees to plan for the future. It is one of the best ways foundations can help their grantees succeed. Providing such flexible funding may seem to go against the tenets of strategic grantmaking, but in fact it can empower grantees to better carry out their missions and engage more fully in systems change work.

3. Ensure that the new strategic framework for the environmental program continues to fully engage community stakeholders to achieve sustainable environmental, economic and social goals. While specific programmatic issues or approaches will adapt over time, placing people and communities at the center of strategy formulation should endure.

4. Adapt grantmaking strategies in the education, home region and special initiatives portfolios to prioritize equity as part of sustainable social change.
   ▪ In education, prioritize equity, quality and accountability across K-12 schools to fulfill deeply held Walton family beliefs about the value of academic achievement. Find ways to invest in traditional district schools that serve the greatest number of students, particularly those with the greatest need.
   ▪ In the home region, particularly within the underserved Delta, empower residents to define the problems and lead efforts to address these challenges for lasting positive change.
   ▪ For special interest grants and initiatives, strongly encourage individual board members who direct these grants to maximize social justice outcomes with greater strategic thinking, transparency and accountability.
5. **Embody the foundation’s commitment to “empowerment” by authentically engaging members of communities most affected by issues it funds so that stakeholders can help determine the most effective strategies and solutions.** Find and fund existing grassroots groups and invest in the choices they want for their communities.

6. **Continue to reduce insularity and increase openness to new partnerships. Diversify the board and staff to bring in new perspectives and thinking. Make what WFF learns and does more transparent and accessible to others.** This more open communication goes in both directions – who the foundation hears from and who hears from the foundation. Share more freely and be open to critique.

7. **Continue the thoughtful approach to grantee partnerships and convene grantees to foster shared learning and networking.** WFF can build on its strong relationships with nonprofits and elevate their impact by connecting them to each other and to other funders.

The foundation’s commitment to improving the lives of people affected by poverty is genuine. Yet, without an explicit analysis of and focus on equity, the individual benefits WFF offers will not accrue to system-wide change. With both greater intentionality and flexibility, the Walton Family Foundation can more fully embrace strategic social justice philanthropy. The communities it cares about and serves deserve no less.
The Walton Family Foundation was started in 1987 by Walmart founders Sam and Helen Walton in Bentonville, Arkansas, with an initial donation of $1,000. The Waltons established charitable lead trusts that direct significant income from the earnings of Walmart stock to the foundation each year, as much as $500 million in 2013. In that year, the fair market value of the foundation’s asset base stood at nearly $2.3 billion. The Foundation Center ranks WFF as the 28th largest foundation in the U.S. by asset size, across all types, and 16th by total giving.

The foundation supports three strategic programs: K-12 education, freshwater and marine conservation and quality of life efforts in the foundation’s home region. The home region program completed a new strategic plan and began implementing it in 2014. The K-12 education program was undergoing its strategic plan update concurrent with this assessment; as much as possible, this report incorporates any new priorities and approaches to that area of work. WFF is launching a strategic plan update for its environmental program this year.

In 2014, WFF distributed $375 million in grants as shown in Table 1.

Today, the foundation is governed by 18 relatives of the founders, all children, grandchildren or their spouses. Since 2001, it has been led by Executive Director Buddy Philpot, who was previously president of one of the banks that comprised the Walton family-owned Arvest Bank.

Other executive staff members include Marc Sternberg, director of the foundation’s K-12 Education Focus Area; Barry Gold, director of the Environmental Focus Area; Naccaman “Nac” Williams, director of the foundation’s Special Interest Area, which includes grantmaking directed at the discretion of individual members of the Walton family; Marc Holley, evaluation unit director; Bob Smith, director of accounting and operations; and Daphne Moore, communications director. Rob Brothers retired as director of the Home Region Focus Area in early 2015 and is being succeeded by Karen Minkel, who previously worked in the foundation’s evaluation unit. (All executive team members, except Bob Smith, were interviewed as part of this assessment.)

The 65 staff members are dispersed across four offices, with about half in the Bentonville headquarters and the remainder in satellite offices in Denver, Washington, D.C., and New Jersey (or working independently outside of a WFF office). The staff has doubled in size over the last three years, and the foundation expects to grow by another 15 staffers this year.

During an interview for the assessment, Philpot explained the philosophy of the foundation:

“The overall family and board’s mission has always related to quality of life and financial independence for families and future generations. Also, the belief that lasting change is best achieved by supporting more
free market choices and aligning incentives properly to reward behavior and policy change.”

This philosophy shines through the foundation grantmaking programs, creating a clear brand identity and philanthropic niche. Measured against Philamplify’s criteria, WFF’s approach sometimes contributes to and sometimes hinders social justice results, depending on how it engages stakeholders in addressing root causes and making systems more equitable. The following sections detail our assessment findings, as well as recommendations to enhance the foundation’s impact.

THE WALTON FAMILY FOUNDATION AND WALMART TODAY

This assessment focuses solely on the strategies and impact of the Walton Family Foundation as an institution; it is not an assessment of the individual philanthropy of Walton family members, the corporate practices of Walmart or giving from the Walmart Foundation. However, at least three points of intersection among these entities make them relevant to the choices and outcomes of WFF:

1. **Overlap of players and assets** – The family foundation is run by Walton heirs, who also own nearly half of the Walmart corporation – which is the world’s largest retailer. The heirs derive their wealth from the company, which in turn forms the asset base that feeds the family foundation. About 25 percent of the foundation’s investments are in Walton Enterprises, LLC, the holding company that holds the family’s Walmart stock and other assets. The foundation continues to receive substantial income from shares in Walmart through charitable lead trusts established by Sam and Helen Walton; the shares will revert to the heirs, virtually tax free, when the terms of the trusts expire.
Thus, it is fair to scrutinize the source of the foundation’s wealth, and analyze how consistent its creation is with the stated goals of its philanthropy. This is analogous to looking at the degree to which a foundation participates in mission investing (i.e., whether a foundation’s investments align with its grantmaking goals). Further, family members’ values, politics and priorities directly drive the decisions of the family foundation; their decisions on the corporate side shed light on the intentions of the family philanthropy. For example, the foundation’s environmental grantmaking cannot be viewed as discrete from Walmart’s corporate interests.

2. **Overlap of philosophy** – WFF’s strategy, across all funding areas, emphasizes the importance of market approaches in creating sustainable social change. This is a direct reflection of the source of the foundation’s funds. It is fair to look at the specific “brand” of market philosophy that influences the family business to assess the grantmaking strategy of the family-governed foundation, for better and for worse. For example, the foundation’s tendency to invest in a wide swath of groups within an issue area runs parallel to the company’s success in vertical integration. Further, WFF’s relationship with teachers unions cannot be viewed in isolation from Walmart’s resistance to organized labor among its workforce.

3. **Overlap of strategy** – As described below, WFF does not fully engage in the wide range of strategies available to foundations, such as impact investing or legally permissible participation in advocacy, but it relies on grantmaking to fulfill its charitable mission. Yet, its influence cannot be measured solely in terms of grantmaking dollars, though those alone are significant. The broader constellation of family assets – including political contributions and connections, personal philanthropy and the influence of the company on local and national economies – serves to complement and advance the foundation’s priorities. Thus, even though these activities technically take place outside of WFF’s purview, they help shape the foundation’s work and results.
During 2012-13, NCRP developed and piloted an assessment tool for foundations that addressed the strategic practices outlined in *Criteria for Philanthropy at Its Best* and its report, *Real Results: Why Strategic Philanthropy Is Social Justice Philanthropy*. The first provides a comprehensive and nuanced set of benchmarks that foundations can use for effective operational, grantmaking and leadership practices. The latter argues that to maximize impact, foundations must be effective not only in an objective sense but also specifically in pursuit of social justice, both internally and externally. NCRP began applying this assessment tool to diverse foundations in 2014 with its Philamplify initiative, which provides candid feedback to many of the largest funders in the U.S. through comprehensive foundation assessments and spurs dialogue in the sector about how to maximize impact on systems and equity.

But defining “strategic social justice impact” is complex, to say the least, in large part because there is no singular or universal definition of “social justice.” This does not mean that anything can be counted as such or that everything should be, but rather that we must be both intentional and adaptable in our understanding and how it is applied to the foundations being assessed.

It is clear what strategic and just philanthropy looks like: it goes beyond having clearly-aligned goals and strategies and methods to measure impact. It also means considering the explicit beneficiaries of the foundation’s grantmaking, a systematic process to gather input from affected communities to inform the foundation’s priorities and work, and a steadfast commitment to ending inequity by investing in systems change. A comprehensive, nuanced examination of foundation goals, strategies and practices using NCRP’s Philamplify lens shows how strategy and justice can be aligned to boost a foundation’s impact in communities that are most affected by inequitable structures and are in need of philanthropic investment.

**KEY QUESTIONS**

To this end, the assessment addresses these key questions:

**Outcomes and Impact**
- What social justice outcomes have been achieved in part because of the foundation’s efforts?
- Do the foundation’s efforts result in meaningful and lasting social change that can be felt in people’s lives, particularly those most affected by structural barriers and burdens?
- Has the foundation worked across silos to achieve impact?
- Has the foundation effectively supported community-driven collaboration and coalitions among grantees and other nonprofits?

**Goals and Strategy**
- Are the foundation’s goals and strategies likely to benefit or empower underserved communities? Is the foundation applying an equity lens or analysis to its grantmaking? Is it addressing disparities in outcomes?
for the issues or constituencies it prioritizes?

- Which stakeholders and what sources of data and best practices have informed these goals and strategies?
- Does the foundation pursue and invest in systemic change strategies? Does it support grantees’ efforts to use the full range of advocacy tools legally at their disposal? Is the foundation leveraging its limited dollars in ways that will advance social justice?
- Is the foundation looking at the ecosystem of actors within the sphere it seeks to influence and collaborating strategically with others?

**Partnership with Grantees**

- Does the foundation employ responsive grantmaking practices, such as providing core support and multi-year funding? How do the foundation’s grantmaking practices advance or hinder achievement of its social justice goals?
- How does the foundation go beyond grants to leverage its relationships, convening power, expertise and other assets to help grantees achieve mutual goals?
- Does the foundation solicit feedback from its grantees and applicants and act on that feedback?

**Other Effective Practices**

- How do the foundation’s investment and payout policies and practices support its own mission and the social justice goals of its grantees?
- Does the foundation operate in a transparent and ethical manner, with policies in place to prevent fraud and abuse?
- Is the board of directors large and diverse enough to allow for effective and ethical decision-making?

**DATA COLLECTION AND ANALYSIS**

To answer these questions, NCRP pursued the following research methods:

1. **Review of publicly available foundation materials** that could help answer the assessment questions, e.g., strategic plan, 990-PFs from prior three years, annual reports, grantmaking guidelines, grant descriptions and application and reporting requirements.

2. **Survey of recent and current grantees.** A total pool of 1,167 WFF grantees that were funded in the last three years received a link to our comprehensive survey on WFF grantmaking, either directly from NCRP or via a communication from the foundation. Grantees that received grants less than $5,000 were excluded. Regardless of how the link was received, all respondents were guaranteed anonymity; we did not report the survey respondents to the foundation, and any quotes included in this report are anonymous as well. We received 557 completed responses, for a response rate of nearly 48 percent. This exceeded our goal of 40 percent.

3. **Interviews with stakeholders.** NCRP interviewed a cross-section of individuals who are familiar with the foundation’s work and could comment on its philanthropic efforts and results as they relate to our criteria. For this assessment of the Walton Family Foundation, NCRP interviewed 49 stakeholders representing the following perspectives:

   - 22 current or recent grantees
   - 9 current or recent staff
   - 9 peers or key observers in the field of philanthropy
   - 9 thought leaders or advocates in areas that WFF funds
NCRP requested interviews with WFF board members, including the board chair. The foundation declined this request.

Only WFF executive leadership staff members are identified by name in the report, because they often provide the “official” word on a given topic. All other interviewees have been guaranteed anonymity and will not be identified by name in the report or otherwise. Although the foundation helped to identify some prospective interviewees, NCRP did not share who actually completed interviews with the foundation. Further, some interviewees were identified through the research process and not revealed to the foundation, even as prospects. Unless otherwise noted, the quotes in this report are from the surveys and interviews conducted as part of the assessment.

4. Review of WFF materials, third-party research and media reports. WFF generously shared internal documents related to its strategic frameworks, values and operations. Additionally, we reviewed articles written by and about the foundation, as well as recent data reports related to charter schools.

5. Analysis and interpretation of data. Assessing a foundation against Philamplify’s criteria requires the nuanced integration of quantitative and qualitative data. Grantee survey results tend to skew high, not only because respondents feel grateful for the financial support they receive, but also because, in an assessment like this that focuses on strategy and impact, it is difficult to criticize the foundation’s efforts when they intertwine so closely with the work of the grantees responding to the survey. Further, responses to closed-ended questions about social justice impact can be unreliable because grantees, the assessed funder and NCRP may not share common frames or definitions for terms such as “equitable systems change,” as detailed in a recent blog post authored by NCRP. Thus, reviewing varied responses to the same open-ended questions, which ask for elaboration or examples, provides critical nuance to grantees feedback. And, while the survey provides a broad snapshot of the grantee perspective, interviews with a cross-section of informants balance it with an opportunity to explore particular ideas and perspectives more deeply.

Using the Philamplify criteria as its guide, the NCRP research team coded open-ended responses to the surveys as well as interview notes for relevant themes. The analysis was done iteratively to capture both salience and nuance. NCRP’s holistic analysis of closed- and open-ended survey responses, interview notes, third party research and foundation materials produced the findings and recommendations included in this report. Quotes are provided to exemplify ideas that emerged from the evidence.

RELATIONSHIP WITH THE FOUNDATION

NCRP developed this assessment method and selected the Walton Family Foundation for assessment in the summer of 2014. While NCRP conducted this research independently, we invited WFF to participate in shaping and implementing the review. The foundation’s leadership understood the potential value of this independent study as an opportunity to receive honest and actionable feedback about its efforts as well as to share learning with the field about its approach. Further, because WFF was in the midst of a strategic revision of its education program and about to launch a similar process for its environmental work at the time of our review, foundation leadership felt that NCRP’s
independent study could complement its internal efforts to measure its effectiveness and impact.

Daphne Moore, WFF’s communications director, served as NCRP’s primary contact. She, along with the executive team, provided feedback on our methodology, helped identify internal and external interview prospects and shared relevant and complementary materials. Upon request, NCRP provided a summary of quantitative survey response data to the foundation; WFF also received a draft copy of the assessment report to review for factual accuracy. Where appropriate, the foundation’s factual corrections and perspectives have been integrated into the final report.
In this assessment of the Walton Family Foundation, NCRP had to ask the threshold question of whether it is possible for a market-based approach to lead to social justice impact. While many critics of WFF have concluded that there is an inherent incompatibility between its means and this desired end, NCRP could not draw this definitive conclusion from the full body of evidence. Rather, on the basis of our criteria, there is room for diverse strategies and approaches, across the ideological and political spectrum, to advance meaningful change. The key to achieving equitable impact is honest assessment of results, not just intentions or rhetoric, and also of how changes in one part of the system affect others. We also look for the foundation to be committed to continuous improvement as the consequences, intended or not, of its decisions and actions become clear. While WFF does not use social justice language to define its efforts, it believes that its work aligns with other efforts for long-term systemic change. We hope that the foundation will take both the critique and the praise expressed in the following findings to heart, so it can deliver on its potential as a contributor to a more just world.

1. WFF has achieved powerful and lasting results through its environmental portfolio, leveraging the power of markets as a key strategic element.

WFF’s environmental grantmaking seeks to preserve oceans and rivers while benefiting local economies and communities. Both Buddy Philpot and environmental program director Barry Gold assert that long-term conservation outcomes are not sustainable unless those who live in an area and earn their livelihood from the environment are engaged and feel the benefits.

For example, WFF grantees help farmers in the Colorado and Mississippi River Basins adopt more environmentally friendly fertilizer use practices. The foundation and its grantee partners assert that this approach has saved farmers money without reducing crop production, all while cutting fertilizer use – and thus runoff into the rivers. Similarly, to preserve some of the world’s most ecologically rich and threatened oceans, WFF grantees engage local fishermen as stewards of the marine environment they depend on for their livelihoods.

Three general principles seem to guide WFF’s market-based approach:

*People are at the center of a “triple bottom line” balance sheet of environmental, social and economic priorities.*

Traditional conservation efforts focus on protecting a specific place and then work with existing forms of governance to make that happen. But some environmental advocates note that a growing worldwide population puts ever more pressure on environmental resources. “Just creating fences and trying to protect areas ultimately isn’t going to be what we need,” noted one funding partner. “We may protect a couple of places, but we’ll probably lose from a planetary and systems approach.” Repeatedly, grantees – both large, well known environmental groups worldwide and small organizations working in particular communities – laud WFF for having a unique understanding of the big picture and how environmental, social and economic interests are intertwined.

WFF staff members don’t talk about their environmental goals in social justice language or use the term “triple bot-
However, as Gold said, "WFF sees people as core to any meaningful solution." He added, "The fisheries work we do will result in healthy populations of fisheries and sustainable livelihoods of [local] people. We understand that the coastal community has to benefit or it won't support the change."

In fact, some grantees report that WFF was ahead of them in bringing this community-focused lens to the work. "[WFF] was more interested in the human story than we were when we started," said one.

Grantees place WFF at the leading edge environmentally, both for its prescience in identifying water scarcity as a priority issue 10 years ago before it became a media headline and for finding and investing in solutions that recognize the role of people in relationship to water. The work in the Colorado and Mississippi River Basins reflect almost opposite challenges of two of the most economically and ecologically important resources in the U.S. The Mississippi River has an adequate quantity of water, but its quality is threatened by nutrient and toxin pollution, as well as other factors. Conversely, the Colorado River has minimal pollution, but is running dry. As WFF and its grantees discover people-centered conservation solutions to apply to such diverse contexts, they will be able to multiply impact by exporting these solutions to other parts of the world. The scale of work and investment by the foundation is impressive and leaders note that "the philosophy is definitely ahead of the curve."

**WFF wants to make markets work for the environment and for people.**

A market approach requires an understanding of supply and demand, and finding levers on both ends to change behavior and policy. "We’ve not been using the environment but using it up because appropriate economic incentives are not there to get people to behave differently," said Gold. On the demand side, WFF grantees work with retailers to source sustainable seafood, for example, which ripples down to harvesters. On the supply side, WFF and its grantees have articulated and advocated for "rights-based management" systems that create an economic incentive for fishermen to be stewards of the natural resources they rely on. Supporters say that such sustainable harvesting is beneficial to the environment as well as to the communities that depend on the environment for their livelihood, and it results in better fish and seafood for consumers.

WFF and its grantees explain that rights-based fishing management, more commonly called "catch shares" in the U.S., works like this: If you don’t have a management system that imposes numerical limits or geographic boundaries, human nature impels fishermen to catch as many fish as possible today because there are no guarantees about tomorrow. Catch shares ensure that everyone is playing by the same rules; they all know how much of the catch they own or are allocated, so they police themselves and each other. Understanding the limits and having a clear picture of who is going to get what addresses the problem of tomorrow’s uncertainty and creates more ownership of the resource. It also creates the opportunity for a better product. If the allocation is secure, then there is no rush to fish all at once because all fishermen are guaranteed their part, so they can treat the product properly. A slower flow of goods to market also means that the price is steadier over time, which is better for consumers as well.

Critics decry catch shares as privatization of a public asset, an over-consolidation of the industry in the name of economic efficiencies, and an approach that ultimately favors large players while crowding out family fishermen. They
compare the approach to the industrialization of agriculture, and suggest reforms such as “limits on quota accumulation, safeguards for inshore fishing areas and more transparency in ownership trends.”

In the domestic arena, WFF and its grantees note that coastal restoration efforts on the Gulf Coast likewise have to create opportunity for residents and the economy. “If we don’t have a coast, we don’t have energy infrastructure, we don’t have our port and commerce, we don’t have our fisheries and we don’t have anything to stand on,” noted one grantee. As elsewhere, WFF grantees in the Gulf include large environmental players as well as smaller, grassroots groups working with specific populations so that environmental benefits work for diverse communities. [See sidebar, “Helping to Restore the Gulf Coast.”]

Grantees seek to influence public policy and market practice.

“Foundations are most effective working at the intersection of policy failure and market failure,” Gold said. The foundation works with grantees to ensure that policy is progressive in the sense that it incentivizes positive behaviors and doesn’t unintentionally incentivize behaviors that are bad for the environment. For example, WFF-funded environmental groups concerned about the Mississippi River work to make sure that the Farm Bill incentivizes efficient or optimal use of fertilizers to mitigate damage to the environment.

On the Colorado River, conservation groups work with farmers and ranchers to transition their practices – for example, using sprinkler irrigation versus flood irrigation, which allows them to use less water but get the same yield. The water saved then stays in the river for fish, wildlife and people. Grantees recognize that these stakeholder groups can’t be forced into behavior or policy changes. “Farmers and ranchers have been working under essentially the same law for 120 years, so the status quo is very much dug in,” explained a WFF grantee. “Legislative reforms have to be done with sensitivity and thoughtfulness.”

Work on ocean conservation takes a similar approach to policy change. “Instead of just beating up on fisheries that weren’t doing what we wanted to see them do, what if we create an incentive system to reward those who are doing the things that they should be doing?” posed one funding partner. Creating mechanisms such as the Marine Stewardship Council (MSC) links the interests of buyers with producers, which is exactly what concerns critics, who see corporate bottom lines, particularly Walmart’s, driving mechanisms like these. But supporters say the MSC demonstrates what sustainability can look like. In turn, it also offers space to think about how to deal with poor performers that don’t want to participate.

While grantees describe WFF as a “conservative funder,” in this case meaning it is not comfortable directly funding opposition advocacy, its approach is not necessarily incompatible with “edgier” groups pursuing similar efforts. For example, Greenpeace (which does not receive WFF funding) is more aggressive than most WFF grantees, but can complement their efforts by shining a light on the worst offenders. In return, the softer approach taken by WFF grantees can increase the flow of information between the corporate and nonprofit sectors, which Greenpeace and other environmental, as well as human rights, activists can then leverage in their own efforts.

While more confrontational environmental groups like Greenpeace will call out governments when they fail or actively lobby against destructive fishing practices such
as whaling, WFF grantees tend to build relationships with both the government and private sector to effect change. “We are technical advisors to government and work with communities in a bottom-up kind of way,” said one. NCRP’s research has shown that a variety of groups using different strategies and tactics is more likely to achieve lasting impact than singular approaches.

WFF’s support of its grantees has allowed the environmental community to get into the rooms where policy decisions are being made and influence management decisions to ensure that the environment is protected. For example, thanks to advocacy by WFF grantees, the U.S. Department of Agriculture designated the Colorado River Basin a critical conservation area. That designation opens the door to tens of millions of federal dollars to fund conservation work on farms and ranches in the region.

Likewise, WFF support of advocacy efforts by key grantees on the Gulf Coast, including bringing them together for planning and coordination, led to the passage of legislation in Congress that redirected 80 percent of Clean Water Act fines against BP back to the region. The collective impact of WFF investments in groups in the region will ultimately result in up to $13 billion toward restoration of the Gulf from the devastations wrought by Hurricanes Katrina and Rita and the BP oil spill. [See Appendix A for other examples of policy impacts cited by grantees.]

2. An overreliance on specific market-based vehicles hinders the transformative potential of the foundation’s education program. The expansion of high-quality charter schools and related advocacy have created meaningful benefits for individual students and families, but have not achieved far-reaching, sustainable and equitable system-wide improvements.

In his bestselling biography, Made in America, Sam Walton writes, “Education is going to be the issue we focus on most. It is the single area which causes me the greatest worry about our country’s future. Frankly, I’d like to see an all-out revolution in education.” By any measure, WFF has helped contribute to such a revolution. To date, the foundation has given more than $1 billion to projects that exemplify the notion of expanding choice about where students attend schools.

Our assessment found that Walton’s education grantmaking has the following general characteristics:

- **It has a focused theory of change and implementation.**

  Marc Sternberg, the director of WFF’s K-12 education program, says that the foundation’s long-standing support for education stems from a concern about poverty and a belief that the best lever to break the cycle of poverty is to provide access to quality school choices. “Education is the set of work we can support that will most directly end the cycle of poverty and change the trajectory of young people’s lives,” he explained during an interview for the assessment. Thus, improved academic outcomes are the key to better life outcomes.

  The foundation’s education strategy relies on the core value of empowering parents to choose where their kids go to school. The foundation has fulfilled its commitment to school choice primarily by supporting the expansion of charter schools and vouchers that underwrite attendance at private schools.

  Both foundation staff and their leading grantees see this focus on empowerment as the ultimate measure of WFF’s impact. “There’s nothing more empowering to a low-income family of color than the ability to control the use of their tax
Located at the delta of the largest river in North America, the coastal areas of the Greater New Orleans region have faced major environmental crises twice in the past decade. First, Hurricanes Katrina and Rita struck the nearly 300-year-old city back-to-back in August and September 2005, bringing saltwater intrusion that devastated wetlands. Then, in April 2010, oil gushed into the Gulf of Mexico off of the Louisiana coast for 87 days following the explosion of BP’s Deepwater Horizon oil rig. These events only exacerbated long-term coastal erosion and overfishing in the region.

WFF’s investment in coastal restoration there, like much of its environmental work, is driven by a desire for economic and community benefits, as well as environmental sustainability. “[They] believe [coastal restoration] is economic development,” said a New Orleans grantee.

This point of view informs a unique approach to environmental grantmaking in which fishermen, business leaders and environmental organizations are engaged in partnerships. One such collective approach is the “50 in 10” program, aimed at restoring 50 percent of the world’s fisheries within 10 years.

Walton has also worked with New Orleans’s fishing community to help it become more informed about and involved with responses to coastal erosion and overfishing. “At first, environment groups all said ‘we need this, get your people on board,’” said one Walton grantee working with local fishermen. “Now [the environmental groups] are starting to see that we should be included. Historically, fishermen have been neglected by the government and environmental groups because [they have] no formal education.”

Another environmental grantee complimented WFF for the impact it has had in a short amount of time. A third noted:

“[WFF understands that] it takes diverse voices and a coalition that is organized and strategic to effect change. It has invested in helping to facilitate good coordination, resources to help with logistics of coalition management, help with communications-related items and a lot of work with media to keep this issue front and center and stress the importance of restoration outcomes we would like to achieve. They have put resources into this at a deeper level of investment than usual. … They have recognized what it takes to make something good happen.”

Grantees credit WFF with taking the lead on funding and implementing the region’s response to the BP oil spill. A lobbyist retained by Walton Enterprises advocated on behalf of those affected by the spill, helping to secure fines and penalties for oil spill cleanup and for long-term coastal restoration projects and other regional needs.

However, not all of Walton’s environmental grantees were satisfied with how it handled the oil spill response. “The community feared their agenda would be too far right [politically],” said one. Smaller organizations were especially worried because the lobbyist was not talking to them. “In the end, we won, but we also lost a huge opportunity to push through more environmental protections.”

Image courtesy of Fox Frame Productions.
dollars,” asserted one. “Shifting power to parents and families is the ultimate social justice,” added another. “This is all about democratizing choices for parents in education.”

WFF holds a threefold theory of change driving its education efforts: (1) Charter schools and vouchers provide opportunities for low-income children to escape failing schools in the way that wealthy families have always been able to do, and they will be better off. (2) The ones that aren’t choosing better options and remain in the traditional public schools still reap benefits because charters and vouchers create competitive dynamics that pressure districts to be better. (3) Market enablers, such as parent access to information, help make choice systems function more effectively.

But others, including even key partners, see holes in this theory. One long-time grantee acknowledged:

“The social impact of their investment strategies depends on how much you believe in competition and market drivers as mechanisms of change. I don’t think it is the silver bullet. The public education system is less influenced by competition than many other sectors of society.”

Still, WFF and its closest allies remain steadfast in the belief that district-centered approaches to education reform have little chance of success. Kids “will die on the vine before [districts can change],” lamented one grantee. Another added:

“There are people who wake up every day working to make the entire system work for all kids, with very little success. At the end of the day, children who always come out at the bottom are the very children who need – sometimes – an escape hatch. … People who create that argument [to focus on the district] typically are people who have options.”

These charter advocates agree that there is a role for universal public education but that it does not have to be delivered by one system or specifically by traditional public schools:

“Kids are coming to school with a wide variety of challenges. … The belief that a single neighborhood school is going to have the capacity to serve every kid in that community equally well is false. … The public has a responsibility to pay for quality education for every child. There is not necessarily a responsibility to ensure it is done in any particular type of school.”

Its market-based approach in education lacks the strategic flexibility exemplified in the foundation’s environmental portfolio.

In its environmental program, WFF brings a solid market-based ideology and set of tools, but adapts the approach to fit specific needs and opportunities in each location in which it operates. While WFF says it aims for improved educational outcomes and recognizes that every community will get there differently, the foundation pursues a strategy that is fixated on very particular market reform vehicles: publicly funded charter schools and vouchers to attend private schools.

“I don’t equate choosing a specific model with being strategically focused,” said one peer funder. Another funder active in the charter school movement agreed:

“I don’t think of them as a leader in education reform. I think of them as a big funder of charters and private school vouchers. The leaders are [funders that] have a broader portfolio that recognizes complexity, whereas WFF is a promoter of vouchers and charters without regard to quality.”
One grantee even said, “When you’re thinking of justice for all versus justice for a few, I think their focus on charters specifically was more narrow than it could have been.”

Further, funders that support charters point out that these schools were intended to be sites of innovation, generating lessons that could be incorporated back into the district, thus benefiting a broader cross section of students. “[There are] not too many examples over the last 30 years where that has [happened],” said one funder. Another funder commented that, as traditional districts start to adopt some of the innovations incubated by charters, the question becomes “do we need a charter sector [anymore]?”

This person continued, if the intended effect of the charter school law was to free educators of bureaucracy, allowing them to innovate, “we can do that now. It worked. We think of charters only as a pressure to the system. We are focused on outcome, not the charter strategy.”

WFF counters that it is deeply invested in quality, not just increasing the number of charter schools. The foundation notes that it has invested millions in research and evaluation grants, as well as tens of millions on advocacy and technical assistance to improve quality in the charter sector through state charter associations, the National Alliance for Public Charter Schools and the National Association of Charter School Authorizers. [See Appendix A for more examples of policy impact cited by grantees.] Critics respond by pointing out that WFF also invests heavily in charter advocacy groups such as the California Charter School Association and Friends of Choice in Urban Schools that prioritize lifting caps on the number of charter schools in a state and ensuring that charters receive “maximum public funding but minimal regulation.”

It focuses on choice without an explicit commitment to equity, limiting the foundation’s positive impact on issues and communities it cares deeply about.

Nearly 63 percent of education grantees responding to NCRP’s survey describe WFF’s work as “very impactful” relative to advancing equity. Yet, when asked to provide examples or evidence that the foundation is making a difference, the majority of responses (188) from education grantees relate to opening or expanding charter schools or improving outcomes for individual students. While laudable, these more closely resemble direct service improvements rather than equitable systems change.

As mentioned earlier, NCRP’s definition of strategic, just philanthropy includes three core elements: benefit to marginalized groups, support for systems change strategies that advance equity and engagement of those most affected in leading the change. WFF’s education work undeniably embodies the first element, specifically aiming to benefit low-income students and families, often kids of color, in mostly urban communities. And its steadfast investments over the years have, no doubt, helped change the system, fulfilling Sam Walton’s promise of an “all-out revolution” in education. But this systems-level change has not resulted in greater equity; in some cases, it has exacerbated inequity.

Though the foundation is considered a strong supporter of vouchers, or what it calls “private school choice,” WFF states that this is not a significant portion of its grantmaking today, and that it advocates for public accountability of private schools receiving publicly funded vouchers. Nonetheless, NCRP can find no equitable value to vouchers that transfer public dollars to private institutions that are able to discriminate among students while also escaping public accountability.
Charter schools, however, are hybrid institutions that blend public purpose with market-based sensibilities. They are not inherently incompatible with equity outcomes, but the way they are operationalized makes all the difference.

WFF is the largest single private funder of charter school start-ups, investing at least $350 million in a quarter of the nation’s 6,000 charter schools over the last 25 years. While the foundation places a high value on academic results, and aims to be diligent in supporting only those schools that embody best practices cultivated by the field over the last two decades, it has a reputation in the field as a choice evangelist that favors quantity over quality and opposes any regulation as a violation of free enterprise. This has negative systemic effects, even while specific students may benefit from the new educational options available to them.

“I am less interested in a school that is working than I am in a district that is working,” said one education reform funder. WFF agrees that its strategy should help make entire systems work better, but maintains that the most efficient vehicle for change is the school. However, an education reform advocate noted, “[WFF’s approach] is succeeding for those they seek to help, but is very short-sighted on the whole system. … Their goals should be more ambitious.”

**Its new education strategy reflects attention to some critique.**

There is some evidence that WFF has learned from its experience and is making adjustments that address some of these critiques in its new strategic plan for education – albeit without abandoning its central commitment to charter schools. A close peer funder has noticed a subtle shift in WFF’s approach from quantity toward quality and accountability: “In the early days of their work, they were probably 70 percent choice [oriented]. It’s at least 50-50 these days.”

A 2012 grant to the National Association of Charter School Authorizers, for example, calls for the closure of underperforming schools.¹¹

The new strategy takes what Sternberg calls “a three-sector approach to grow high-quality schools, regardless of governance” and focuses on 13 cities.¹² A central component of the new strategy is encouraging what WFF calls “market enablers” of school choice. This includes, first and foremost, a commitment to accountability. Philpot said, “The key words to us are accountability, transparency, choice.”

Other enablers include making information more readily available and accessible to families so they can make good choices, developing enrollment systems that help families choose their schools more easily and fairly, and providing transportation so students can access schools that are the best match for them regardless of location. Sternberg asserted that charter schools, as public institutions, have a “duty to do their fair share to serve the community,” including special needs students and English language learners (ELL). He pointed to special capacity-building grants WFF recently made at the district and school levels in New Orleans and Denver for this purpose.

3. **WFF maintains a strong commitment to its home region and recently revised its strategies there with community input.** While the home region program has learned from past comprehensive community efforts, it does not pursue equity, resident empowerment and other proven approaches for effective place-based giving.

WFF recently announced a commitment through 2020 of $320 million to its “home region” of northwest Arkansas and the Delta region of Arkansas and Mississippi.²² The two subregions share little in common in terms of demographics, needs or the focus of the foundation’s investments.
To be sure, there is no shortage of critique about charter schools. But even those who support charters – including some peer funders, long-time grantees and sympathetic thought leaders – suggest that WFF can be more vocal in its support of quality, accountability and equity, not just for the schools it funds but in the movement overall. They encourage WFF to address concerns such as the following:

**Results fall short of promise.** Overall nationally, charter schools have benefited some families and students, including low-income people of color in urban settings. But on the whole, charters do no better than traditional public schools, and many do worse. The charter-friendly Center for Research on Education Outcomes (CREDO) at Stanford University, a long-time WFF grantee, has been tracking charter school outcomes over the years and released its most comprehensive study in 2013, showing mixed results:

“Across the charter schools in the 26 states studied, 25 percent have significantly stronger learning gains in reading than their traditional school counterparts, while 56 percent showed no significant difference and 19 percent of charter schools have significantly weaker learning gains. In mathematics, 29 percent of charter schools showed student learning gains that were significantly stronger than their traditional public school peers, while 40 percent were not significantly different and 31 percent were significantly weaker. Charter schools now serve approximately 4 percent of the nation’s public school students, with more than 2.3 million students in more than 6,000 schools in 41 states, an 80 percent increase in enrollment since [our] 2009 report.”

A more recent CREDO study, funded by WFF, looks specifically at urban charter schools, the focus of the foundation’s grantmaking. This 2015 report declares, “Urban charter schools in the aggregate provide significantly higher levels of annual growth in both math and reading compared to [their district] peers.”

However, a review of data provided by CREDO on several specific states and districts shows that results are often mixed for the most marginalized students – those receiving free or reduced lunch, those with special needs and ELL kids. The charters often only perform less badly than traditional district schools, without actively changing conditions for the affected communities.

To be sure, educating children made vulnerable by poverty, structural racism and other inequities is a complex challenge, unlikely to be solved by any singular approach. And, while they provide the core of the available data, test scores alone are not a meaningful measure of improvement. Although supporters can cite some studies showing examples where charters “outperform” district peers, this hardly can be seen as fulfilling the promise, in spite of the billions of public and private dollars directed at this singular reform effort over the past quarter century.

**Lack of accountability undermines reform.** WFF says that it is deeply attentive to issues of quality and accountability, and in fact turns down 40 percent of applicants establishing new charter schools because they do not meet the foundation’s rigorous standards. The foundation also has invested in evaluating its portfolio and recently published the results in *The Foundation Review* so other funders could learn from its experience in “supporting the creation of high-quality seats for low-income students.” While these efforts are laudable and show a genuine interest in accountability, other investments contradict this stance.

Thanks in large part to WFF-funded advocacy, publicly funded charter schools

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have been able to carve out exemptions to the accountability and transparency mechanisms the public school system faces. While “autonomy” was meant to enable experimentation with educational design, the charter industry has taken that to mean deregulation of operations and management. WFF and its allies resist regulation; as one grantee asserted, “I don’t think decentralization and accountability are incompatible.”

But the charter sector has been rocked by examples of mismanagement and fraud, in addition to underperformance. In 2014, the activist groups Integrity in Education and Center for Popular Democracy released the report “Charter School Vulnerabilities to Waste, Fraud, and Abuse,” revealing that “fraudulent charter operators in 15 states are responsible for losing, misusing or wasting over $100 million in taxpayer money.”

Further, as one peer funder observed, resistance to accountability contradicts the rationale for reform. Lack of district accountability is one of the central arguments for the proliferation of charters. So it is confusing when charters are not held to even the same standards of accountability as the supposedly unaccountable district schools.

The emphasis on quantity over quality in the charter sector has exacerbated the accountability gap. A 2014 report by Brown University’s Annenberg Institute for School Reform (AISR) and Communities for Public Education Reform (CPER) on charter school accountability states:

“State charter laws, regulations and oversight have not stayed abreast with the rapid growth of the charter school sector ... While most charter operators diligently work to meet their students’ needs, the lack of effective oversight means there is no guarantee of academic innovation or excellence – which was the charter school’s original intent – and too many cases of fraud and abuse, and far too little attention to equity.”

As with any market-based approach, the charter school market is open to a wide range of entrepreneurs encouraged to take their best shot at success. The theory goes that the market will correct itself by weeding out those that don’t do a good job. But it takes time for a school to show its results, all the while students and families bear the consequences. Even when a bad school closes – which market advocates would cite as evidence that the free market works – students and families are the ones most disrupted. Unregulated markets are simply not compatible with delivering a public good such as universal public education, especially to communities that need stable, high-quality schools the most.

For-profit operators place profit before public and educational goals. While nonprofit entities must hold the charters, some have contractual arrangements with for-profit operators or facility owners, thus funneling public dollars into privately owned entities. These add further challenges to calls for transparency, because for-profits are not beholden to nonprofit reporting rules. For-profit-operated schools are under no obligation to share information about their profits, so there is no way to assess if, for example, there’s disparity between CEO salary and school outcomes.

Further, as one grantmaker noted, by definition, for-profits are primarily responsible for maximizing shareholder returns, not educational outcomes. Even if the results are positive, “Every dollar that goes in their pocket is a dollar that could be spent on kids,” one grantee asserted.

Though the foundation says that less than 3 percent of its funding goes to for-profit-operated charter schools, and despite calls from some charter school allies, WFF continues to resist denouncing for-profit operators of charter schools. “We are agnostic on governance,” emphasized Philpot. Sternberg added, “If they can produce good outcomes with greater efficiency, we are open to it.”

Student selection often excludes those with special needs, leaving them in traditional district schools with diminishing resources. While there is some evidence that charter schools enroll high numbers of and improve outcomes for low-income black and Latino students, there is also concern that they are underserving students with special needs. Although districts are mandated to serve all students, many charters have found ways to skirt this requirement, through mechanisms from discipline policies that push out challenging kids to communications that discourage parents of high-need students from participating. As one funder of charter schools said:

“Almost no charters serve ELL [English language learner] kids. If you use subtle and not so subtle ways to discourage kids enrolling or staying, it leaves the hardest to educate kids in a district that has lost resources because it relies on economies of scale to educate all kids.”

Charter advocates insist that the worst offenders are the districts, which they claim isolate special education programs and overclassify kids as having special needs. One WFF grantee notes that districts are twice as likely to classify males of color as special needs. But while no one suggests that district schools do not have room for improvement, defenders say that at least they are not “rigging the system... to [keep or kick out] special needs kids.”

One parent activist poignantly described the impact of charter schools on kids with special needs:

“As someone who works with parents of children with disabilities, things have absolutely gotten worse ... because parents don’t

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have neighborhood schools for their kids anymore. ... No one has the right to a neighborhood school so, in order to put your child in a school, you have to go apply to these different schools. ... There’s perpetual shopping for schools. The most troubled families seem to constantly hop around.”

Charter schools often leave traditional districts with diminishing resources and public support. About 95 percent of public school students are still in traditional schools. The cost of establishing charter schools often comes from public funds, drawing from the overall education budget of a district. Pulling out resources to benefit a small number of students, regardless of how marginalized and deserving they may be, can’t help but reduce resources and subsequently undermine the quality of education for the vast majority of school kids, the majority of whom are poor.\textsuperscript{19}

This concern comes not only from traditional education reform activists who resist charters and other market-based reforms. Even Moody’s Investor Services, an exemplar of self-regulated free enterprise, points out:

“The dramatic rise in charter school enrollments over the past decade is likely to create negative credit pressure on school districts in economically weak urban areas. ... Charter schools can pull students and revenues away from districts faster than the districts can reduce their costs. As some of these districts trim costs to balance out declining revenues, cuts in programs and services will further drive students to seek alternative institutions including charter schools.”\textsuperscript{20}

Moody’s identifies the following risk factors that make a school district vulnerable to charter school growth: “[1] the school district is already financially pressured and grappling with weak demographics ... [2] having a limited ability to adjust operations in response to a loss of enrollment to charter schools ... [3] being in a state with a statutory framework promoting a high degree of educational choice and with a relatively liberal approval process for new charters and few limits on their growth, as well as generous funding ... [4] when a school district is not integrated into a healthier local government, as such integration can lead to greater diversity in revenues and more flexibility in balance sheets, positioning the districts to better handle operating and financial challenges.”\textsuperscript{21}

Privatization undermines democracy and universality of public schools. While charter supporters insist that charters are public schools, they transfer public dollars from traditional district schools to private entities to deliver public education. Equally concerning, they contribute to declining public support for and faith in public institutions.

To be sure, some charter school critics simply resist any and all market-based strategies to education reform. They see this worldview as choosing winners and losers, which is antithetical to notions of fair play. One critic said:

“[Charter schools are] not about creating an overall system of structural equity that provides strong opportunities to learn for all children, but about providing opportunities for certain kids that have strong advocates to work the system.”

When charters work well, they provide an opportunity for low-income students of color and their families who are able to navigate the choice systems to get out of a bad situation and into a better one. However, as one education funder asserted, “that’s not a systemic solution.”

Charter critics acknowledge that the failures, both real and perceived, of public schools are what opened up the field for this kind of approach. But they continue to believe that strengthening the system of universal public education remains the best way to overcome these problems and inequities. A more privatized system might benefit some, but does not carry the commitment to universality that is a cornerstone of our democracy.

WFF disagrees with this area of critique, rejecting the characterization of charters as “privatization.” The foundation maintains that, with the right conditions, high-quality charters not only provide immediate relief to families in need, particularly low-income families, but also can serve to catalyze improvements across entire school systems.

Parents are encouraged to behave as individually-driven consumers, fighting to get the best option for their kids, rather than champions of equity, concerned about the fate of all kids. Some education funders and reform advocates argue that closing neighborhood schools makes it harder for families to be engaged in their kids’ education. Further, these privatized forms of public education incentivize parents and students to act as consumers looking for individual solutions rather than citizens looking for equitable solutions. “The best basis for social justice outcomes is getting everyone into the same pot where we all have an incentive to fully support public education,” said one activist, “Schools are social institutions that belong to everyone,” added a funder, “and for which all of us are responsible because they provide a collective public good as well as benefits to individual children and families.”

WFF rejects this argument, emphasizing that parents want the best option for their kids and don’t have time to wait for neighborhood schools to improve. In the polarizing debate over which strategy has the best interest of students in mind, WFF asserted to NCRP that it “prioritizes the needs of children over those of adults who want to maintain the status quo.”
Generally, the foundation’s home region program has the following characteristics:

**Quality of life is the focus of its Northwest Arkansas grants.**

Benton and Washington counties in Northwest Arkansas are predominantly white but have a Latino population of 16 percent, more than double the statewide average. At nearly $55,000, the median household income in Benton County is significantly higher than the state level of just under $41,000, while Washington County nearly matches the state figure. Conversely, the 12 percent poverty rate in Benton County falls well below Arkansas’ 19 percent rate, while Washington County comes in at close to 21 percent.

These counties of Northwest Arkansas comprise one of the fastest growing regions in the country as companies locate there to be close to Walmart. The focus here of WFF’s new home region strategy is on regional cooperation, helping the area to brand and promote itself as a region. Based on resident response to quality of life surveys, the foundation has dedicated itself through its new strategic plan to creating world class K-12 school options, expanding arts and cultural programming and preserving a sense of place. It also is coordinating regional economic development so that communities within the region are not competing with each other but rather uniting to form a nationally more competitive region. The Crystal Bridges Museum of American Art in Bentonville was founded by Sam and Helen Walton’s daughter Alice and endowed with an $800 million gift from WFF in 2010.

Previously, WFF invested in diversity efforts that focused on welcoming, acclimating and supporting the Latino immigrant community in the region. The new plan does not continue those efforts because the resident survey suggested that much progress had been made and local companies and others are now picking up that line of work instead.

**It is planning an even more focused approach in the Delta.**

WFF’s Delta focus is primarily on two particular counties – Phillips County, Arkansas, and Coahoma County, Mississippi – and they could not be more different from Northwest Arkansas. These two counties mirror each other across the Mississippi River. Both are predominantly African American. Phillips County falls well short of the Arkansas median income, at only $27,000 compared to $41,000 statewide, and has a 34 percent poverty rate compared to the statewide level of 19 percent. Coahoma County also has a median income of $26,000, in comparison to $39,000 in the state of Mississippi. The poverty level is a whopping 38 percent, versus 23 percent statewide.

For the past 20 years, WFF has pursued a comprehensive community development (CCD) plan in the Delta region. Working with two Delta-based intermediaries, WFF invested $52 million from 2001 to 2013 in an effort to tackle poverty by pulling many social and economic levers at once. In preparation for strategic planning for the Home Region program, WFF conducted a thorough evaluation and concluded that the effort had failed; indeed, poverty had not budged in the target communities and, even adjusting for the impact of the recession, some indicators were worse than when funding began.

The foundation felt that its approach was having an impact on individual lives but was not moving the needle on poverty and population decline. In reformulating the strategic plan, staff stepped back and researched the field. They saw, like other funders, that comprehensive place-based efforts
elsewhere were not achieving transformational change and theorized that CCD doesn’t work anywhere in the nation when some basic elements are not in place. Thus, WFF has decided to focus on education issues across the Delta region. In its two primary counties, WFF will focus on public safety, youth engagement and targeted job creation.

Rob Brothers, former Home Region director explained:

“[We are] trying to really concentrate on a couple of geographies, learn, which we certainly have, and try to come up with formulas or programs or methodologies that can work with the idea that then could be expanded to other areas. … If we can really help the communities to have some impact on this crime and public safety issue and positively engaging youth, then we may be able to come back behind that and re-employ the more comprehensive community development strategy, which would then have a much better chance for success because the basic needs have been met.”

Some long-time partners express concern that the new approach indicates a declining interest in the Delta region, especially because the family is more spread out and less directly attached to this part of the country. But Philpot said the opposite is true: “The family is even more interested. We have hired someone on the ground there. We may have reduced our commitment for specific grantees but we have renewed our commitment to solve basic needs so we can expand again to broader initiatives.” WFF notes that its Delta investments remain consistent at 14 percent of Home Region allocations, which are growing overall.

**Education is a focus of its Delta funding.**

The foundation has pledged $50 million to the Delta region over the next five years. More than $37 million will be directed to education. While this pledge includes continuing support to long-time grantees Teach for America and KIPP schools, the foundation notes that it also engages with the traditional public schools. For example, on the Mississippi side of the Delta, WFF is investing in a local school district that recently received a federal Race to the Top grant and offers what the foundation describes as innovative educational approaches, including open enrollment. On the Arkansas side of the Delta, WFF is investing in a pre-K initiative and an effort to expand college access to low-income students.

The foundation has joined forces with other philanthropic and public leaders to create the Forward Initiative, a comprehensive plan to strengthen public education in Arkansas. It will mirror the foundation’s national strategy and focus on expanding choice in the form of charter schools. On one hand, leaders in the region acknowledge that a WFF-supported KIPP school in the Delta has single-handedly doubled the number of African American children in the state who score a 3 or above on AP exams. On the other hand, they express concern for the majority of children who will remain in the traditional public schools, with ever diminishing opportunities, while resources and attention flow to charters.

In response to community opposition, the state legislature recently tabled the WFF-supported House Bill 1733, which would have enabled private operators to manage entire “distressed” school districts. Critics decried the bill as an attempt to privatize the Little Rock School District. Efforts like these concern public education reform advocates in the region. They worry about the focus of WFF’s grantmak-
ing: “For some reason they have concluded that traditional public education is not fixable,” said one grantee.

**Discrete funding of public safety and youth engagement lacks equity approach.**

Some grantees are skeptical about the new approach. One noted:

“We think public safety infrastructure is critical, but what is laughable is that the viability of the community is greater than building more jails or radios for the police force. To expect that will stabilize the community so you can create jobs … Unless you create real education opportunities, and empower people to save and invest assets, the region will not improve.”

Even WFF staff members recognize that public safety concerns reflect a crime rate that is driven in part by the economic situation, lack of jobs and an education system that does not prepare young people for employment. Yet, they are exploring grant options such as finding positive ways to engage young people after school hours and on weekends, coupled with modernizing and equipping the police force, which they hope will lay the groundwork for future economic development.

While it is commendable that the foundation took a hard look and demonstrated a willingness to adapt its strategy in response to its findings, the shift to funding discrete activities such as these reflects an overcorrection in the wrong direction for meaningful impact. Other foundations, including The California Endowment and the Colorado Trust, for example, have recognized the need to expand their strategy to take a systems approach, engage residents directly in building power and link policy change with individual-level interventions. Given its level of investment, WFF could be aiming for higher impact, rather than scaling back its ambitions.

Further, in the absence of an explicit analysis of structural racism, the new focus on public safety could have detrimental effects on the majority African American population in the region. WFF’s strategy does not reflect an understanding of or sensitivity to the over-criminalization of black youth, the school-to-prison pipeline or related concerns. This is a missed opportunity to advance equity in a region that has suffered mightily from structural inequity.

**Home region strategy requires ongoing grassroots engagement.**

While the new strategic direction for the home region was informed by quality of life surveys of residents and interviews with community leaders, there doesn’t appear to be deep engagement of those most affected to help determine or lead the strategy. Indeed, there seems to be limited understanding among WFF staff of what “community organizing” strategies entail.

The market approach that permeates all of the foundation’s grantmaking can be applied to the home region in a way that advances positive community change, so long as intended beneficiaries drive the work, build power and shift systems to meet their needs in the immediate and long term. Other local funders, and NCRP’s own assessment of Little Rock’s Winthrop Rockefeller Foundation, have noted the lack of nonprofit capacity builders in the state and in the Delta. WFF resources could help grow local capacity for meaningful resident engagement through a significant and long-term investment in this area.

A key partner in the Delta region asserted:
“You’ve got to make markets work. … You can’t have a parallel universe for poor people. How do you engage people in [poor] communities in systems more effectively? … Instead of funding the local power establishment and getting them to be good citizens, we need to broaden ownership of the [power structure].”

Some observers point squarely to the foundation staff as responsible for WFF’s limited understanding and acceptance of grassroots organizing as a key change strategy. While the environmental and education teams tend to be populated with experts from those respective fields, some home region grantees say this team lacks programmatic expertise in place-based work. “It’s more like a bank charitable giving initiative,” said one. While this kind of direct giving can have some value, it is not generally considered a change strategy. Encouragingly, the foundation recently hired a native of the Delta to work on the ground.

According to some partners, a limited programmatic understanding, in turn, created unrealistic expectations for the work in the Delta and thus disappointment with the pace of change. But others say that WFF has been committed to improving lives of residents for so long that it understands the unique history and dynamics of the region. “Tons of organizations will come and do their research and then go,” said the Delta WFF staffer. “But WFF stays.”

4. Special interest grants and initiatives, directed at the discretion of individual board members, provide opportunities for responsive grantmaking. But they lack transparency and are, at best, too diffuse to achieve meaningful, long-term impact.

WFF does not technically accept unsolicited grant proposals. The exception is in its special interest and initiatives work, which is directed at the discretion of individual board members. Here, the WFF staff functions almost like a community foundation, helping to link board members’ interests with needs in the community. Sometimes, those efforts aggregate to create strategic opportunities. For example, the foundation’s environmental program emerged a decade ago after the staff noticed a pattern of environmental giving among these individual grants, allowing the board to identify opportunities to be more intentional and strategic in a larger framework. (Skeptics point out that this also coincided with the start of Walmart’s efforts to be seen as a champion of environmental sustainability.)

Many of the special interest grants are small, in the $2,000-$10,000 range, though some are quite significant. Take, for example, the nearly $225 million gifted since 1998 to the Children’s Scholarship Fund, which awards tax credit-funded vouchers to students to attend private schools. Notably, Sam and Helen Walton’s son John was one of the fund’s cofounders. And the Crystal Bridges Museum of American Art, founded by Alice Walton, has received approximately $1.3 billion in grants since 2010.

No formal policies that govern this area of work are publicly available, and the foundation declined to provide any information about how decisions are made and how much money each family board member has discretion over. There is some confusion about how grants are tracked because those that have some relevance to the environmental, education or home region program areas might be counted in those portfolios even though they do not align strictly with WFF’s strategic priorities. The foundation’s 2014 grants list suggests that about 10 percent of that year’s grantmaking was distributed through special initiatives.

Nac Williams, who heads this funding program, and Buddy Philpot noted that individual family members are begin-
ning to do their own strategic planning in the hopes of sharpening their focus and improving results. This is commendable, but there is no way to know whether social justice values and goals will be integrated into those plans and, likewise, no way to determine if its impact is promoting equity.

While the foundation’s practice is legal and typical of many family foundations, this “checkbook philanthropy” of family members on the board contradicts the highly strategic approach of the foundation in its environmental and education portfolios. Even when there is room for improvement in those arenas, they are at least transparent and open to feedback about its strategies, and thus have greater potential for positive long-term impact that benefits, engages and empowers underserved communities.

5. While the environmental portfolio prioritizes broad engagement across an ecosystem of actors to plan strategies and drive sustainable results, the education framework instead offers a preformulated, specific approach and then engages supportive stakeholders to help pursue it.

The grantee survey for this assessment shows that education grantees believe the foundation’s approach benefits underserved communities. Nearly 60 percent of education respondents believe WFF has been “very effective” in helping communities gain greater access to resources; 62 percent believe that the foundation has been “very effective” in helping communities achieve more equitable opportunities and outcomes. In contrast, only 35 percent of education grantees cite the foundation as “very effective” in helping communities determine and lead their own strategies for change, and only 32 percent find WFF “very effective” in supporting communities to have a more powerful public voice.

Open-ended responses in the survey, as well as interviewees, suggest that the foundation takes different approaches in its environmental and education portfolios.

In its environmental program, WFF engages diverse stakeholders as well as marginalized groups with different focused yet flexible approaches to ocean and freshwater conservation.

To carve out its niche in ocean conservation, Gold says the WFF team took stock of all the threats to the ocean – overfishing, habitat destruction, pollution from both nutrients and toxic substances, invasive species and climate change. And then it asked: What are we uniquely qualified to tackle? While some critics question why the foundation does not take on broader issues of climate change, particularly as Walmart and other large corporations come under fire for their contributions to carbon and other harmful emissions, WFF asserts that it made the decision to target overfishing and habitat destruction as the issues on which it could have the greatest impact and benefit ocean health.

In the environment work, grantees describe WFF as “a really smart funder because they fund a lot of pieces to the puzzle.” In the Colorado River Basin, and elsewhere, grantees notice that WFF skillfully spreads around significant resources “making sure all their investment adds up to something bigger.” WFF supports groups working in the Colorado River Basin to come together to agree on what needs to be accomplished as well as to bring different skill sets and ways of doing things to the mix. WFF purposefully funds different groups that have different methods. WFF understands that it takes diverse voices and a coalition that is organized and strategic to effect change.

WFF’s environmental grantees repeatedly cite the importance of working with community stakeholders to design
strategies that will meet both their personal interests and shared conservation goals. Gold explained:

"Unless you work with those communities, you can’t achieve long-term conservation outcomes. You have to align benefits of communities to conservation outcomes. If you don’t, it will be a constant battle of trying to prevent degradation of the environment at the same time people are trying to get their livelihood."

“None of this works if fishermen are not engaged,” noted a peer oceans funder. Fisheries and the government entities that support them have to make these changes. The ultimate goal of a market approach is to get to that interaction.

Communities are distinct, so by definition their priorities and strategies will be distinct as well. This seems to be part and parcel of WFF’s effort to find win-win solutions in its environmental portfolio. And grantees confirm that it holds true, even when what community stakeholders want might not align with foundation expectations. One grantee said:

"[Stakeholders are] empowered to work through solutions and develop solutions for themselves that are meeting needs on the ground. … [WFF staff] has an environmental outcome that they’re striving to achieve, but I’ve seen them be incredibly open-minded and supportive regarding how you work with those communities to achieve that outcome. … Benchmarks that Walton puts out there for them are respectful of that and are accommodating. [They don't] railroad a bunch of people and communities to get an environmental outcome.”

The foundation’s environmental efforts are not without critics. In her new book, *This Changes Everything: Capitalism vs. the Climate*, Naomi Klein derides so-called “win-win” solutions as cover for a too-close partnership between “big greens” or advocacy groups such as the Environmental Defense Fund, The Nature Conservancy and Conservation International and big corporations like Walmart.28 Klein writes, “[The] painful reality behind the environmental movement’s catastrophic failure to effectively battle the economic interests behind our soaring emissions: large parts of the movement aren’t actually fighting those interests – they have merged with them.”

Klein, along with a few interviewees for this assessment, note that a significant portion of WFF’s environmental funding goes to these “big greens.” Because they are funded through the family foundation, these organizations can claim they do not take Walmart (or perhaps any corporate) money and also declare objectivity when they praise the company’s environmental efforts. “It is important for large environmental organizations to look critically at corporate practice,” asserted one interviewee. This close funding relationship could call into question their ability to do so.

These critiques are compelling, and suggest that WFF and other funders with strong corporate ties need to be especially transparent about grantmaking strategies and approaches, what grantees are funded to do and, most importantly, the results they achieve. Further, it is important to ensure that support for these large groups does not crowd out smaller players that are particularly positioned to engage marginalized communities.

On the whole, WFF stakeholders we interviewed and surveyed painted a positive picture of overall systemic impact from the foundation’s environmental program. Notably,
larger grantees independently expressed how WFF support enabled, or in some cases compelled, them to engage grassroots communities in deep and authentic ways. For some of these grantees, this meant allowing them to hire local organizers and also adapting their strategy in response to stakeholder feedback. One small community-based group cites WFF support as the reason that the larger environmental organizations have started paying attention to local community needs.

To be clear, WFF is a strategic, rather than responsive, environmental funder. The foundation sets its environmental priorities and then carefully selects partners that already align with them. On one hand, this reinforces the foundation’s focus. On the other, it leads to some flexibility because the foundation does not have other prospective grantees waiting in the wings to step in if a particular grantee adapts the approved approach to realities on the ground.

“Walton has given me a lot of freedom to set my own agenda,” said one environmental grantee. “But big chunks of that agenda also have to be consistent with Walton’s agenda in the Basin.”

Working with grantees that authentically engage with community stakeholders allows policy solutions to be more equitable and inclusive. For example, Gold acknowledged that while catch shares can possibly favor big fishermen over smaller ones, they can be designed to counter that inherent bias. “We engage community; we don’t do social engineering,” he asserted.

The work of WFF grantees in different ecosystems varies because the communities in which they work are distinct. For this reason, WFF says it is important that grantees intentionally design ways to meet the socioeconomic needs of the particular community and the biophysical aspects of the particular fishery.

While WFF does not have an explicit focus on diversity in its environmental portfolio, the foundation shows some concern for racial dynamics in the field. Gold noted that WFF supported Board Members of Color, an emerging group of board members from big environmental NGOs, so they can have a stronger voice in what their groups do.

In its environmental efforts, WFF and its grantees are engaging some of the most marginalized groups, such as fishermen, farmers and rural people. Restoration work on the Gulf Coast engages Asian-American fishermen, and efforts are underway to link job opportunities to people exiting the prison system.

An exciting aspect of this approach is that it can lead to strange bedfellows, with often-presumed adversaries finding common cause and working together for mutual gain. One environmental grantee explained:

“There’s a perception that conservation interests and agricultural interests always collide. I don’t believe that’s the case. Walton doesn’t believe that’s the case. Our partners don’t believe that’s the case. … The same for municipal water providers as well; the perception has been … that they are enemies of the environment. We certainly don’t agree with everything that either of those interest groups does but … we can work together and get good work done.”

On the Gulf Coast, restoration efforts have intentionally engaged business interests. “[We] involved business leaders. … [They] would never call themselves environmental-
ists and yet they are passionate about coastal restoration,” noted one grantee.

In education, WFF invests heavily in creating a supply chain of education providers and advocates, rather than engaging existing parent-, student- and teacher-led organizations.

In its education work, the foundation has invested to grow both supply (i.e., operators) of and demand (i.e., advocates) for school choice, similar to its market-based environmental approach. More than half of funding goes to opening or expanding charter schools, and most of the balance to advocacy. The foundation also invests to increase demand for charter schools by creating vehicles to help parents make what WFF perceives to be better, more informed decisions. A key grantee that works to mobilize parents affirmed: “We have a pretty firm view about the types of issues we take on or not – we do a lot of work around charters, a lot of work around choice.”

The foundation has provided support for independent single-campus charter schools, as well as larger school networks such as KIPP. Since 2002, WFF has contributed more than $70 million to KIPP. Most of this went to KIPP’s Fisher Fellows, a program to develop new school leaders through a year of intensive leadership development training. WFF covered these leaders’ salaries and benefits for a full year, residencies in high-performing schools and start-up funds of $250,000 per school. So, it was able to support both the expansion of new schools and the expansion of new school leaders.

WFF-supported school operators explain the critical help that start-up funds provide: Many schools, including those in the KIPP model, open one class or grade at a time, and they get public funding only for the group of students they accommodate. But, they still have to invest in all sorts of start-up overhead costs, including a facility, administrative staff and other expenses that become more cost-effective once they can be distributed across more students.

While there is controversy about the extent to which charter schools serve children with pressing challenges and needs, WFF has invested in cultivating a diverse cadre of leaders and advocates for the movement. The Charter School Growth Fund has a pool focused on backing entrepreneurs of color at the very early stage. WFF is a primary funder of this pool, making a $5.5 million grant over three years to the fund for this purpose. Similarly, WFF helped found the Black Alliance for Educational Options (BAEO), and supports BAEO’s Bailey-Sullivan Leadership Fellowship, which proactively builds a cadre of black advocates equipped to champion reform initiatives in the black community.

Critics warn that the scale of WFF’s investment can have a distorting effect if there is not a corresponding sensitivity to accountability. The sheer volume of dollars at WFF’s fingertips enables a “full-court press” of strategies that include funding for research and advocacy groups, charter school authorizers, school start-ups and management organizations. Coupled with the individual political contributions of family members on the board, these strategies work in alignment to frame a dominant narrative about public school failures and the promise of privatized solutions.

This strategy sidesteps the existing parent-, student- and teacher-led organizations that are committed to improving public education – including those that engage some of the most marginalized families. Some education advocates observe that when WFF targets a city for education work, it doesn’t start by consulting with local community members
about what they want, and it doesn’t develop an agenda based on community interest. If it did, it likely would find that most parents prefer a high-quality neighborhood school over some vague ideal of choice.

A recent blog post circulated by opponents of WFF-backed privatization efforts in Arkansas features the caution of school activists in New Orleans and Chicago, who write:

“So many outside people came to New Orleans and Chicago to help reform our public education system, but they didn’t come here and ask us what we wanted. They came here with their ideas and what they thought education reform was about. They often had little practical experience or research to support their theories. With heads full of ideology they never took time to get to know us or what our concerns were about our public schools.”

One parent activist challenged the core notion of “empowerment” that WFF holds dear:

“If this is really about empowering parents, they would put their money equally into funding organizations that do just that – organizations that help parents evaluate schools more critically. … But Walton’s money goes into a structure that does not insist that it is parent-driven. If Walton was really about empowering parents, it would put its money in ways to help parents be the checks and balances. … Right now, parents are consumers. It is not in children’s best interest to constantly bounce around because parents did not have enough information to choose a school that was stable. [The current model for assessment] means that a school [that doesn’t perform] closes. When I talk to parents whose children are in a school that has just been closed because the charter failed, they don’t feel empowered; they feel cheated.”

WFF staff members rebut these claims and point out that the foundation has invested heavily in national and local parent information, including its $20 million in support for GreatSchools.org, a website that reviews and rates schools across the country.

In New Orleans, activists say that WFF initially encouraged the Recovery School District, which replaced the district following the devastation of Hurricanes Katrina and Rita, to convene community steering committees around forming new high schools. Once it became apparent that these steering committees favored community schools, they were dismantled, the activists say. “Apparently, [turning New Orleans into an all-charters district] was the plan once the schools in New Orleans were taken over to begin with,” one activist said cynically. “In New Orleans, it was fertile ground because we weren’t here after the storm when the law passed to open this market [in November 2005]. … I didn’t get my electricity back until March 2006.”

In contrast to its environmental work, WFF’s approach to education reform has, in some cases, turned likely allies into adversaries – for example, pitting low-income parents against unionized educators. WFF and its key grantees are unified in defining foes that focus on district-level reform rather than school choice as “prioritizing the interest of adults over the interest of kids.” While the preferred approach in WFF’s environmental work appears to be letting a thousand flowers bloom, the education mantra is to weed out anything that it perceives gets in the way of choice.

Since 1993, WFF has provided more than $100 million to Teach for America (TFA), which places recent college gradu-
ates in under-resourced, high-need urban and rural school districts—in both traditional and charter schools. While this program has always had its critics, the timeframe for this assessment coincided with an onslaught of criticism, some from TFA alumni, about the core assumptions and practices of the program and its effect on educational equity. The central critique is that corps members receive only five weeks of training before being assigned to challenging classrooms that require the most experienced educators. Further, the proliferation of corps members has been viewed as a not-so-subtle tactic for de-professionalizing teaching and consequently weakening and destabilizing teachers unions.

Despite these criticisms, WFF stands firmly behind TFA. Sternberg, who is a TFA alumnus, described the organization as “a national treasure” whose “promise has never been more important.” He says that TFA corps members comprise only 2 percent of the nation’s teaching pool, but have profound impact because they fill otherwise vacant spots or replace low-quality teachers with talented young people who want to serve. And although few corps members remain in the teaching profession long-term, TFA has created a “body of alumni who care about [education reform].”

However, possibly the most profound impact of TFA is the intentionally-disruptive effect it has had on public schools as a system. Sternberg described the organization as “a prod to the rest of the machine.” Indeed, this could be said about charter schools and the entire school choice movement in general. While engaging only about 5 percent of public school students, charters have leveraged powerful impact on the entire enterprise of public education, thanks in large part to the intentional cultivation of an ecosystem of players by WFF and its funding allies. While impressive from a purely strategic standpoint, as detailed above, the effect on inequity is mixed at best.

6. The foundation is becoming more collaborative and increasingly committed to learning; yet, it lacks diverse perspectives and insulates itself among like-minded peers rather than connecting with the broader field. The foundation does not make use of its bully pulpit, but prefers to wield its influence behind the scenes.

WFF does not track demographics of its staff. Independent research for this report suggests that the eight-member executive team listed on WFF’s website is predominantly white and male, with one male of color, one white woman and, with the recent transition within the Home Region team, one woman of color. The board is fully composed of family members, who are not only all white, but are also among the world’s wealthiest individuals. In some ways, this privilege motivates their funding strategy. “We’re living choice,” said Carrie Walton Penner in a recent interview with Forbes. “That’s what we want for all parents.”

But, by definition, they have little in common with the communities they most aim to support through grant-making. The Southern Educational Foundation recently reported that, for the first time in at least 50 years, a majority (51 percent) of U.S. public school students come from low-income families. Homogeneity of life experience, political perspective and identity within the foundation’s leadership can limit its ability to fully understand and drive toward sustainable and equitable solutions.

One funding partner described WFF as “better at preaching to the choir than outside it. Their messaging and what they lobby for are not designed to win allies as much as strengthen the allies they already have.”

But others see change emerging at the foundation. A sophisticated capacity for evaluation is beginning to generate reports and presentations that can be shared with
peers — for example, an assessment of academic outcomes among WFF-supported charter schools appeared in a recent issue of *Foundation Review*.

The arrival of a new education leader, Marc Sternberg, a year ago is seen as an indication of a new openness. “There was a little parochialism in the past, political tribalism, wanting to help certain politicians or ideologies,” noted one grantee. But the foundation leadership has changed and the next generation is asking different questions, causing the foundation to broaden its view, become more curious and carry a certain sensibility to how it is publicly perceived. This grantee observed:

“[Marc] has more experience in the education system, in systems period; the former director was more of a political operator. Five years ago, they stuck with their own group, a smaller coterie of philanthropy and influencers who think like them, on the right, market and choice oriented, mostly Republicans. I am already seeing substantial signs that they want to both be influenced by and have influence over other funders and want to play with a broader range of partners and philanthropies.”

For example, recognizing the need to diversify funding for its grantees in the Colorado River Basin, WFF has helped to develop a Western Water Funders Initiative. On the Gulf Coast, WFF has paid for activities to try to educate other funders. And it has helped to organize a four-funder collaborative to support marine conservation work in Indonesia.

These efforts notwithstanding, critics note that WFF’s size and ideological stance make it difficult to partner with explicit social justice funders to address its priority concerns. On the grantee survey, 73 percent of respondents want the foundation to “facilitate exposure and access to other funders.” The foundation’s intentions may be genuine, but a narrow and self-reinforcing worldview constrains the potential of its grantees for meaningful impact.

Another finding is that WFF wields tremendous influence because of its scale of funding in highly focused areas, as well as the political connections and personal wealth of the family that governs its grantmaking. But this influence often happens “behind the scenes” and is difficult to track and aggregate.

WFF pays out a generous amount of its asset base in grants each year, well above the 5 percent legal requirement, at an average of 20 percent or more for each of the last five years. This was a deliberate choice, as detailed in the growth plan that accompanied the foundation’s last strategic plan, enabled by the high returns generated by the charitable lead trusts that Sam and Helen Walton established. The annual influx of cash – hundreds of millions of dollars each year – has allowed the foundation to increase the size of both its endowment and its grantmaking. This strategy will be reviewed as part of the current strategic planning process, but is unlikely to result in scaling back its grantmaking to just the legal threshold.

With these resources, the foundation can support many groups working on different parts of an ecosystem, as detailed above. It also means that the foundation wields a great deal of influence, even though it rarely comments publicly on policy and current events. While WFF says that it depends on grantees to drive advocacy efforts, several grantees acknowledge the influence of the Walton family and the foundation name in moving policy change. “Jim Walton is a shot caller,” noted one close partner. Interviewees cite various examples of strategic, behind-the-scenes communications with governors, state boards of education.
and legislators at both state and federal levels. Others note the political contributions of Walton family members to pro-charter candidates and campaigns to lower charter accountability in Wisconsin, California and elsewhere.

In the education arena, one funding partner said, “Leadership and the purse are not separable. WFF has been central in framing the discourse. They are hugely influential in how the public understands who is to blame [for the failure of public education].”

On the Gulf Coast following the BP oil spill, foundation grantees were aided by a lobbyist who was hired by Walton Enterprises to secure fines and penalties for coastal restoration. While the overall result is considered a win for both environmentalists and community interests, advocates note that they “lost a huge opportunity to push through even more environmental protections,” because of the corporate-led lobbying effort. Likewise, the success of its other environmental efforts can be undermined, or at least questioned, because of concerns about the lack of transparency about the overlap between WFF funding and Walmart’s corporate interests.

7. The vast majority of grantees greatly appreciate their partnership with Walton, especially its large and long-term funding commitments. Many request more unrestricted support, opportunities for networking and improved reporting mechanisms that allow them to communicate the full story of their work.

Our grantee survey asked respondents to rate their relationship to WFF in comparison to other funders. More than 70 percent of respondents describe the relationship as “very effective” and another 23 percent as “somewhat effective.” Less than 4 percent rate it as “not very effective” and none rate it as “completely ineffective.”

When asked which characteristics most contribute to an effective partnership with WFF, 71 percent of grantees say “alignment of goals and mission between the foundation and grantee,” 47 percent cite “relationship with foundation staff” and 44 percent say “grant size.” Just under 40 percent cite “flexibility in use of funds” and “foundation receptivity to innovation and risk” as positive characteristics as well.

Moreover, NCRP asked grantees what strategies and practices they would continue to use if they were to become executive director of the foundation. Open-ended responses were coded, and the highest response counts were about relationship with foundation staff (105 responses) and grantee partnership (80 responses). [See Appendix B for further data and sample responses to this survey question.]

Many grantees describe WFF as the single best funder they have ever had, in part because of the level and longevity of support and alignment of purpose, as well as mostly positive relationships with the WFF program staff. Grantees describe WFF as striking “the right balance” between involvement and flexibility. Some grantees describe inconsistency among staff members in terms of response time, but they generally get high marks regarding the respect and trust they share with their grantee partners.

Many grantees, who either completed the survey or participated in an interview for this assessment, describe foundation staff as strategic thought partners who help them solve problems. They also note that they can share openly with their program officers any shortfalls and brainstorm needed adjustments to grant expectations. At least two major grantees have expressed appreciation for the long lead time the foundation gave for an impending strategy change that would mean an end to funding.
It should be noted that several of the foundation’s major grantees, such as Teach For America, KIPP, Environmental Defense Fund and Conservation International, have a WFF board member (i.e., Walton family member) on their boards. Additionally, several education groups include WFF as one of their founders and, in some cases, have foundation staff members in governance roles. The foundation’s conflict of interest policy requires board and staff members to disclose these relationships, but it does not appear to prohibit them from making funding decisions for those entities.

Another notable finding is that a majority of grantees responding to our survey (nearly 56 percent) say that the foundation has not asked them for feedback about its grantmaking strategies and practices. Less than 20 percent say they have been asked, with the remaining responding “I don’t know.” This is surprising, given the intense strategic planning underway at the foundation across its funding areas. Further, 81 percent of respondents who said they had been asked do not know if the foundation made changes based on the feedback. While many grantees speak of WFF as a partner, most are not engaged in shaping the foundation’s work.

**Long-term investments allow for adaptability**

Laudably, WFF takes the long view in its grantmaking. Its original environmental strategy laid out 10-year goals. “It takes at least that long to see the payoff of this strategy,” noted a long-term grantee.

Another praised WFF for its steadfastness:

“[Rights-based management] was not a brand new idea. What was new was having a long-term investment in a long-term strategy that would essentially flip the system … so [fishermen] could lead the stewardship … It has sustainability built right into the outcomes.”

This grantee explained further:

“When we started this work, it cut against the rest of the funding community. [WFF] said we are going to try this, we’re going to put some significant resources, and we’re going to allow it to take some time. … Today, the dominant view is that the way to fix fishing is to put in these catch share programs. It went from being the crazy idea, one where there was tremendous resistance because most of the philanthropic community and the ocean conservation groups believe fishermen are fundamentally bad. … But we came and said no, it’s not their fault, it’s the system that they’re operating in that doesn’t give them the wherewithal to do what they want to do.”

A Gulf Coast grantee cited WFF for investing big dollars across a number of organizations over a sustained period of time: “WFF started investing in fisheries in 2005. If you look at the health and productivity of fish populations in the Gulf region, profitability, safety with regard to fleets – it’s pretty amazing. It’s hard to believe we were able to change the system in such a short time period.”

But as the foundation undertakes strategic planning for its environmental work, this grantee also cautioned, “On fisheries, I still don’t think we are at a point where the gains that have been made are completely durable.”

Being present and connected for the long term also enables adaptability. WFF was already working on overfishing in the Gulf when the catastrophic BP oil spill happened. Because of its knowledge of the landscape and the strengths of key groups, it was able to quickly shift its efforts to coastal restoration.
Time and again, survey and interview respondents describe foundation staff as very open to hearing about the need to adapt strategy or deliverables in response to reality. “WFF deeply appreciates the adaptive nature of a successful strategy,” said one grantee. “When you are taking on a big long-term project, you can’t measure against day-to-day metrics.”

**Grantees want opportunities for deeper partnership and greater impact**

While the foundation supports grantee collaboration, it rarely convenes grantees or other stakeholders simply for the sake of peer learning or networking. In the grantee survey, 47 percent of respondents request that WFF “bring us together with other interested parties to work on a common issue.” When asked to list characteristics that could be most improved to make the partnership with the foundation more effective, 45 percent of respondents picked “exposure and connections to other funding sources,” and 26 percent want “networking and convening among grantees.” Also, 21 percent of survey respondents cite the “grant cycle/length of grant” as an area for improvement and 20 percent cite “relationship with foundations staff.”

WFF does not have a consistent policy about general operating support. Indeed, grantees who responded to the survey or were interviewed for this assessment varied greatly in their personal experience as well as their understanding of the foundation’s practice. Some have always had unrestricted grants while others have always had project grants, with no discernible pattern to why either would be the case. Some 47 percent of grantees responding to the survey said that they receive general operating support, which contradicts WFF’s own lower estimates; based on open-ended survey and interview data, it appears that some grantees may confuse having a percentage of overhead costs included in project grants with receiving a general operating support grant.

Among grantees who clearly receive project grants, some say they have trouble covering their overhead, and also that it limits their ability to engage in advocacy. But some staff members see general operating support as at odds with strategic grantmaking.33 Gold asserted: “WFF is a strategic philanthropist, meaning we expect outcomes from our grantmaking. So we do not make general operating support grants.” Staff expressed concern that grantees, given the latitude that unrestricted support offers, will lack discipline and efficiency. As Gold explained:

“We seek alignment in our theory of change and logic model, set goals, and then find grantees that align with us in that space and work in partnership in developing proposals and grants and regular opportunities to make adjustments. We understand that, as soon as a grantee starts spending the money, the work has changed, and so expectations need to be adjusted.”

Overall, grantees express high regard for the foundation’s evaluation efforts. On the grantee survey, 80 percent of respondents say they, not the foundation, played a larger role in setting the performance measures for their grant. About 73 percent say that outcomes measurement and reporting requirements are appropriate relative to the size of their grant, and 75 percent say they are appropriate relative to the size and capacity of the grantee organization. Some grantees note that there is internal struggle about outcomes between program and evaluation staff at WFF. When invited to offer any advice or suggest any changes to improve the grantee experience, a few interviewees call the foundation’s reporting requirements cumbersome.
“My grant report is 25-plus pages long with 130 different outputs and outcomes. … Sometimes I feel like I work for Walton [and not my organization],” one grantee responded.

A more pointed critique grantees make relates to the limitations of the reporting mechanisms WFF uses to allow grantees to tell the full story of their work, particularly as it relates to advocacy results. As one grantee said, “[The reporting document] doesn’t reflect our work. … When I talk to grant officers, they totally get this. But [the matrix is] what trustees read and that’s what the evaluators read.”

Further, because WFF does not talk explicitly about its priorities in social justice terms, those outputs and outcomes that would indicate meaningful progress toward transformative change are notably missing from the dashboards that grantees use to monitor and report to the foundation. Thus, both grantees and the foundation may be missing opportunities to maximize this type of impact simply as a result of not aiming for it explicitly.
RECOMMENDATIONS

For NCRP, social justice impact has three major characteristics: that marginalized communities explicitly benefit, that systems become more equitable and that those most affected are empowered to help define solutions and lead the change. Further, equitable systems change means that marginalized people are able to redefine their relationship to power, institutions, and each other; it is not simply the aggregation of individual benefits.

WFF expresses a genuine concern for and commitment to increasing opportunity for people living in poverty. Its market-based approach has led to successes in some areas as well as misses in others. The following recommendations suggest building on strengths and actively adapting strategy to amplify the foundation’s impact on the issues and communities it cares about:

1. **Continue to pay out a generous portion of assets through grantmaking.** This practice enables WFF to support a broad range of groups at a high level for the long term.

2. **Continue multi-year and expand general operating support grants, and be consistent when communicating about and dispensing these funds.** Extensive research has shown that long-term unrestricted support enhances nonprofit effectiveness and is one of the best ways by which foundations can help their grantees succeed. General operating grants give grantees the flexibility to cover administrative costs, build organizational capacity, take advantage of programmatic opportunities as they arise, fully engage in legally permissible advocacy and plan for the future. Providing such flexible funding may seem to go against the tenets of strategic grantmaking but, in fact, it empowers grantees to better carry out their missions and engage more fully in systems change work. NCRP recommends that a minimum of 50 percent of grant dollars go toward general operating support and multi-year grants.

3. **Ensure that the new strategic framework for the environmental program continues to fully engage community stakeholders to achieve sustainable environmental, economic and social goals.** While specific issues or approaches will adapt over time, placing people and communities at the center of strategy formulation should endure. Pay close attention to the results of current approaches to ensure that they do not favor big players and crowd out smaller ones, especially those working close to the ground or directly with the most marginalized communities. Continue to emphasize the importance of engaging affected communities in shaping strategies and providing critical feedback, even if this requires changes to longstanding approaches, such as catch shares, that have become a core funding priority.

4. **Adapt grantmaking strategies in the education, home region and special initiatives portfolios**
to prioritize equity as part of sustainable social change.

- In education, prioritize equity, quality and accountability across K-12 schools to fulfill deeply held Walton family beliefs about the value of academic achievement. By primarily backing one solution – i.e., charter schools – WFF actually limits choice in public education. Support a diversified portfolio of reform vehicles that includes community schools, magnet schools, early childhood investments, wraparound services, social and emotional supports, a school climate that keeps children and teachers wanting to go to a school and restorative justice programs. Find ways to bring the best of the market approach to traditional district schools that still serve the vast majority of students, particularly those of greatest need. Support efforts to transfer knowledge about innovations that work in charter schools and take them to scale in traditional districts, which have a mandate to serve all students equitably.

- It is not enough to fund only high-performing charters; the foundation should raise its public leadership to demand equity, quality and accountability from all charter schools, keeping in mind that they were designed to challenge gaps in the existing system. Draw a hard line in favor of nonprofit-operated charters over corporate ones. Do not fund advocacy to lower reporting requirements for charter schools and/or for-profit charter school operators.

- In the home region, particularly the Delta, empower residents to define the problems and lead efforts to address these challenges for lasting positive change. Incorporate an analysis of structural racism into the youth engagement and public safety work to ensure that investments don’t exacerbate racial inequities.

- For special interest grants and initiatives, strongly encourage individual board members to resist the ease of “checkbook philanthropy.” Bring greater strategic thinking, transparency and accountability to maximize meaningful outcomes with these grants.

5. Embody the foundation’s commitment to “empowerment” by authentically engaging members of communities most affected by issues it funds so that stakeholders can help determine the most effective strategies and solutions. For example, find and fund more existing local, grassroots parent-, student- and teacher-led advocacy and support groups and invest in the choices they want to have for their kids. Take the opportunity to bridge diverse perspectives and approaches, including those of teacher unions and other education reform advocates, and elevate shared concerns and creative solutions for educating children. Rather than characterizing critics as those who are more concerned about adults than children, or guardians as following the status quo, consider this system feedback an opportunity to engage differences in an effort to find durable solutions to complex challenges.

6. Continue to reduce insularity and increase openness to new partnerships. Diversify the board and staff to bring in new perspectives and thinking. Make what WFF learns and does more transparent and accessible to others. This more-open communication goes in both directions – who the foundation hears from and who hears from the foundation. Share
more freely and be open to critique. In particular, more formally and regularly seek input from grantees, integrate the feedback into strategy development and share the process and results with grantees. Also, seek out partners in the funding world, both joint funders and thought partners, and help connect grantees to other sources of support. Be more transparent about political and advocacy activities of family members. Sensitivity to critique drives some of the foundation’s tendency to be insular and closed, which only serves to deepen suspicion. Legitimate critiques about its grantmaking approach and practices warrant a tough look from WFF, but the foundation could deflect some criticism just by being more transparent and open about what it is doing and learning.

7. **Continue the thoughtful approach to grantee partnership and convene grantees to foster shared learning and networking.** WFF can build on its strong relationships with nonprofits and elevate their impact by connecting them to each other and to other funders.
The Walton Family Foundation makes massive investments in several highly focused areas of work, particularly marine and freshwater conservation and expansion of school choice by backing charter schools. The foundation has helped make profound and lasting changes to communities across the nation and the world, benefitting millions of people who typically don’t have access to power and resources.

The foundation’s commitment to improving the lives of people who are limited by poverty is genuine. Both grantees and staff members interviewed for this assessment bring personal passion and technical expertise to address often complicated social challenges and shift systems in significant ways.

Yet, without an explicit analysis and focus on equity, the individual benefits of WFF’s work do not accrue to social justice impact. Further, WFF’s own experience in the environmental field shows that the best strategy to create equitable systems change is to authentically engage the people most affected by a problem in defining it and determining potential solutions. When those community stakeholders are engaged after the fact or only in ways that bolster the foundation’s perspective, the foundation’s underlying value of empowerment gets compromised. Pushing specific ideologically driven vehicles, such as charter schools and vouchers, without strategic flexibility and openness to differing perspectives can lead to missed opportunities for meaningful changes that benefit all students.

With both greater intentionality and flexibility, the Walton Family Foundation can more fully embody strategic and just philanthropy. The communities it cares about and serves deserve no less.
APPENDIX A
GRANTEE SURVEY RESULTS
Evidence That WFF Is Making a Difference in Changing Policies and Public Perception

In the survey sent to grantees, we asked: “What is the evidence that the foundation is making a difference?” Below are select quotes from the survey responses that are specifically related to changes in policy and perception.

<table>
<thead>
<tr>
<th>EDUCATION</th>
<th>ENVIRONMENT</th>
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| - The conversation about public school choice has become much more common and accepted within the communities that [WFF is intending] to serve. There is ownership within those communities of their need for choices. And you can see it much more integrated into all policy conversations, from local community groups up to the state house.”
| - “One good example [that WFF is making a difference] is that the Marine Stewardship Council has updated its Fisheries Certification Requirements, specifically mentioning that under the requirement, fisheries will need to regularly review alternative measures that could reduce the mortality of unwanted species in the catches. This is new language directly relevant to the need to reduce bird bycatch, and we believe it is a direct result of Walton-funded interactions between [grantees] and MSC.”
| - “The ever-expanding parental interest in charters in [our state]. The fact that 24 of the top 25 newspapers (by circulation) supported lifting the cap on charter schools. The passage of a bill to lift the cap on charters in an election year.”
| - “We have helped create 28 new marine protected areas, covering over 4.3 million hectares, in five developing countries. Those areas are being managed increasingly effectively (and this is being tracked). Thousands of community members and partners have been trained. Government policies have been strengthened, e.g., Indonesia adopted a new law banning all manta ray fishing; Ecuador banned trawling. Millions of dollars have been leveraged in cofinancing from other sources. Fish biomass is increasing in many of the core sites and fisheries yields are improving for local fishers.”
| - “In the [number] of laws that promote choice/charters, [number] of students benefiting from these choices and the general public perception of charters as a reform that can improve outcomes.”
| - “New policies for water allocation in the Colorado basin.”
| - “Education reform messages are reaching populations. Underserved populations are engaging in [the] legislative process. Parents gain greater understanding of their educational options.”
| - “Our policy and planning advocacy has resulted in new water quality standards for the Chicago River system.”
| - “Three consecutive years growth in voucher programs in [our state]. Close to 40,000 children in [the state] can choose their education through voucher programs.”
| - “State officials are better describing importance of rivers. Big planning documents (written by federal and state agencies) are highlighting the need to protect river flows.”
| - “The academic gains, as well as the results of specific policies created intentionally for the purpose of improving equity that we are seeing through charter schools in New Orleans.”
| - “Governments are beginning to fund marine management activities as they see their importance.”
| - “It is hard to pinpoint a particular source for broad policy changes and broad implementation changes, but the Walton Foundation supports a broad network of organizations all focused on this area, and they are well known for their positions and support of equity. They are a recognized leader. Certainly, in California, there have been actual policy changes in financing in the last year and a half that aligned with the foundation’s and our missions – but, as with any policy change, it was a collaborative effort not attributable to one individual or organization.”
| - “Six years ago, [several nonprofits] set out in partnership with the Walton Family Foundation to build a resilient and self-sustaining Mississippi River Delta. Over the years, this collaboration has become more structured as a joint campaign, dubbed Restore the Mississippi River Delta, and was expanded to include state-based groups [in Louisiana]. Together, our aim has been to create a new paradigm for how the public, government decision-makers and private businesses view coastal restoration and resilience. Thanks to the generous support of the Walton Family Foundation, we are succeeding in galvanizing federal and state agency support for coastal restoration, helping to make the economic case for why businesses and the public should support large-scale restoration, and have ensured that billions of dollars for coastal restoration are flowing to the delta and its communities. Success is by no means assured, as those who have a narrow perspective or who support business-as-usual work against our success every day. But to date, we have made real and measurable progress.”
## APPENDIX B

“IF YOU WERE EXECUTIVE DIRECTOR OF THE WALTON FAMILY FOUNDATION …”
Top Issues Raised and Illustrative Comments from Responses to This Survey Question

<table>
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<tr>
<th>GRANTEE RELATIONSHIP WITH FOUNDATION</th>
<th>[Which approaches would you continue to use?]</th>
<th>[What would you do differently to increase the foundation’s impact?]</th>
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<td>“The best practice they have is that they employ amazing staff – the grant officers have been excellent thought partners who seem genuinely interested in the work.”</td>
<td>[“As an executive director, I would require the program officers to be in more close contact. … Have open lines of communication with grantees to learn about their work and the impact in the community and give some flexibility in their reporting. Being more in contact with grantees and being familiar with the work they perform and the people that benefit from it, the reporting would be a complement to the information I already have gathered from the direct contact.”]</td>
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<td>“My relationship with the grant officer is fantastic. I can always call her when I have a problem or need to talk through an issue. I can speak openly with her as someone who genuinely supports our work rather than just as a funder. Having a true adviser in that way is invaluable. Walton has also been very supportive in helping us work with another funder so that our organization’s funding requests are coordinated with regard to outputs, outcomes and budget. This aspect of Walton work saves me and my staff many hours of administrative work. I would also maintain Walton’s multi-year grants and the collaborative approach to developing grant proposals.”</td>
<td>[“I would assign program staff to work not only to assist grantees in being compliant with reporting, etc., but to act as advocates and partners. I would listen to what effective organizations need and allow them to provide important grassroots feedback on how the foundation could be more effective in its funding.”]</td>
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<td>“Continue to work closely with grantees to lay out expectations about grants and project support and then allow the grantees to work independently without micromanagement, on a basis of trust with the grantees … to leave them enough room to be bold and innovative.”</td>
<td>[“I would encourage the foundation to support longer-term thinking on the part of its grantees, and specifically encouraging the building of relationships that will stand the test of time.”]</td>
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<td>“Very helpful to have check-ins during the grant so that changes on the ground in implementing the grant can be shared with WFF. Also appreciated that the PO visited the organization and saw them at work to understand better the challenges and opportunities they face.”</td>
<td>[“Collaborate with other national funders to coordinate grantmaking to a set of organizations that funders agree can advance the work. Make sure to understand the current challenges grantees experience in successfully implementing their work.”]</td>
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<td>“I appreciate having access to foundation leadership and program officers. The flexibility regarding reporting timelines, especially for research projects which are often weather-dependent, is greatly appreciated. The foundation doesn’t overmanage grants and there is a high level of confidence in the grantees. The well-defined areas of funding focus make it easy to determine if we will qualify for a grant or not, and the ‘special programs’ category allows for occasional program support for projects outside of the stated guidelines.”</td>
<td>[“I would bolster grantee interaction around foundation priorities, with one grantee selected to facilitate and lead the development of a 3-5-year plan around a foundation priority and grants awarded for specific roles within the strategy. The program officer in that area would partner with the facilitating organization and leaders from each grantee. This would address a key challenge in the foundation/grantee relationship – as foundations have assumed more of a strategic role they have not yet figured out how to effectively partner with grantees. This is due to a lack of strategic partnership. The current result is that grantees become service providers. My suggestion would have them move to being strategic partners who can also deliver – because they are motivated to deliver.”]</td>
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“IF YOU WERE EXECUTIVE DIRECTOR OF THE WALTON FAMILY FOUNDATION …”
Top Issues Raised and Illustrative Comments from Responses to This Survey Question

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<tr>
<td>▪ “I would, as this survey does, clearly communicate the mission and goals of the Walton Family Foundation to grantees, and establish clear and concise accountability reporting requirements for grantees.”</td>
<td>▪ “I would create a broader and more transparent environment of communications, rather than having all communications based on one person from the foundation.”</td>
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<td>▪ “Maintain the personal, collaborative and open communication between funder and grantee in … creating grants and program outputs and outcomes in addition to reporting.”</td>
<td>▪ “I would ask for a quicker turn around in response when communicating with the program staff. Sometimes it was two to three weeks before we’d hear back on email communications. Also, perhaps an annual check-in with grantees, phone call, email, even a site visit, just to let the grantee know the foundation is aware of its work and efforts. Feedback when the interim and final reports are submitted would be good, too. ‘Thanks, looks like you’ve had a good year, congratulations,’ or something along those lines.”</td>
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<td>▪ “Ongoing communication via conference calls and onsite visits and meetings.”</td>
<td>▪ “Sharing big picture vision of strategy and how their grantees fulfill the picture; allow for more feedback from grantees/practitioners to determine strategic goals and strategies; more time for staff to interface with grantees (site visits and other meetings).”</td>
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<th>FOUNDATION STRATEGY</th>
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<td>▪ “Regarding the foundation's environment program goals and strategies, they are exactly on track by being aware that 'new and unexpected partnerships' are key to overcoming many a program hurdle and securing true innovation and change. Also, the foundation's acknowledgement that for environmental programs to be successful, organizations must partner with those who make their livelihoods off of the very environmental systems we are trying to protect and improve for all future generations.”</td>
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<td>▪ “I would continue to focus on building strategies with the government and private sector to leverage additional resources and create political will. I would recommend continued close planning and consultation with grantees to develop strategies and allow for feedback and flexibility in changing strategy when necessary.”</td>
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<td>▪ “I would continue to support organizations which attempt to provide systemic changes in communities which are underserved. By offering grants in education and civic groups, we would continue to assist in long-term social and cultural advancements.”</td>
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<td>▪ “Education Reform. I like that Walton provides start up support for new schools. This support is essential and not provided by any other donors.”</td>
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<td>“Invest in community organizing and a commitment for charter schools to have boards with true community representation.”</td>
<td>“I would look closely at the results being achieved by various CMOs in New Orleans and fund the ones that are getting positive results on a consistent basis. Don’t buy the snake oil. Then support those CMOs to help them replicate and help others to improve. For example, this year saw more than 50 percent of New Orleans charter schools regress in terms of school performance. I would work with the one/s that advanced and fund them to do deep evaluations for the others that include recommendations for improvement. Then, fund follow up professional development and tracking.”</td>
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<td>“I would continue the work in supporting parental choice and in particular charter schools. One of the successes of charter schools has been the diversity of types of schools. Investment in continued growth of the independent schools is what has led to so many new innovations. Though many tend to fail, many still grow. I would look to continue to identify the next group of CMOs and grow small networks from 2-3 schools to 7-10 schools. Support of the various education reform advocacy organizations, in conjunction with the charter associations provides for a robust advocacy network.”</td>
<td>“While we believe in the importance of developing a pipeline of strong leaders for charter schools, the vast majority of children in public schools attend district schools. To achieve truly systemic change, we need to improve district AND charter schools to create more high quality learning environments for all children.”</td>
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PERFORMANCE MEASUREMENT

| “The collaborative process to develop performance measures is incredibly valuable to us as a grantee. I would certainly continue to encourage relationships between program officers and grantees that allow for dialogue and feedback as those measures are solidified.” | “I would institute more flexible processes for creating, communicating and reporting against outcomes and outputs as well as reporting against budgets. I would eliminate the overhead cap. Some program officers are flexible but some micromanage. I would opt for more flexibility.” |
| “I would continue to collaborate with nonprofits to align goals, strategies and metrics, and capacity. I would continue the practice of setting specific metrics and of allowing for some flexibility and mid-course correction for spending. I would also continue providing operational support to organizations to carry out its work and to ensure the infrastructure needed to run a solid operation.” | “I would get rid of the ‘outcomes and outputs’ on the application and just use normal language about the measurable results. It takes me way too long to figure out what is an outcome and output and I am fitting results into a WFF format which is confusing at best, and not helpful.” |
| “Early discussion and communication on outcome and measurement expectations.” | “The project manager is personable, competent and professional. However, there is, or appears to be, a lack of authority to make decisions. There also appears to be a gap or disconnect between discussions on grant goals and an ‘evaluation committee’ Agreements with the project manager on goals change when the process is apparently handed over to the evaluation committee and is reinterpreted somehow. What is regurgitated back to the grantee is often different, redundant and/or inappropriate based on the original grant request. The evaluation committee is too far removed from the grant process and misses significant nuances in the process. It is both inefficient and confusing.” |
“IF YOU WERE EXECUTIVE DIRECTOR OF THE WALTON FAMILY FOUNDATION …”
Top Issues Raised and Illustrative Comments from Responses to This Survey Question

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<tr>
<td>▪ “The foundation provides lots of information regarding their goals and targeted areas for application of their philanthropy, and they are consistent with their evaluation of grant requests with discipline applied to achieve their goals in the focused areas. Their help for potential grantees makes their process very efficient, they have developed policies and procedures for support of organizations submitting requests, and a very orderly process for communicating their measurements for grants.”</td>
<td>▪ “Evaluating advocacy is very hard, especially for funders who are looking for more immediate, quantitative results for their investment. Advocacy can take years to jell on a particular issue or campaign – it’s not always a linear world; sometimes the path can be circuitous. I think the performance measures can get a little too quantitative for the advocacy world. I would ease up a little bit on that aspect and create mechanisms for the foundation to develop more creative and innovative ways of evaluating advocacy.”</td>
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<tr>
<td><strong>CONVENING</strong></td>
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<td>▪ “Continue to encourage the WFF representatives to build strong relationships with grantees through face-to-face meetings about grants, observations of the program in action, sharing of resources and connecting grantees with organizations working in a similar space, organizations that might benefit from services or with potential funders.”</td>
<td>▪ “It would be valuable to bring grantees together periodically to talk about ways to leverage the capabilities of each. I would also use the foundation’s reputation and connections within the philanthropic community to connect grantees with other interested partners.”</td>
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<td>▪ “I would continue the … peer-to-peer exchanges to understand the bigger issues impacting the ‘systems’ that are being targeted and grantee participation in defining directions/strategies.”</td>
<td>▪ “Be more visible in the community among your grantees and at the table to support multiagency collaborations.”</td>
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<tr>
<td>▪ “The foundation periodically engages in convening grantees, which is great; the foundation should do more of that to help facilitate more partnerships among grantees.”</td>
<td>▪ “I would bring together WFF grantees in a thoughtful forum to find out what is and is not working.”</td>
</tr>
<tr>
<td>▪ “We would love for the foundation to be more involved in ways outside of the grant. Perhaps that looks like site visits or convening [our organization] with other nonprofits, community organizations and stakeholders to collaborate or connecting us with other funders looking to contribute to our type of work. We would welcome engagement with the foundation beyond the funding.”</td>
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</tbody>
</table>
NOTES


2. Ibid.

3. A charitable lead trust is an estate planning tool that directs the income from shares in a company to a charity, while retaining ownership of the shares. When the trust expires, the shares can be given to the trust holder’s heirs, but with the value of the charitable gifts deducted, resulting in little or no tax liability. While foregoing some income to the charity, a charitable lead trust enables a family of wealth to retain control of company stock, avoid paying estate tax or capital gains tax, and control the distribution of charitable funds. Find out more at http://www.pgdc.com/pgdc/charitable-lead-trusts-primer.

4. The Foundation Center’s rankings in February 2015, based on WFF data from December 31, 2013.

5. 2014 Grants List provided by WFF.


12. The 13 cities are Atlanta, Boston, Camden (NJ), Denver, Houston, Indianapolis, Los Angeles, Memphis, New Orleans, New York, Oakland, San Antonio and Washington, D.C.


21. Ibid.


32. Carr and Holley, op cit.

ABOUT PHILAMPLIFY

Philamplify is an initiative of the National Committee for Responsive Philanthropy that aims to maximize the impact of our country’s grantmakers. At the center of Philamplify is a series of comprehensive reports conducted by highly regarded researchers assessing foundation grantmaking and operations. Assessments include key findings and recommendations, along with in-depth analysis of foundations’ funding strategies and feedback from peer funders, nonprofit leaders, issue experts, community members and more. By making these assessments public, Philamplify seeks to build a culture of transparency, mutual accountability and knowledge sharing.

www.philamplify.org