For nearly 40 years I have been watching a nonstop, withering attack from social and political liberals that is tearing families apart, undermining marriage, belittling Christian values and endangering our children. Most of what we as Christians believe is now either viewed as passé or openly ridiculed. It’s time to say, “Enough is enough!”

— James Dobson, Focus on the Family Action fundraising flier, May 2004

With these words, one of America’s most respected and well-known spiritual leaders moved his organization even farther into the political fray. Citing the advocacy restrictions under Focus on the Family’s 501(c)(3) tax-exempt status, Dobson recently founded Focus on the Family Action, a 501(c)(4) political organization dedicated to “the defense of moral values and the family.”

The move is both a sign of culturally combative times as well as the culmination of the politicization of Dobson. The child psychologist who dispenses fatherly advice on the radio has given way to a full-fledged policy agenda that rivals the country’s largest advocacy organizations. And it is an agenda that will gain new strength and funding through the establishment of Focus on the Family Action (FOFA).

This overt shift toward political involvement is especially pertinent in light of NCRP’s recent research into conservative public policy grantmaking. Focus on
It has to be one of the most collegial committees in Congress. Sen. Chuck Grassley (R-Iowa) and Sen. Max Baucus (D-Montana) run the Senate Finance Committee as an amicable duo. Together, they have beamed in on the problem of nonprofit and philanthropic accountability and convened a hearing on the topic on June 22.

Their interest in nonprofit accountability was originally piqued by the mismanagement scandals of the United Way of the National Capital Area, followed by front page Washington Post coverage of the Nature Conservancy’s propensity for engaging in land preservation transactions with members of its board of directors. In the wake of a task force led by former Transportation Secretary Rodney Slater to clean up the United Way, followed by a forensic audit, the firing of the local United Way leadership (including the conviction of one UW executive director), the National Capital United Way is slowly emerging from its inability to count money accurately and devote funds to local agencies rather than huge salaries, perks and doodads for executives. The rescue of The Nature Conservancy required a panel report from luminaries such as former Harvard University President Derek Bok and former Packard Foundation Executive Director Richard T. Schlosberg to recommend that the Conservancy prohibit insider transactions with board members and their families and be a bit more industrious in identifying and avoiding potential conflicts of interest.

Although the United Way and The Nature Conservancy slipped out of the Senate Finance Committee’s tractor beam, the nonprofit sector overall was caught in the spotlight, aided and abetted by a Government Accountability Office report on charitable car donation scams and a Chronicle of Philanthropy exposé of nonprofit executive directors profiting from low- or no-interest loans from their charity employers. The committee’s staff developed a “white paper” of potential regulatory improvements for government oversight and enforcement of nonprofit accountability standards, mostly on nonprofit accountability, but included were areas within NCRP’s focus on institutional philanthropy—attention to compensation for foundation executives and trustees, donor-advised fund reforms, treatment of foundation administrative expenditures, issues of self-dealing and other questionable board member behaviors.

The Senate Finance Committee invited NCRP to testify. NCRP’s written statement and particularly its oral testimony were exceptionally different from the testimony offered by the hearing’s other 12 witnesses: We focused on philanthropy, and we offered concrete, specific actions that could and should be taken. The three legs of NCRP’s philanthropic accountability agenda presented at the hearing were: (a) strengthening the laws and regulations for addressing foundation accountability and correcting foundation excesses; (b) calling on the philanthropic sector to get serious about dealing with the malefactors who sully the good work of foundations; and (c) increasing the resources devoted to governmental oversight of philanthropy at the federal and state levels—through the redirection of the foundation excise tax for oversight and accountability.

At the hearing, in our allocated five minutes, we made the following proposals:

1. Reduce the foundation excise tax to 1 percent and dedicate the entire remaining excise tax payment (estimated to be $350 million annually) to doubling the budget of the IRS...
Tax Exempt/Governmental Entities unit budget, allocating $140 million to fund the charity offices of state attorneys general, and using the remainder for nonprofit research and accountability efforts.

2. Overhaul IRS forms 990 and 990-PF to include important information for oversight and accountability (like revealing insider business relationships), have 990s e-filed whenever possible, and make 990s searchable for free on the Internet.

3. Expand charitable grants disclosure beyond private foundations to include all grantmaking public charities (not just community foundations) and corporate charitable grantmaking, and enforce the full IRS standards on grant disclosure to include not only the grant amounts and recipients, but also the purpose of the grants and information about potential conflicts of interest.

4. Remove foundations’ administrative costs from their calculations of qualifying distributions or “payout” and raise the minimum payout level to 6 percent of net assets.

5. If there is a need to pay trustees (which we generally think is simply not necessary), limit trustee compensation to no more than $8,000 per year—and completely prohibit foundations from hiring and paying their trustees, their families and the trustees’ businesses for business services such as investment, accounting and legal functions.

6. Extend disclosure and payout requirements to donor-advised funds (DAFs).

NCRP’s longer written submission tracked our release of comprehensive Standards for Foundation and Corporate Grantmaking, the result of a lengthy effort by the NCRP board of directors to generate a framework for governmental regulation and philanthropic self-regulation. NCRP’s Standards included calls for increasing the racial, ethnic, gender and class diversity of foundation boards of trustees, increasing foundations’ core operating support grantmaking, focusing foundation grantmaking on the needs of disadvantaged and disenfranchised populations, promoting foundation support for public policy advocacy and civic engagement, calling on foundations to use social screens in their investments, preventing foundations from concentrating their investments in a small number of corporations, and promoting foundations’ mission-based investing.

We operate under no illusion as to the likely follow-up to the Senate Finance Committee hearings. With political conventions in the summer and a national presidential election in the fall, legislation doesn’t seem likely. In addition, most nongovernmental witnesses gave lip service to governmental oversight but lobbied none too subtly for self-regulation, self-policing and accreditation models as substitutes for putting resources into the IRS and state attorney general offices.

But the Senate Finance Committee hearings (matched by simultaneous House Ways and Means Committee hearings on nonprofit hospitals) have legitimized the national debate on nonprofit and philanthropic accountability. After June 22, those nonprofit and foundation leaders who publicly bemoan the bad apples in the sector now have to think about how to get the bad apples out of the barrel. By offering specific concrete actions in contrast to earnest expressions of concern, NCRP will be at the table in whatever forums result, including the Senate Finance Committee Roundtable on Nonprofit Accountability scheduled for July 22.

NCRP’s oral statement from the hearing, the written submission and the complete Standards for Foundation and Corporate Grantmaking are available on the NCRP Web site (www.ncrp.org).

Rick Cohen is executive director of the National Committee for Responsive Philanthropy (NCRP). NCRP is an independent nonprofit organization founded in 1976 by nonprofit leaders across the nation who recognized that traditional philanthropy was falling short of addressing critical public needs. NCRP’s founders encouraged foundations to provide resources and opportunities to help equalize the uneven playing field that decades of economic equality and pervasive discrimination had created. Today NCRP conducts research on and advocates for philanthropic policies and practices that are responsive to public needs. For more information on NCRP or to join, please visit www.ncrp.org, call (202) 387-9177 or use the enclosed membership form.
The Media Acronym Quiz  
(answers at end of article):

1. What do NRA and NOW have in common? 
2. What do NRA and NPR have in common? 
3. What do NPR and NAB have in common? 
4. What do NAB and NCRP have in common? 

Alphabet soup? Strange bedfellows? It’s been a crazy year for people who care about the media and democracy. It started with a massive outpouring of bipartisan opposition to the Federal Communications Commission’s proposed ownership deregulation. It moved on to a quixotic legal challenge to block the rule change. And it has raised new questions about the lines between advocacy, campaigning and the media and the roles of the Federal Communications Commission (FCC), the Federal Election Commission (FEC) and the Internal Revenue Service (IRS) in defining them. How will it end? Is this an opportunity to redefine the commercialism that has dominated American media for a century? Or are we facing a future of “infotainment”?

For years, media reform has been relegated to the political purgatory reserved for “important issues with almost no organized constituency.” A handful of policy wonks labored to ameliorate the worst rulings of the FCC. A few public thinkers railed away about the risks to democracy of a commercial media system controlled by fewer and fewer corporate interests. But media reform just wasn’t an issue that got most Americans off the couch. Why did the FCC ruling galvanize the American public in what the author and activist Robert McChesney has termed “the uprising of 2003”? Was the grassroots reaction the beginning of a new social movement, or a fluke confluence of incompatible interests?

The FCC, clearly a regulatory agency captured by its industry, pushed successfully for the passage of the 1996 Telecommunications Act with barely a whimper of complaint from Congress or the public. The 1996 act—billed, in part, as an effort to increase “innovation, competition and diversity” in cable TV and radio—has been a disaster. Cable TV rates have risen three times faster than inflation. Radio station ownership concentration has increased dramatically (two companies now control almost half the commercial radio market). Not even the National Association of Broadcasters (NAB), the industry group that virtually wrote the 1996 rules, is happy. After indulging in overpriced feeding frenzies, the big media companies woke up with share prices down and expensive debts to service. They lobbied for another shot of deregulation and consolidation as a cure for their hangovers from the 1990s, and FCC Chairman Michael Powell was prepared to pour another round on the house.

But by 2003 a number of factors had reached a tipping point. Two new commissioners at the FCC were outraged by the lack of public input into the rule(un)making process. Michael Copps, and later Jonathan Adelstein, took the remarkable step of organizing their own public hearings on the proposed rule changes. Many groups were more than ready to weigh in. Consumers Union was outraged about cable TV prices; Future of Music had documented the decrease in playlist diversity in the new radio markets; media justice groups like Praxis and Media Alliance were angry that minority ownership in radio had decreased dramatically since the 1996 act; Prometheus Radio, representing low-power radio advocates, had been given the shaft by the FCC in 2000 (with the support of the National Association of Broadcasters and National Public Radio); the National Rifle Association (NRA) was afraid a “media monopoly” would censor its right to advocate; the Communications Workers saw job losses. MoveOn.org jumped into the fray and mobilized its membership, which was already outraged by the media’s bend over for the Bush war-propaganda campaign. These groups and scores of local organizations and individual activists coordinated a grassroots campaign overwhelm-
ingly opposed to more concentration. They finally raised such a ruckus that even the mainstream media had to cover the story.

While the FCC would have been happy to ignore the angry masses, members of Congress from both parties were uneasy with supporting such an unpopular measure, and with the prospect of campaigning in communities where one owner could control the newspaper, cable and broadcast outlets. Under these circumstances, media owners would have almost unlimited power to reward and punish elected officials.

It was like watching a wave grow. A long-shot lawsuit, built on a technical challenge to the FCC’s methodology for measuring diversity, was filed by the Media Access Project on behalf of Prometheus Radio Project and the United Church of Christ. Miraculously, the U.S. 3rd Circuit Court of Appeals issued a stay order pending the outcome of the case. Even more miraculously, they ruled on June 24 that the FCC cannot deregulate based on “arbitrary and capricious” arguments. The bottom line is this: no expansion into new markets for now. While the ultimate outcome is still uncertain (the FCC could appeal to the U.S. Supreme Court or write more palatable rules), the impact is already apparent. There is at least one new tune playing on radio. Led by Sens. John McCain (R-Ariz.) and Patrick Leahy (D-Vt.), the Senate has just introduced the Low Power Radio Bill, which would authorize thousands of new noncommercial low-power radio stations. And, surprise!—the FCC now supports expanding low-power radio.

While the swell of public interest is refreshing, and it’s nice to be thrown the low-power radio bone, the question remains: Is it possible to transform this ad hoc defensive uprising into a sustained movement for meaningful media reform?

Successful social movements usually include at least five elements: a vision of change, an organized base, a depth of competent, committed leadership, a well-developed infrastructure, and adequate financial resources. Piece of cake, right? Let’s see how the media reform movement measures up.

Is there a vision of change? Obviously, the precise road map for change needs to be negotiated and shaped by tactical opportunities, but there seems to be an emerging consensus about how to regulate toward a healthier media and a healthier democracy.

There are four core components:
• first, the reform of the FCC and the regulatory process toward more transparency and accessibility;
• second, the preservation and resurrection of the public interest elements in the original FCC mandate, such as ownership limits, licensing reviews, and diversity, localism and public service requirements;
• third, the development of a more diverse, robust and technologically adaptive “media commons” or public media sector, including low-power radio, free Wi-Fi, community cable, and possibly a publicly financed system to generate high-quality programming for these noncommercial outlets (the expanded public media could be financed by a revenue stream from either spectrum use fees or licensing taxes); and
• finally, there is the perennially great notion that commercial media be required to donate air time for elections, eliminating the most expensive and corrupting element of political campaigns.

How about the organized base? The current movement is a network of organized “minibases” that rarely act in sync—artists, unions, civil rights activists, consumer advocacy groups, media producers, librarians, etc. The ability to unite and inspire this ragtag band of gypsies around a proactive vision is the biggest challenge.

Leadership. The smart, scrappy leaders who survived so many years of neglect and discouragement are definitely committed. There are many young leaders, and an increasing number of women and people of color. However, many of the seasoned leaders are intellectuals and academics, not organizers or political strategists. They have spent many years in competition with each other in a narrow field. The adaptiveness of these leaders and their willingness to work together and welcome new voices will be critical to the success of the movement.

Responsive Philanthropy Summer 2004

The Prometheus Radio Project serves as a public interest advocate on microradio issues, and helps facilitate public participation in the FCC rulemaking and legislative process.
The infrastructure is emerging as fast as the leaders can find the money and bodies to build it. The research, litigation, advocacy and lobbying pieces are getting stronger. Linking existing state and local justice and alternative-media groups to the policymakers is harder, as is creating enough infrastructure to challenge state and local cable companies and radio station owners. Building this infrastructure will cost money.

Funding for progressive media content and policy has been notoriously weak. I spent the last two years working on the MediaWorks Initiative, a donor education effort that completed a survey of media funding attitudes and practices. We found that although more than $400 million a year in media grants is issued, very little goes to media activism, media justice and media policy reform. Foundation support for programming and local infrastructure of the Public Broadcasting System and National Public Radio (NPR) is drawing down a great deal of the existing funding. Reform to adequately finance an expanded media commons could liberate resources for organizing, education and local activism.

Social justice funders share a critique of mainstream media as concentrated, hypercommercial and politically compliant. They are concerned that it’s increasingly hard to get their social justice agendas or perspectives into the corporate media. However, most do not have funding strategies to affect the pervasive and powerful system. In the absence of clear strategies, and in a climate of crisis and scarcity, they choose to spend their money in areas where they are more confident and experienced.

We did discover several foundations with clearly articulated strategic media funding programs. One approach, taken by the Open Society Institute, is to integrate media into every grant: “We are looking for a three-legged stool—organizing, advocacy and media.” The New World Foundation focuses on “intra-movement” media, or media that strengthen and connect the disparate elements of the social justice movement to build political power. Others include media under the umbrella of infrastructure support, including training, technology and fundraising, and media focusing on educating nonprofits about public relations and messaging. Finally, there are those who want to build the scale and quality of at least one or two alternative networks, such as LINKTV or Pacifica, to challenge corporate journalism.

The challenge now is to convince funders that support for the media reform movement has the potential to radically change the media landscape, and that a more diverse media landscape will provide new energy and opportunities for a broad array of issues and agendas that funders care about.

Who’s the Referee?
As we continue to organize around media issues, we need to be aware that the regulatory environment is shifting. Which agency has jurisdiction over which issues? While media activists were scoring a long shot against the FCC, the FEC was calling the shots for a different ball game. Recently, the NRA, in what I can’t help but admire as a brilliant move, struck a deal with Sirius radio, a struggling satellite radio enterprise, to broadcast "NRANews." Unlike nonprofit advocacy groups, which are required by McCain-Feingold to stop advertising 30 to 60 days before an election, media outlets are allowed to endorse candidates and editorialize right until the polls close in Honolulu. Unless, of course, they happen to be Michael Moore. A conservative group has asked the FEC to investigate whether the promotional materials for Fahrenheit 9/11, Moore’s hit documentary, should be regulated as political ads. Now it seems that the FEC or the FCC or the courts will also have to clarify what constitutes a “media outlet.” One proposed definition is an organization that derives a majority of its revenues from subscriptions or advertising. Ironically, this has the potential to place restrictions on nonprofit media that are subsidized by grants and grassroots donations and to legitimize (Continued on page 19.)
Some of the most productive and successful nonprofit community development corporations (CDCs) in the United States serve rural communities. Coastal Enterprises in Maine, Self Help Enterprises in California, the Mountain Association for Community Economic Development in eastern Kentucky and central Appalachia, Quitman County Development Corporation in Mississippi, and Rural Opportunities in Upstate New York come to mind as stellar examples.

How responsive is philanthropy to the needs of rural development in the U.S.? The Southern Rural Development Initiative (SRDI) and the National Committee for Responsive Philanthropy recently conducted research into rural development grantmaking and philanthropy for the annual Stand Up for Rural America program of Rural Local Initiatives Support Coalition.

What do we think we know about philanthropic grantmaking for rural development? For sure, there isn’t much. NCRP’s review of foundations making U.S. rural development grants came up with 184 foundations accounting for $100,509,561 in 2001 and 2002 combined. That isn’t much compared with the $1.28 billion total for community improvement and development grantmaking of foundations for those years, plus $435 million for housing and shelter. Rural development grantmaking is a small slice of foundations’ grantmaking budgets, indeed.

The paucity of rural development grantmaking exemplifies what Mike Schechtman of Montana’s Big Sky Institute calls “the philanthropic divide,” with North Dakota, Montana, South Dakota, West Virginia, Mississippi and others mostly in the Rocky Mountain areas or the Appalachians ranking at the bottom in total foundation assets, foundation grantmaking per capita, and foundation grant dollars received.

SRDI’s research matched foundation assets with America’s rural counties to discover $15.1 billion in assets in rural America held by 7,527 foundations. But 10 rural counties accounted for more than $4 billion of the $15.1 billion total, or 27 percent of all rural philanthropic assets. Carter County in Oklahoma held more than $1 billion of the total because the politically conservative Samuel Roberts’ Noble Foundation calls Ardmore, Oklahoma, home. Six hundred seventeen rural counties, or 33 percent of all rural counties, registered no philanthropic assets, and another 622 counties each contained less than $1 million in foundation resources.

Contrary to some ill-informed city perspectives, rural America is hardly demographically homogeneous, and not surprisingly, the intersection of race and rural exacerbates rural America’s philanthropic undercapitalization. SRDI concluded that the per capita philanthropic capitalization of rural counties whose populations were 20 percent or less nonwhite was $313, but for populations over 50 percent nonwhite, it was only $96. If Taos, New Mexico, and three Hawaiian counties are subtracted from the majority-minority counties, the per capita philanthropic assets of these counties drop to $77.

Rural foundations do not necessarily deploy their resources to address rural community and economic development. In terms of rural development, the largest grantmakers by far are the W.K. Kellogg Foundation and the Ford Foundation, accounting for more than 40 percent of all rural development grants, followed by the William and Flora Hewlett Foundation, California Endowment, Blandin Foundation, F.B. Heron Foundation, Charles Stewart Mott Foundation and Walton Family Foundation. Rural development accounted for more than 10 percent of only three of the top 20 rural development grantmakers—Hewlett, Mott and the Houston Endowment.

Where are rural development grants going? Mississippi received the lion’s share of rural development grants in 2001 and 2002, largely because of some huge grants from the Kellogg Foundation to the Enterprise Corporation of the
Delta, which not surprisingly was the nation’s largest rural development grant recipient by far. Subtract the grants to the Enterprise Corporation of the Delta from the Mississippi total, and the result is almost no other direct rural development grantmaking to Mississippi. Factoring out the Mississippi grant anomaly, the largest rural development grant recipient states were California, Minnesota, Virginia, North Carolina, the District of Columbia (because of the presence of national intermediaries) and Arkansas.

The presence of local funders committed to rural development explains the state rankings. Minnesota ranks high because of the active roles of the Otto Bremer Foundation, the Blandin Foundation and the McKnight Foundation. Similarly, North Carolina’s rural developers benefit because of the strong commitments of the Mary Reynolds Babcock Foundation and the Z. Smith Reynolds Foundation.

Much has been rewritten about the increasingly difficult economic challenges facing rural America. A responsive philanthropic sector would be mobilizing its charitable largesse to a degree more than the trifling rural development grantmaking level of $50 million a year. What deters philanthropy from making more grants to rural America?

First and foremost, foundations aren’t rural. For the most part, they’re metropolitan, urban, suburban, or even located in small or midsize cities, but they’re certainly not located in rural America. Program officers and foundation trustees tend to be geographically and emotionally distant from the dynamics and rhythms of rural America.

That goes double for corporate grantmakers. The top corporate foundations in rural development were largely banking and financial services players—Fannie Mae Foundation, Washington Mutual, Wachovia, Citigroup, Bank of America and others. No one doubts that bank motivations reflect two factors that lending and investment in rural areas are good business for banks and that the banks respond to the incentive provided by the Community Reinvestment Act (CRA). Only a few nonbank players—Wal-Mart, Hitachi and Weyerhauser—made it into the list of the top 20 corporate rural development grantmakers in NCRP’s analysis.

With an Arkansas base and an exurban and rural constituency, Wal-Mart’s presence on the list is no surprise, plus it may well be the nation’s largest corporate grantmaker in terms of cash grants. But surprisingly few rural-identified corporations show up as major rural development grantmakers. Even though they may be engaged in agricultural and extractive industries whose raw materials come from rural America, for the most part they are headquartered in

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<tr>
<th>Top 20 Rural Development Funders</th>
<th>State</th>
<th>Total rural development grantmaking, 2001-2002</th>
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<tr>
<td>W.K Kellogg Foundation</td>
<td>MI</td>
<td>$31,213,802</td>
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<tr>
<td>Ford Foundation</td>
<td>NY</td>
<td>$10,475,500</td>
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<tr>
<td>William and Flora Hewlett Foundation</td>
<td>CA</td>
<td>$4,550,000</td>
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<tr>
<td>California Endowment</td>
<td>CA</td>
<td>$4,391,125</td>
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<tr>
<td>Blandin Foundation</td>
<td>MN</td>
<td>$3,924,650</td>
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<tr>
<td>F.B. Heron Foundation</td>
<td>NY</td>
<td>$3,390,000</td>
</tr>
<tr>
<td>Charles Stewart Mott Foundation</td>
<td>MI</td>
<td>$2,943,698</td>
</tr>
<tr>
<td>Walton Family Foundation</td>
<td>AR</td>
<td>$2,677,000</td>
</tr>
<tr>
<td>Duke Endowment</td>
<td>NC</td>
<td>$2,200,000</td>
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<tr>
<td>Richard King Mellon Foundation</td>
<td>NY</td>
<td>$1,600,000</td>
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<tr>
<td>Bill and Melinda Gates Foundation</td>
<td>WA</td>
<td>$1,545,458</td>
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<td>Claude Worthington Benedum Foundation</td>
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<tr>
<td>Otto Bremer Foundation</td>
<td>MN</td>
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<td>Rockefeller Foundation</td>
<td>NY</td>
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<td>Jessie Smith Noyes Foundation</td>
<td>NY</td>
<td>$1,180,000</td>
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<tr>
<td>Robert Wood Johnson Foundation</td>
<td>NJ</td>
<td>$1,110,850</td>
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<tr>
<td>Houston Endowment</td>
<td>TX</td>
<td>$1,100,000</td>
</tr>
<tr>
<td>Mary Reynolds Babcock Foundation</td>
<td>NC</td>
<td>$1,091,500</td>
</tr>
<tr>
<td>Fannie Mae Foundation</td>
<td>DC</td>
<td>$1,021,800</td>
</tr>
<tr>
<td>William Randolph Hearst Foundation</td>
<td>NY</td>
<td>$985,000</td>
</tr>
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major cities and increasingly give there. Frequently, the corporate funders turn to intermediaries or networks for rural funding, with the chapters and affiliates of Habitat for Humanity being a common rural grant recipient.

Physical distance doesn’t help, to be sure. The far-flung geography of rural America makes program officers’ site visits—their primary mechanism for gaining knowledge and familiarity with potential grantees—arduous. That explains why 12 of the top 20 recipients of foundations’ rural development grants in 2001 and 2002 were financial intermediaries or regranting organizations such as the Local Initiatives Support Corporation, the Rural Development and Finance Corporation, First Nations Development Institute and Southern Financial Partners. Rather than instantaneously conjure up their own rural development staff bureaucracies and expertise, the major foundations purchase the services of specialist organizations possessing in-depth knowledge and organizational relationships, with the array of nonprofits addressing the community economic development needs of rural America.

Second, rural isn’t “hot,” at least at the moment. Funders look for some kick or ripple from their grantmaking, increasingly in the form of press coverage. There aren’t many major or even secondary media outlets dedicated to serving and covering rural issues. Perhaps “smart growth” debates, linking the survival of inner cities with the minimization of sprawl into suburbia and quasi-rural exurbia, might reawaken funders to rural development issues, especially as smart growth continues to grow as a political issue around the nation. But press coverage of rural issues in the mainstream, mostly big-city media, remains sporadic.

Third, given the relatively low level of rural development grantmaking, rural funders perhaps more than others are acutely aware of the need for leverage. The median-sized rural development grant in 2001-2002 was only $77,000. With many grants going to intermediary organizations, many of these grants get regranted in much smaller sums to rural community developers.

At these relatively tiny grant levels, using foundation capital to leverage private sector investment and, more importantly, government program expenditures, is critically important. As the Bush administration has hacked away at the discretionary spending programs of the U.S. Department of Agriculture (USDA) and the Department of Housing and Urban Development (HUD), federal dollars are increasingly scarce. Moreover, “rural” is hardly synonymous with “agriculture” anymore, as rural areas diversify their economies, but the flow of other federal resources toward rural community development is erratic and inadequate.

With limited leveraging potential, rural funders might be well advised to support the array of nonprofits engaged not simply in rural development, but also rural policy advocacy, fighting the Bush administration’s cuts in the Farmers Home Administration (FmHA) programs and the rural housing programs of HUD (slashed by the administration as redundant and duplicative of USDA programs).

At the Stand Up for Rural America program on May 18 in Washington, D.C., any participating funder would have encountered scores of nonprofit community developers with strong track records of constructing and upgrading rural housing, attracting and bolstering new industries, and building assets for small town and rural households—and advocating for policy changes, notwithstanding the tax- and program-cutting ethos currently dominating Capitol Hill and the White House. Impressive models of rural community developers abound, but are frequently absent from the radar screens of otherwise progressive and thoughtful foundation program officers.

Rick Cohen is executive director of NCRP.
Na Pualei o Likolehua is an award winning halau hula (school of hula) that engages authentic Hawaiian culture and knowledge. Since its inception in 1976, this halau maintains and perpetuates the ethics of hula and the language and values of Hawai`i’s indigenous peoples, valuable links to Hawai`i’s past that are critical to its future. By training women to become knowledgeable teachers for future generations, Na Pualei o Likolehua ensures traditional practices will endure through time. 

Na Pualei o Likolehua and organizations like it are vitally important not just to Native Hawaiians, but to all who love Hawai`i. These special schools and the kumu (teachers) who dedicate their lives to them are the keepers of thousands of years of Native knowledge about an island home in the Pacific. All that Native Hawaiians are—ancient chants that record their journey from the past to the present; the knowledge of places and best practices, both ancient and modern; the perpetuation of language and the ability to carry the Native Hawaiian culture into the future—hinges on the existence of these special halau. Without them, Hawai`i is merely a tropical location, but with halau, Hawai`i continues to be home to a unique culture and people for all to share and celebrate.

A new fund, the Hawaiian Way Fund, that celebrates the Hawaiian way by which aloha is shared and honors the indigenous culture of Hawai`i was introduced into the local philanthropic community in December 2003 by the Council for Native Hawaiian Advancement (CNHA).

CNHA is a nonprofit organization composed of more than 50 organizations from around Hawai`i and the nation, all of which work in, or direct their attention to, Native Hawaiian community development initiatives. CNHA’s mission is to serve Native Hawaiian populations through empowerment and informational initiatives. Its core programming consists of successful year-round training and technical assistance to bring resources to Native Hawaiian communities as well as effective informational products that support community development organizations to increase capacity and reach.

Native Hawaiians are the indigenous people of the Hawaiian archipelago, known as the state of Hawai`i. They are a member of the Polynesian family of people, with ancestral homelands in Hawai`i for more than 2,000 years. In addition to Native Hawaiians living in Hawai`i, there are more than 160,000 Native Hawaiians living in the contiguous 48 states and Alaska. While this Native community of approximately 240,000, representing 20 percent of the population in Hawai`i, faces considerable challenges in the areas of economic opportunity, education, health and housing, Native Hawaiians have made significant strides. However, great dispa-
ity continues to exist. In the state of Hawai‘i specifically, the Native Hawaiian and Pacific Islander (NHPI) population

- lags behind the majority Asian population and non-Hispanic white population in education (only 18 percent have an associate’s degree or higher, compared with 35 percent of the total population);
- has a 21 percent poverty rate, which is higher than all other population groups in the state and 10 percentage points higher than the statewide poverty rate;
- has a lower per capita income ($14,375) than the Asian ($22,884) and non-Hispanic white ($30,199) populations in the state;
- and experiences severe overcrowding at home, reflective of larger and extended families or the inability of individual family members to afford to establish their own households (while 32 percent of the NHPI population and 17 percent of the Asian population are classified as overcrowded, only 6 percent of non-Hispanic white households are overcrowded).¹

CNHA remains steadfast in its belief that Native Hawaiian communities hold many of the best solutions and ideas to addressing their challenges. The Hawaiian Way Fund represents the support of community solutions that are tied to and celebrate the history, values and knowledge of the indigenous peoples of Hawai‘i in all areas of community well-being, whether in the delivery of education, health care, affordable housing, language or cultural and environmental practices—truly supporting 2,000 years of good ideas.

While Hawai‘i’s local Aloha United Way programs provide funding to many important and valuable nonprofit organizations—mainly health and human services organizations—the Hawaiian Way Fund is unique in that it directly impacts Hawaiian programs and Hawaiian-based initiatives.

The Hawaiian Way Fund represents an alternative giving center that supports and builds capacity and staying power for successful projects that provide qualitative service and promote community building inside Native Hawaiian communities. The creation of the Hawaiian Way Fund solidifies a place and space for individual philanthropists and corporate contributors to invest in things Hawaiian, receive recognition and be assured that their investments and gifts are accounted for and have impact.

“There is no doubt that some of the best achievements and progress made with Native Hawaiian youth occurs, for example, when educational programs are available that acknowledge where they come from, who they are and instills the pride and strength of their ancestors,” says Robin Danner, CNHA president and CEO.

“The sharing of things Hawaiian is a powerful foundation not just for our Hawaiian children, but everyone in our state. Hawaiian culture is a resource that we must encourage, we must build upon and something that serves everyone.”

The Hawaiian Way Fund was conceived by CNHA as a means to bolster support for small grassroots organizations struggling to serve overwhelming needs in Hawaiian communities with scarce resources. “We know that there are numerous private individuals and businesses that would support a charitable cause for Native Hawaiian initiatives if given an opportunity to do so,” Danner states. Danner adds that while nonprofits are “working hard and creating real change and new possibilities for our communities, the Hawaiian Way Fund creates a venue for anyone to share their aloha and support some pretty incredible community organizations.”

Community organizations that will benefit from the Hawaiian Way Fund include affordable housing providers, community associations, health care initiatives, charter schools that promote Native Hawaiian indigenous rights and culture and halau hula (school of hula like Na Pualei o Likolehua)—small grassroots groups sustained largely through volunteerism—who teach our children their culture, engage them in arts and sports, take care of our kupuna (elders) and look after our unique and precious resources. These community heroes deserve to receive as much support as they give,” says Danner.

Like halau hula, another organization that will be served by the Hawaiian Way Fund is Na Lei Na’auao, a statewide alliance of Native Hawaiian Charter Schools. Na Lei, which consists of 12 culture-based charter schools throughout the state, was established on the premise that the indigenous people of Hawaii have the right to establish and control their educational systems according to their customs and traditions. Na Lei Na’auao uses community-based models of education that are reflective of Hawaiian cultural values, philosophies and ideologies, all intertwined with modern teaching approaches to

(Continued on page 19.)

¹ Data obtained from analysis created by the Asian Pacific American Community Development Data Center.
Recent FEC Rulemaking And the Future of Nonprofit Lobbying

By Liz Baumgarten and Bob Smucker

When we were asked recently to predict what might come next from the Federal Election Commission (FEC) in the way of action regarding nonprofit lobbying, our first thought was to try to beg off answering the question because of the old truism that “in Washington, nothing is as certain as change.” However, if one thing is certain, it is that there exists a trend toward scaling back nonprofit advocacy rights. This article reviews that trend and the coordinated and continued nonprofit sector response.

Recently, the FEC proposed a new rule that would designate certain 527 and 501(c) organizations as political committees—if they spend more than $1,000 within 120 days of any election on voter registration, contacting voters to assist them in getting to the polls and issue ads that promote, support, attack or oppose named federal candidates. If designated as a political committee, an organization would be precluded from accepting any gifts above larger than $5,000 and private foundation funding. However, in quick response to this proposed rule, the nonprofit sector made its voice heard, deluging the FEC with thousands of e-mails and similar communications, a record amount for the FEC. As a result, the FEC delayed its ruling for 90 days. It seems possible, based on comments at a May 13 FEC meeting, that the agency will exclude 501(c)s from the final rule.

If the FEC staff do their homework, they will learn about the often powerful and effective response by nonprofits to advocacy rights threats over the past 10 years. Legislation proposed by Rep. Ernie Istook, R-Okla., in the mid-1990s serves as one example. After a nine-month battle, Mr. Istook dropped his idea of sharply curtailing lobbying by nonprofits that receive federal funds. Or perhaps the FEC staff will review the 1983 resounding defeat of the effort by the Office of Management and Budget to enact a measure similar to the Istook initiative. These actions should send a clear message to the FEC not to muzzle nonprofits’ voices on public policy issues.

In trying to predict the future regarding what the FEC or any other government agency might do regarding lobbying by public nonprofits, the past gives the best guide. The federal government and nonprofits have, since 1934, repeatedly tested the limits with each other regarding how much lobbying by nonprofits should be permitted.

In 1934, Congress passed a provision that a charitable organization may qualify for tax exemption only if “no substantial part of the activities of the organization is carrying on propaganda or attempting to influence legislation.” The failure of Congress to indicate what it meant by “no substantial part” naturally led to enormous uncertainty regarding how much lobbying could be conducted by a nonprofit without losing its tax exemption. This uncertainty in the law led to two major IRS actions curtailing, or attempting to curtail, nonprofit lobbying.

In 1963, the Sierra Club opened an office in Washington, D.C., and began fighting federal proposals to dam the Grand Canyon. The Sierra Club published a number of full-page advertisements in major U.S. newspapers to recruit people to lobby for the protection of Grand Canyon National Park. As a result of the advertisements, the IRS revoked the Sierra Club’s right to raise tax-deductible contributions. The IRS claimed that the Sierra Club was heavily engaged in efforts to influence legislation—a violation of tax law, according to the IRS.

The second action concerned the Maryland Association for Mental Health. In the spring of 1972, the IRS was threatening to remove the association’s tax-exempt status because of its aggressive lobbying at state and national levels regarding the need to improve treatment of mentally ill persons. However, in this instance and as a result of a pro bono audit of the association’s lobbying activities and an appeal to the IRS, the charges were dropped.

However, the two cases struck great fear among nonprofits regarding their lobbying activities and were primarily responsible for congressional action, following the urging of a huge nonprofit coalition. In 1976, Congress, in part hoping...
to put an end to what seemed like capricious IRS enforcement of the law, passed legislation that provided clear guidance regarding which activities constituted lobbying and how much could be spent on those activities. Regulations were promulgated to implement this law in 1990. As is clear from the list of challenges below, the clarity of the law has not stopped threats to nonprofits’ right to engage in advocacy and lobbying. It has, however, encouraged nonprofits to be bolder about their engagement in the public policy arena. There has been a sharp increase in nonprofit lobbying expenditures, according to the most recent figures available from the IRS (a 19 percent jump from 1999 to 2001). Yet, the need to be vigilant is clear from reviewing current and recent actions to curtail nonprofit public policy engagement:

**Federal Election Commission**
Under the FEC’s proposed rules regarding 501(c)(3) lobbying activities, nonprofits would be prohibited from spending money on public communications that promote, support, oppose or attack a candidate for public office. The enormous difficulty in defining the circumstances under which those terms would apply to nonprofit lobbying would reintroduce the same uncertainty that Congress, after seven years of hearings and a number of legislative proposals, effectively addressed with legislation in 1976. The public policy activities that would become subject to the proposed FEC rules are not only ambiguous but also seemingly endless. Thousands of organizations across the ideological spectrum have raised serious concerns with the FEC about the impact the rules would have on public policy engagement.

**Minnesota Community Solutions Fund**
This past June, the Community Solutions Fund, one of the nation’s first United Way Alternatives, was readmitted to the Minnesota state payroll deduction drive. The fund had been expelled from the campaign because a significant number of the fund’s members are advocacy organizations. According to the state employee relations commissioner, the fund, therefore, didn’t meet the statutory requirement for inclusion—to devote “substantially all of its activities to health, welfare, social or other human services to individuals.” When a number of organizations, including the Minnesota Council of Nonprofits, the National Committee for Responsive Philanthropy, Charity Lobbying in the Public Interest (CLPI) and many others, immediately raised questions about the decision, the Community Solutions Fund was readmitted. While the action by the commissioner in reversing the decision is encouraging, Minnesota groups close to the issue believe the matter will be brought up again.

**IRS Audits**
In 2003, local IRS offices began audits of a sampling of nonprofits that had spent $10,000 or more on lobbying and other activities. It appeared that the 501(h) election (taken by many nonprofits to come under the 1976 law that sets defined lobbying expenditure limits and defines lobbying activities) was serving as a trigger for the audits. A coalition of national organizations acted immediately, armed with a 2000 letter from the IRS to CLPI stating that the (h) election would never be a red flag for an audit. In a meeting with the IRS, the organizations made clear that they would continue to promote good public policy and would oppose any threats to the rights of nonprofits to engage in policy matters. Moreover, the groups urged the IRS not only to act swiftly to restore the election protection for nonprofits once stated in the Internal Revenue Manual, but also to help nonprofits promote lobbying and other advocacy as a legitimate and essential aspect of the nonprofit sector. The IRS canceled the audits and reaffirmed its continued support for the 501(h) election.

**Head Start**
In another small and subtle attack, advocacy by nonprofit Head Start programs was threatened a year ago by the Department of Health and Human Services (HHS). In a memo to Head Start programs throughout the country from the associate commissioner of the Head Start Bureau, HHS sent a strong warning regarding the lobbying activities by the 501(c)(3) programs—a message that was viewed by many as having a chilling effect on the legal public policy activities of the programs. It was only after strong opposition to this allegation from a large number of nonprofits, including the National Head Start Association, HHS canceled the audits and reaffirmed its continued support for the 501(h) election.

**Individuals with Disabilities Education Act**
The Individuals with Disabilities Education Act, which provides support for education of children...
Challenges like those from the FEC and others no doubt will continue, unabated. To meet these challenges, nonprofit lobbying and advocacy should become an integral part of every organization’s armor.

Hip Hop Summit Action Network

In 2003, the New York State Temporary Commission on Lobbying held that the Hip Hop Summit Action Network’s public campaign and rally opposing the Rockefeller drug laws required the group to register as lobbyists in the state of New York. The network maintains that it should not be required to register as lobbyists unless, at a minimum, its activities include explicit encouragement to the audience to engage in what is known in the federal tax code as a “call to action.” The litigation, which was initiated last fall, is before the United States District Court Southern District of New York.

Legal Services Corporation Funding

CLPI has joined as amici in the Dobbs v. Legal Services Corporation lawsuit challenging federal funding restrictions on civil legal aid. The suit seeks to overturn federal rules that block legal aid programs that accept taxpayer money from filing class-action suits, lobbying or representing immigrants without green cards. In order to engage in such activities, the rules require that legal aid programs establish physically separate offices and budgets. The suit continues to galvanize a growing coalition of organizations working to educate the public about the broader implications of these restrictions and the specific threat they pose to private funders and nonprofits engaging in advocacy and other forms of free expression on a wide range of issues.

So, how do past and present actions by government and other groups speak to the possible outcome of the FEC and similar proposals? What can be deduced from this trend of attempting to scale back nonprofit advocacy rights, and what should be the response?

First, challenges like those from the FEC and others no doubt will continue, unabated. Second, to meet those challenges, nonprofit lobbying and advocacy should become an integral part of every organization’s armor. Third, it is important to consider the wisdom of the renowned philosopher Yogi Berra, who said, “It ain’t over till it’s over.” As well as another philosopher, David Cohen of the Advocacy Institute, who added, “And it’s never over.” While the sector should take time to celebrate victories along the way, it should also continue to develop its defense to such attacks—a defense grounded in protection of nonprofit free speech. All of the above challenges have been confronted by the establishment and effective use of strong coalitions. Such coalitions should continue to be nurtured and not just in times of crisis. Through effective work in coalitions, the sector can rapidly respond to future efforts to curtail advocacy rights and, in the end, exercise those rights fully.

Liz Baumgarten is president of Charity Lobbying in the Public Interest. Bob Smucker is CLPI’s founder and former executive director. CLPI promotes, supports and protects nonprofit advocacy and lobbying as a means of achieving an organization’s charitable mission.

NEW! Serving Time on Foundation Boards

Serving Time on Foundation Boards, released in June 2004, provides a list of fraudulent corporate executives who are still serving on foundation boards of directors. It also discusses recent federal legislation that is designed to clean up the scandals plaguing the nation’s for-profit organizations, as well as New York state’s proposed efforts to better regulate its foundation and nonprofit sectors. The report concludes with policy recommendations and options that will improve foundation governance and help restore the public’s faith in institutional philanthropy.

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Responsive Philanthropy
The connection of movement building and institutional philanthropy is tenuous at best. Writers have long charged with much merit that most foundations support institutions and activities that more or less benefit the foundation founders, trustees and staff as a privileged social class. Others, such as Jean Roelofs (see Foundations and Public Policy: The Mask of Pluralism, 2003), go further, suggesting that even liberal or progressive philanthropy basically bolsters established institutions and norms and dampens, depoliticizes and channels social protest.

While many can and do debate the overall ameliorative impact of institutional philanthropy in American society, worth noting is a constellation of public foundations, all relatively small, charting an explicitly social change path, supporting activist grassroots nonprofits committed to women’s issues, LGBT rights, environmental justice, community organizing and civil rights.

As a component of philanthropy, these “community-based public foundations,” or CBPFs, are little known to the public, even to their nonprofit and foundation peers, but individually in their engagement on critical issues of poverty, labor organizing and civil rights, they are starting to develop a reputation and garner respect among much larger foundations.

Among the best known is the Liberty Hill Foundation, which to many people has had a huge impact on changing the landscape of philanthropy in Los Angeles. Although not the biggest philanthropic player in the arena, Liberty Hill has profoundly affected the grantmaking behavior of other grantmakers in the region, and has had substantial impact on the success of a Living Wage campaign, the enactment of a $100 million Housing Trust Fund, and repositioning Los Angeles as the center of the new labor movement.

On the Atlantic Ocean, 3,084 miles from Los Angeles, Maine Initiatives is a changemaking foundation affecting the priorities and behavior of foundation grantmakers in one of the less philanthropically capitalized states in the nation (Maine is 44th in foundation assets, 39th in foundation grants per capita). Ask anyone in the state’s small philanthropic community, and they’ll cite the path-breaking work of Maine Initiatives in supporting sustainable agriculture projects (through its Harvest Fund) and addressing other critical public policy issues (affordable health care, the legal rights of immigrants, affordable housing and urban sprawl).

Liberty Hill’s grantmaking, according to one insider, “builds community power at the grassroots level.” Maine Initiatives, according to another, describes its function as a “signal to other funders.” As funders of small, frequently new grassroots organizations, both Liberty Hill and Maine Initiatives can point proudly to the numbers of grassroots social change organizations that have survived and flourished, sometimes against all odds, with their support.

So what are CBPFs? Where are they? What do they do? With the support of Changemakers, a national public foundation focused on community-based social change philanthropy, NCRP initiated a research project to answer these and other questions about this little-known but increasingly influential coterie of grantmakers. In Community-Based Public Foundations: Small Beacons for Big Ideas, released in January 2004, NCRP surveyed 192 CBPFs and reported on the responses of 64. Though chock full of data, the NCRP report highlighted several key findings:

CBPF typology: The survey uncovered basically four types of CBPFs—broad-based social action funds; funds focused on specific constituencies and issues addressing gender or sexual orientation; other issue- or constituency-specific funds (for example, environmental funds, youth funds, and racial and ethnic funds); and general purpose funds functioning much like community foundations, but focusing on geographic areas of socioeconomic deprivation such as parts of Appalachia and the Mid-South Delta.

CBPF age: The median year of establishment for the surveyed CBPFs was 1986, and a little over one-third of CBPFs, compared with half of all community foundations, were created since
1990. Many CBPFs were clearly founded by anti-war activists from the 1960s and 1970s and by people motivated by the conservative politics and devolution of federal responsibilities during the Reagan and Bush administrations of the 1980s.

Staffing and diversity: The median CBPF survey respondent employed five full-time staff. Almost half of CBPF staff in the NCRP survey were racial or ethnic minorities.

Board governance: One of the most distinctive aspects of CBPFs is the participation of nonprofits and activists on CBPF boards. Leaders and staff of nonprofit organizations fill more than one in three CBPF board positions, while donors constitute only one-fifth of CBPF trustees. Many of the CBPFs reported that community activists are partners in the grantmaking decision-making that goes on in the funds.

Issues: Two-thirds of the survey respondents identified civil/human rights as their primary issue focus. Other enumerated top emphases for more than half of the CBPFs were community organizing, poverty and inequality, children and family issues, and racial and ethnic issues. In 2001, 66 of the surveyed CBPFs filed 990s, reporting grants and allocations of over $94 million.

CBPF revenues: Individual donors account for over half of CBPF income, but foundations accounted for more than 20 percent, with some CBPFs reporting that grants from other foundations amounted to more than 40 percent of their annual revenues. Two-thirds of the surveyed CBPFs reported receiving some funding from other foundations and over 40 percent reported receiving support from corporate grantmakers. CBPFs appear to function as both philanthropic vehicles for social change-minded donors and increasingly as regranting institutions for private foundations interested in promoting community organizing and social justice.

Donor-advised funds: Unlike community foundations, only half of CBPFs reported having a donor-advised fund (DAF), but for those CBPFs, DAFs accounted for 21 percent of their income.

Fundraising prospects: In 2001, 123 CBPFs from the NCRP list reported total public support of $202.5 million and total revenues of $227.6 million. Despite the difficult economic climate in 2002 and 2003, when the survey was conducted, the CBPF respondents reported relatively stable donor bases. More than half described their short-term fundraising prospects as stable or strong. In general, they expressed confidence that there were donors yet to be tapped and political activists increasingly energized by the challenge of the economy and the national political situation.

Investment activism: Of the survey respondents, 79 percent have adopted social investment screens for at least part of their investment portfolios, and more than half reported that 100 percent of their portfolios are devoted to socially responsible corporate stocks. Typical screens include no tobacco, liquor, defense/military, nuclear energy and sin stocks, but CBPFs frequently include more affirmative guidelines to seek out corporations with racial and ethnic diversity on their boards, nondiscriminatory employment practices and good practices regarding organized labor, environmental policies and human rights.

Like the impacts of Liberty Hill in the City of Angels and Maine Initiatives in the Pine Tree State, CBPFs are “yardstick competition” for mainstream philanthropy, demonstrating a better social justice-focused way of engaging in philanthropy that other foundations can—and increasingly do—emulate.

Rick Cohen is executive director of NCRP.
c(3) Donor Base Creates Poll Opportunity

"Focus on the … Election?" continued from page 1

As the single-largest recipient of foundation support in the social issues area, Focus has played a major role in efforts by conservative grantmakers to influence policy. It is also a testament to the right’s use of flexible funding, with more than 70 percent of Focus’s grants being classified as general operating support.

The Family (Focus) ranked 21st among grantees receiving the most money from the 79 foundations studied in NCRP's Axis of Ideology report, banking $3,075,400 from 1999-2001. Additional research into private foundation support puts the group’s total foundation receipts at approximately $11.5 million, including grants from 2002. As the single-largest recipient of foundation support in Axis’s social issues area, Focus has played a major role in efforts by conservative grantmakers to influence public policy. It is also a testament to the right’s use of flexible funding, with more than 70 percent of Focus’s grants being classified as general operating support.

These foundation investments, along with the huge public following for Dobson, make the creation of a 501(c)(4) a powerful political tool. Under its 501(c)(3) status, Focus built a fundraising juggernaut with up to 7 million members and more than $100 million in annual revenues. By founding a 501(c)(4), Dobson will likely tap this base for additional dollars that can be used for explicitly political purposes as well as to lobby Congress and get evangelicals to the polls this November.

While prominent religious leaders using their influence to affect policy is nothing new, Dobson has been traditionally (and, perhaps, erroneously) seen as staying out of such matters. As Jerry Falwell and Pat Robertson became the mainstream public face of evangelical politics over the last two decades, Dobson has been content to spread the pro-family message through his radio programs and publications. But in recent years, he has gradually abandoned the relative nonpartisanship of his activities.

The U.S. Supreme Court decision in Lawrence v. Texas (making sodomy laws in the United States, which generally targeted gay men, unconstitutional and unenforceable) and the subsequent decision by the Massachusetts Supreme Court legalizing same-sex marriage, appear to be the catalyst for Dobson and other evangelical leaders’ recent political fervor. After years of outspoken support for a more traditional family unit, Dobson sees the extension of marriage rights to gay and lesbian couples as the latest in a series of cultural-political insults, including no-fault divorce, the continued legalization of abortion, the removal of prayer from public schools and the proliferation of sexual imagery in the media.

Even without the formation of FOFA, Dobson’s media ministry has created a large pulpit from which to preach. According to Focus, the daily broadcast of his Focus on the Family radio program reaches 7 million people and his monthly newsletter has a circulation of 3 million. The organization’s Colorado Springs headquarters has become a tourist attraction, with an estimated 120,000 visitors per year. The facility includes a children’s park and exhibits based on the radio dramas that Focus produces. The cafeteria alone yields $527,285 in revenue.

The Focus empire also includes a wide array of magazines targeted at various audiences, especially children and teens. In 1986, Focus launched Citizen Magazine, a current events and political publication with an evangelical focus modeled after more mainstream publications like Time or Newsweek. Headlines from the May 2004 issue include “How to: Use Zoning Laws to Deter Pornographers” and “Moms and Dads Want Schools to Teach Abstinence.” The convergence of “family values” and politics is also present on the magazine’s Web site, which is part of the general Focus Web site. It includes position papers on issues such as public education, abortion, homosexuality, and gambling.

Dobson’s following is no doubt tied primarily to his expertise and advice on parenting, which makes up the majority of his writings and on-air advice. But outside of the media ministry, Focus on the Family has developed an extensive lobbying and advocacy component. Although no longer active in the organization, Dobson founded the Family Research Council (FRC) in the 1980s to rally support for a constitutional amendment banning abortion. FRC, with a budget of nearly $10 million, has since grown into the country’s premier advocacy organization specializing in socially conservative issues. Former FRC President and Dobson protégé Gary Bauer ran for president in 2000 on a platform that mirrored the organization’s positions.

Focus on the Family and FRC have also nurtured a network of “Family Policy Councils” in 34 states. These advocacy organizations lobby in state capitals and have experienced success in passing informed-consent abortion laws and
anti-gay marriage legislation as well as in influencing localities on such issues as the teaching of creation in public schools. While Focus does not provide financial assistance to these groups, their combined budgets for 2002 totaled $13,162,000, a number comparable with the combined budgets of the State Public Interest Research Groups, a prominent liberal advocacy organization with affiliates in 26 states.

Beyond policy and lobbying, Focus is also making attempts to enter the social services arena through its support of Pregnancy Resource Centers. These clinics provide counseling and support to pregnant women who are considering abortion, but do not offer abortion services. Focus assists these organizations in finding pro-life physicians to staff their facilities, providing written materials aimed at dissuading women from having abortions, and acquiring ultrasound equipment. Focus has pledged to purchase 650 ultrasound machines by 2010 in the hopes that women who receive ultrasounds will be less likely to have an abortion.

While these and other policy efforts surrounding abortion have been part of Dobson’s ministry over the last 20 years, it is the prospect of legalized marriage for gays and lesbians that has inspired his most vocal and public opposition. Until his most recent offering, Marriage Under Fire: Why We Must Win This Battle, Dobson’s books have focused on parenting and marriage from a biblical and psychological perspective. In Marriage Under Fire, he lays out 11 arguments against gay marriage that range from the conventional—children need both a father and mother—to the more esoteric—gay marriage will eventually bankrupt the country’s Social Security and health-care systems.

The founding of FOFA appears to be an extension of this unprecedented reaction by Dobson to advances in gay rights. Throughout much of his career, Dobson has shied away from endorsing specific candidates for elected office. But in the last several months he has made two such political nods. One was for Rep. Pat Tooney, in his unsuccessful bid to unseat Pennsylvania Senator Arlen Spector in the Republican primary. The second is in his home state of Colorado, where former Congressman Bob Shaefer is in a tight race for the GOP nomination. Both moves were made by Dobson as an individual and were not sanctioned by Focus, but because of his influence, it is difficult to distinguish between the two.

In order to run this new advocacy organization, Dobson has taken a leave of absence from his paid role as president of Focus. This will free him from the legal constraints that currently prohibit his ability to endorse political candidates by name. And there is little doubt which candidate he wishes to endorse. During a recent campaign swing through Colorado, President Bush met with Dobson, and White House Political Director Karl Rove has long courted evangelical Christians as a voting block. The formation of FOFA will make this connection much easier.

As an organization that is only a few months old, FOFA has done very little to date. Its most visible action so far is a recently launched newspaper ad campaign that attacks senators who do not support amending the Constitution to make gay marriage illegal. The ads are running in swing states and inform readers “Why Doesn’t Senator X Believe Every Child Needs a Mother and a Father.” FOFA will also be organizing a series of rallies across the country in the coming months to build support for the amendment, culminating in a national march on Washington on October 15. But the true power and nature of FOFA likely lies in its connection to Focus and its vast financial and membership resources.

Focus on the Family brought in more than $116 million in foundation grants and individual donations in 2003. Through Dobson’s tremendous name recognition and the unmatched direct-mail capacity of Focus, FOFA should be able to raise a tremendous amount of money in the coming months. This will be money that can be used without limit for lobbying and advocacy purposes. In 2003 IRS documents, Focus reported spending $432,627 on lobbying activities. If even a fraction of Dobson’s supporters donate to FOFA, his lobbying capacity would increase dramatically.

While Dobson’s success as a political force and the potential of FOFA for increased impact are potentially troubling developments for the integrity of the nonprofit sector, his organization serves as another example of the power of general operating support. Through unrestricted grants and the flexibility of individual donations, Focus has been able to pursue a specific policy agenda. As mainstream and progressive funders see how smaller advocacy organizations struggle under the constraints of program-specific grants, Focus’s success shows the value of flexible funding in cultivating a policy agenda.
the argument that only commercial media deserve unlimited advocacy rights. Under this definition, some old reliable progressive media outlets, like Alternet or Mother Jones, could be subject to nonprofit advocacy limits.

If that isn’t confusing enough, it is not clear who will call the shots on nonprofit advocacy and issue education rules. Facing a flurry of new non-profits (so-called 527, c3 and c4 groups) to compete with President Bush’s huge war chest, two Republican FEC commissioners demanded that the FEC redefine advocacy limits for non-profits. The problem is, of course, that the IRS already has a woefully misunderstood set of rules for nonprofit advocacy, lobbying and electoral activity. To the relief of many and the chagrin of others, the FEC ducked the question by deciding it could not change the rules six months before the elections. The 527s were allowed to stay in the game until November, but the FEC or the IRS will eventually have to clarify the rules. So get ready for another debate about nonprofit advocacy rights. If we want to win the game for media reform, we’ll have to pay attention to who is calling the shots and where new lines are being drawn on the field.

Answers to Media Acronym Quiz:

1. What do NRA and NOW (the National Organization for Women) have in common? They both lobbied against the FCC’s deregulation of media ownership.

2. What do NRA and NPR have in common? They are both “media outlets” and are allowed to continue campaigning until the elections, unlike nonprofit advocacy groups.

3. What do NPR and NAB (the National Association of Broadcasters) have in common? They both lobbied against creating 1,000 new low-power radio stations.

4. What do NAB and NCRP have in common? The letter N.

Sarah Stranahan is a board member at the Needmor Fund, a family foundation that supports community organizing. She helped found the Media Works Initiative in 2002, an effort to educate and organize donors about media issues. She has an MA in communications from the Annenberg School.

Giving the Hawaiian Way (Continued from page 11.)

the sciences, mathematics and technologies. The alliance has the potential of improving the educational success rates of thousands of kindergarten through 12th grade students. These students are currently the most underserved and undereducated population in Hawai‘i.

The State Council of Hawaiian Homestead Associations (SCHHA) is another organization supported by the Hawaiian Way Fund. The SCHHA is a statewide coalition of community associations serving residents of the Hawaiian Home Land areas, unique trust lands set aside for the specific purpose of perpetuating Native Hawaiian people and life ways. The SCHHA promotes healthy communities by creating forums for solutions to be shared and implements community-based projects and programs in the unique trust lands of the Hawaiian Home Lands program.

The most basic goal of the Hawaiian Way Fund is to support important community-based initiatives in all areas of community development. It empowers community associations and charter schools to increase their reach and multiply their impact. The Hawaiian Way Fund provides a place for anyone interested in things Hawaiian to share their ‘aloha and support for a myriad of initiatives.

Anyone interested in supporting such community-based initiatives may contribute to the Hawaiian Way Fund through direct contributions, employee payroll deductions, automatic electronic transfers and estate planning. The Hawaiian Way Fund is also seeking employer support through corporate matching programs.

The Hawaiian Way Fund currently has 16 partner-recipient organizations, ranging from affordable housing providers to cultural practitioners and educators, to health care providers and charter schools. The first allocations from the Hawaiian Way Fund will be distributed at CNHA’s 3rd Annual Native Hawaiian Conference Aug. 31—Sept. 3, 2004.

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