Since its beginning in 1926, grantmaking at the Charles Stewart Mott Foundation has focused on the well-being of communities. While much of the earliest grantmaking was done through the local school system, at the core of it was the belief that individuals, families, neighborhoods, schools, businesses, nonprofit organizations and government each have critical roles and responsibilities in creating effective, functional communities.

The Mott Foundation first formally funded community organizing in the 1970s. Since that time, its approach has evolved to address changing times and opportunities. Over the past three decades, the Mott Foundation has been viewed as a national philanthropic leader, embracing community organizing as a central strategy for alleviating poverty and promoting civic engagement.

At its best, community organizing is a transforming experience. Through strategic issue selection, research and direct action, people engage in public life and redefine their relationships to each other and to those in positions of power. In the process, they control community institutions that can address complex problems, represent the will of the people and create a sense of community.

“It seems to me that every person, always, is in a kind of informal partnership with his community. His own success is dependent to a large degree on that community, and the community, after all, is the sum total of the individuals who make it up. The institutions of a community, in turn, are the means by which those individuals express their faith, their ideals and their concern for fellow men. We recognize that our obligation to fellow men does not stop at the boundaries of the community. In an even larger sense, every man is in partnership with the rest of the human race in the eternal conquest which we call civilization.”

— Charles Stewart Mott (1875–1973)
In May 2008, The Atlantic Philanthropies released the first of Atlantic Reports that makes the case for foundation support for advocacy initiatives. The series of reports is based on lessons learned from more than two decades worth of grant-making for social change in the U.S. and abroad.

NCRP interviewed by e-mail The Atlantic Philanthropies’ president and CEO Gara LaMarche about the report, the various tools for supporting advocacy, and the role of multi-year general operating support. Mr. LaMarche joined NCRP’s board of directors in May 2008.

**NCRP: Why was it important for The Atlantic Philanthropies to do this report on foundations’ support for advocacy, “Why Supporting Advocacy Makes Sense for Foundations”?

**Gara LaMarche: There are a lot of myths about funding advocacy and, in general, there is a culture of over-cautiousness in philanthropy, which has been a deterrent. We wanted to show that there are many examples, not primarily from Atlantic, about why advocacy grantmaking is important and how it can work to advance almost any foundation’s stated goals. I am very pleased with the report, though we realize it breaks very little substantive ground not already plowed by the Alliance for Justice and other groups. We believed it was important to give this issue the voice and the imprimatur of a large foundation, and that’s why we selected it as the first topic in our new publications series, Atlantic Reports.

**NCRP: The report offers several different options for funders interested in supporting advocacy, including research, mobilization, community organizing, litigation and other strategies. Why was it important to spell out these various tools for grantmakers, and which strategies do you think are most in need of additional investment in the United States?

**Gara LaMarche: In the introduction to the report, we emphasize that we are “particularly supportive of advocacy by the people most affected by policies that need to be changed.” So we’re saying that, not surprisingly, foundations—which almost always are mainstream if not conservative in institutions—do not invest often enough in bottom-up strategies for change. In our view, because they involve empowerment and the wisdom of those closest to the ground, these strategies can be the most enduring—or, to use a foundation-y kind of word, sustainable—change.
lenges have you encountered with advocacy grantmaking and how have you overcome these challenges?

**GL:** Occasionally, this kind of funding can be controversial, and some trustees are not too wild about that. More often, foundation staff are overprotective of trustees who, I have found in both OSI and Atlantic, can be strong allies if you ask them. More recently, funding of advocacy has encountered, in addition to the usual sources of hesitation, the metrics movement—that is, you have to show that you can measure progress and impact. I find this a bit strange because public policy often has clearer metrics than many other kinds of foundation funding; if you ask the right-wing foundations how they evaluated their work, almost without exception, they will say they didn’t think too much about it. They looked in the newspaper or on television and saw many signs of how they were changing society. But I also believe that progressive supporters of advocacy have to engage these very real concerns, and be prepared to talk the language of measurement and accountability. On this issue, the Alliance for Justice has done some good work and Atlantic is in a good position to take leadership, because we are one of the foundations most identified with both meaningful evaluation and with aggressive support for advocacy.

**NCRP:** How do you see the trend going with regard to foundations providing more support for advocacy?

**GL:** More and more are getting into it, and feeling comfortable with it, because they realize that you don’t have as much bang for the buck if you don’t have an advocacy strategy. I have been extremely heartened by the response to this publication, which has been enormous—many kudos from nonprofits and other foundations, and hundreds of requests for additional copies. That tells me something.

**NCRP:** One of the primary reasons that many foundations are not keen on providing multiyear and core operating support—two approaches that you mentioned in the report as key tools in supporting nonprof-

**GL:** To paraphrase Mark Twain, our impending demise concentrates the mind quite powerfully. We are more focused on impact and legacy than a perpetual foundation generally needs to be and, among other things, that means we want the issues and organizations we support to stick around after we’re gone. That argues not only for strengthening institutions to engage in policy change, but also working for some of the policy changes themselves. Right now, for us, key areas of U.S. policy reform include comprehensive immigration reform and the restoration of civil liberties in the post-Bush era.

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organizations 30 years from now, but we can try to identify the most effective organizations with a track record and a plan for the future and give them the support and the tools they need to endure and thrive.

**NCRP:** How does The Atlantic Philanthropies know that its grantmaking is making a difference? What does your evaluation process look like?

**GL:** We’re one of a relatively small number of foundations with an in-house staff and budget devoted to what we call “Strategic Learning and Evaluation.” In essence, we strive to make evaluation holistic, putting the program officer at the center of the process and also adding the benefits of a team from our finance, communications, SLAE and other teams. This interdisciplinary approach to grantmaking is distinctive—I can say this without indulging in self-regard because it was created before I got here—and worth studying and replicating. Many things go into our learning process, of which what we usually call “evaluation” is but one part.

At Atlantic, there are three main ways we go about this. First, with a number of Atlantic’s direct service grantees, we work with the grantee to combine an internal evaluation system focused on quality with an external evaluation focused on effectiveness. A second evaluation approach is to use an “embedded” outside evaluator—someone trusted by the grantee and the funder who stays with the initiative over a period of time and provides regular periodic reports that can affect the course of the work in real time. Case studies are a third form of evaluation, and are particularly useful in advocacy campaigns.

These three approaches do not constitute an exhaustive list, but we believe they give us an insightful look into the work we support and the grantees we fund. It’s also important to note that evaluation and learning have a special resonance for Atlantic, in no small part because we are a “spend down” foundation. We believe it is part of our mission to share learning.

**NCRP:** It’s 2020, and Atlantic is closing its doors for good. How do you envision the “state of the world” to be as a result of the billions of dollars that Atlantic has spent in support of efforts to improve the lives of disadvantaged and vulnerable adults and children, health care and human rights?

**GL:** I have an allergy to grandiose questions, so I don’t want to encourage them by answering in the terms that you have posed. Over time, you will see the withering away of the foundation, and if in its place there is a critical mass of stronger organizations in the countries in which we work—because, though we have focused here on the U.S., most of our funding is directed outside the U.S., to civil society groups in South Africa, Ireland, Northern Ireland, Vietnam and elsewhere—I’ll feel we’ve done some good.

**NCRP:** You recently joined the board of NCRP. Why did you decide to give your time to this organization?

**GL:** Philanthropy exercises a lot of power, and like all power, that power needs to be watched and checked. We don’t have a bottom line like businesses, constituents like politicians, or even, for the most part, a critical and engaged press like many sectors of society. Combined with the fact that those in the best position to have informed and critical opinions—grantees and grantseekers—tend not to express those opinions directly to those whose support they seek, we need other forums for scrutiny of philanthropic investments and initiatives. NCRP does so with a credible research base and a social justice orientation. Wherever I have been in my career, I have tried to support NCRP financially; when I was asked to serve on the board, I decided it was right to put my money where my mouth is—or maybe that is the other way around! 🌟
Join NCRP today as we strive to promote philanthropy that serves the public good, is responsive to people and communities with the least wealth and opportunity, and is held accountable to the highest standards of integrity and openness. You’ll receive:

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WE WELCOME HEARING FROM OUR READERS!

Tell us what you think about the articles in this and previous issues of Responsive Philanthropy or send your suggestions for topics you’d like us to tackle in future issues. Send them to: Kristina Moore, NCRP, 2001 S Street NW, Suite 620, Washington, D.C. 20009. Or send them by e-mail to readers@ncrp.org.
One of the most enjoyable elements of my job is attending many of the philanthropic conferences offered throughout the year. I get to have rich conversations with people who are passionate about improving the world through philanthropy. I learn a thing or two from keynote speakers and workshop presenters. And I keep NCRP’s watchdogging work sharp by maintaining a feel for the sector.

But attending conferences also is one of the most frustrating and disappointing elements of my job. I often leave feeling that grantmakers have spent huge amounts of money without much to show for it, and that they have reinforced status-quo philanthropic thinking that isn’t helpful to grantees or to those with the least power and wealth. It’s a rare occurrence that I feel as though anything tangible has changed for the better as a result of a conference.

Recently, the Council on Foundations (COF) held the granddaddy of all philanthropic conferences. It officially was called “Philanthropy’s Vision: A Leadership Summit” and approximately 3,000 people attended. COF usually holds three separate conferences each year: its annual conference, a family foundations conference and a community foundations conference. This year, it combined all three into this one mega-conference. Some informally began calling it “Philanthropolooza” because, like the music/comedy/dance/craft extravaganza Lollapalooza, the Summit offered a little something for everyone.

Conferences of the Council on Foundations are both a reflection of current thinking inside foundations and a force that shapes thinking. So it’s no surprise that this year’s Summit had both high and low points. I offer here my thoughts about the best and the worst (in no particular order) of the COF Summit.

BEST

Plenary session on human rights

The luncheon plenary session on Monday, May 5, devoted to discussing human rights and philanthropy’s role in promoting its advancement, absolutely was one of the best moments of the Summit. Compliments are due to COF for organizing this panel discussion and for giving it a prime slot on the agenda. As Gara LaMarche (who moderated the discussion) noted, it was the first time ever that COF has held a plenary devoted to the topic of human rights. The panelists were impressive human rights activists: Mary Robinson (former president of Ireland and former United Nations High Commissioner for Human Rights), Anthony Romero (executive director of the American Civil Liberties Union), and Kumi Naidoo (secretary general and CEO of CIVICUS).

Shereece West set the tone in her introductory remarks when she said, “Philanthropy has an obligation to provide resources to advance human rights for all. Philanthropy has a role to provide resources to organize and advocate, convene and facilitate, put people in touch with one another to collaborate and build coalitions…”

Kumi Naidoo challenged foundations to fund for the long haul. “I think the choice for foundations is to ask the question about whether you want to make investments that have quick, short-term return without it having the possibility of being sustained into the future. If we are serious about making philanthropic investments that would actually ensure that they are sustainable over time, we cannot ignore the human rights environment and the democratic environment that we find,” he said. “I have jokingly said recently that there’s a very thin line between philanthropy and foolanthropy. I want to make the point that too many program officers are under pressure to show quick results. … The struggle for justice, the struggle for human rights, the struggle to end global poverty—these are all marathons, they’re not sprints.”

Breakout sessions exploring community organizing and advocacy

The 2008 Summit included more substantive breakout sessions about community organizing, advocacy, civic engagement and social justice than any other COF
gathering. NCRP is a founding member of the Social Justice Philanthropy Collaborative, which produced a guide to the Summit. In the guide, we highlighted 35 breakout sessions that substantively were relevant for funders who care about issues of fairness, justice and democracy (shortened from an initial list of more than 50 relevant sessions). Funders who prioritize giving of this type didn’t feel marginalized at this COF gathering, whereas they felt so in the past. Here’s a taste of what was offered:

One session, “Evaluating Advocacy Grants,” was designed to help funders get better at evaluating outcomes for their grants supporting advocacy. This is important because there is great pressure to show the impact of philanthropic giving, and some funders are finding it challenging to show how their grants are advancing systems change. Dave Beckwith from the Needmor Fund, Marcia Egbert from the George Gund Foundation and Sue Hoechstetter from Alliance for Justice led this session.

Another session explored how foundations can take the lead in strengthening democracy by funding civic engagement. Cris Doby of the Charles Stewart Mott Foundation, Gerri Mannion of the Carnegie Corporation and others led the session, “Civic Engagement: How to Make Democracy Deliver.”

During the final set of breakouts, the session “Reconsidering Community Organizing: New Players, Perspectives & Possibilities” gave funders a chance to share how funding community organizing is increasing their foundation’s impact. The panelists were Luz Vega-Marquis from The Marguerite Casey Foundation, Kelly James from the Bill & Melinda Gates Foundation, Laura Hogan from The California Endowment and Frank Sanchez from the Needmor Fund.

Discussions about diversity
Another positive development was the way discussions on diversity were woven throughout the agenda. COF historically has avoided talking about the importance of diversity and inclusiveness, so this year’s conference certainly was a step in the right direction. The quality of the sessions on diversity varied greatly—some were excellent and some were mediocre. Many attendees thought the plenary was particularly useful. Time will tell whether or not all this talk about diversity actually helps the sector make real progress.

WORST

Opening plenary
The video message from PBS NewsHour essayist Roger Rosenblatt during the opening plenary was one of the most offensive and disappointing moments of the Summit. Over and over again, the video showed people of color as helpless victims, while most of the helpers and philanthropists shown were white. Every person of color at the Summit whom I spoke with was offended by the video, and I was, too. Didn’t someone at COF work with Rosenblatt to produce the video? How did he create such a terrible portrayal of philanthropy?

In addition to the poor choices of imagery, Rosenblatt was way off the mark with the basic premise of his piece. He said, “America calls its seats of power ‘estates’—the executive, legislative and judicial branches of government constituting the first three estates. And the so-called ‘fourth estate,’ the free press, has a power of its own. Philanthropy represents what could be called the fifth estate, wielding as much power for good as the other four estates combined.”

Does he really believe that philanthropy wields as much power as the other four estates combined? Philanthropic giving is dwarfed by government spending. Most philanthropists know that because their dollars are so small in comparison to resources at the disposal of the government, they need to target their funds strategically.
government, they need to target their funds strategically. Rosenblatt clearly doesn’t understand the role of the philanthropic sector in our society, and COF should either have helped him produce a better essay or refused to show the one he produced. Instead, the piece was shown proudly on gigantic screens.

And the rest of the opening plenary wasn’t much better. The parade of international representatives came across as pure tokenism rather than allowing for substantive contribution. Remarks by Steven Gunderson, president and CEO of COF, predictably focused on the need to share the good news about philanthropy so that the sector can avoid further regulation. “As philanthropy grows in size, in service, and, yes, in scrutiny by others,” he said, “We must recognize that either we collectively define our work or we allow our detractors to frame us in ways that ignore this noble journey.”

Venue
The venue also was one of the worst elements of the Summit. It was held at the newly constructed Gaylord Hotel at the newly developed National Harbor Resort, just outside of Washington, D.C. in Prince George’s County, Md.

The entire National Harbor complex is completely removed from real life. No philanthropist had any risk of encountering the poverty that plagues the residents of our national capital region. This was a veritable Disneyland for foundation leaders. How are grantmakers supposed to improve the impact of their work if they keep themselves walled off from reality? At best, you could look out the ten-story glass wall and see the faint image of downtown Washington several miles in the distance across the Potomac River.

I also find it deplorable—and almost criminal—how foundations waste money at these conferences. Grassroots nonprofits know how to stretch every dollar, even when they travel. Foundations seem to flush the money down the toilet. Add up the travel costs, room charges, conference fees and fancy meals—and I don’t even want to know how much was spent for each person in attendance. I’m not suggesting that foundation leaders sleep on the couches of colleagues the way nonprofit leaders sometimes do to save money, but perhaps there is a middle ground that doesn’t look so much like gluttony as the Gaylord extravaganza did.

Minimal nonprofit attendance
As with almost all foundation conferences, there was minimal nonprofit presence. The only nonprofit leaders invited were those speaking on panels, and they generally were allowed to attend only the session they were a part of. I understand that funders don’t want to get bombarded with solicitations, but keeping grantmakers isolated from nonprofit leaders isn’t healthy for the sector.

There is real wisdom among nonprofit practitioners. Foundation leaders would benefit from more interaction
with them, and the Summit would have been better if it had included nonprofit leaders from non-grantmaking organizations. COF should reassess this misguided and longstanding policy for its future conferences.

CONCLUSION

Most NCRP members who attended the COF Summit said it was, in sum, better than most other COF events they had attended in past years. There clearly were some positive elements and some real shifts in the right direction.

I began by saying that COF conferences are both a reflection of current thinking of foundation leaders and a force that shapes norms and expectations in the sector. Many NCRP members and allies therefore have decided to increase their participation in COF in order to shape the organization, its priorities, and the content of its conferences. NCRP’s strategy for improving the practice of philanthropy cannot rely heavily on COF or its gatherings, because a trade association usually will cater to the least common denominator in its membership. But it makes sense for those who share NCRP’s vision for philanthropy to engage with COF at some level and shape the discussion where we can.

Aaron Dorfman is the executive director of the National Committee for Responsive Philanthropy.

Video footage of many sessions from the Summit is available on COF’s web site at: http://www.cof.org/Network/summit/multimedia.cfm

NOTES

2. Gara LaMarche is president and CEO of Atlantic Philanthropies and serves on the board of directors of NCRP.
3. Sherece Y. West, Ph.D., is president and CEO of the Winthrop Rockefeller Foundation and serves on the board of directors of NCRP.

Upcoming Events

July 25, 2008 San Francisco, Calif.
RAISING CHANGE: A SOCIAL JUSTICE FUNDRAISING CONFERENCE
Presented by GIFT and Grassroots Fundraising Journal
Visit NCRP’s booth and see NCRP’s Melissa Johnson’s presentation on trends in foundation funding for social justice and community organizations.

Sept 4-5, 2008 Chicago, Ill.
BUILDING RESIDENT POWER & CAPACITY FOR CHANGE
Presented by Grassroots Grantmakers, The Woods Fund of Chicago, and The Steans Family Foundation

Sept. 11, 2008 Washington, D.C.
NATIONAL SYMPOSIUM
Presented by The National Center for Family Philanthropy

Sept. 11-12, 2008 Denver, Colo.
ADVOCACY CONVENING
Presented by The Colorado Association of Foundations

Sept. 18-20, 2008 Denver, Colo.
ASF NATIONAL CONFERENCE
Presented by The Association of Small Foundations
NCRP’s Aaron Dorfman will be moderating the session Cutting Edge Philanthropy. NCRP will co-host with the Alliance for Justice a dine around to discuss the importance of funding advocacy, organizing and civic engagement work.

Sept. 24-26, 2008 Washington, D.C.
NCRP BOARD OF DIRECTORS MEETING
Is Leadership Denial Feeding the Charitable Sector Crisis?

By Gary Snyder

Accountability is an indispensable topic at all charity-related forums—for good reason. Congress, state attorneys general and the Internal Revenue Service have found it necessary to intervene into the practices of the charitable sector. The many investigations have peeled back the veil of secrecy of the sector and the consequences may be of epic proportions.

Poor accountability and an incredible lack of transparency have caused trust in the charitable sector to tumble, similar to what happened to corporations several years ago. The erosion of the public’s trust can be illustrated best by the fact that barely one-tenth of those surveyed in 2005 and 2006 polls believe that charities do a very good job spending money wisely.

Declining public confidence in nonprofit organizations already has started to cause serious doubts about the sector’s trustworthiness. Trent Stamp, former executive of Charity Navigator, noted in an article that his organization gets hundreds of complaints “every day from donors fed up with the unscrupulous practices of many charities.” Unfortunately, charities have failed to demonstrate that they are producing results with every dollar and volunteer hour they receive.

UNDER INVESTIGATION

Even in view of the diminishing confidence, few are asking the hard questions about the sector’s future. While the nonprofit world is struggling with many problems, none is more daunting or challenging than the issue of accountability, which has been the subject of some media attention. Despite the attention generated by Senate Finance Committee’s hearings, IRS inquiries and regulations, most charities are not aware of the impending crisis.

It is not a new issue. For the past several years, Americans have learned about scandals involving abuses, inappropriate expenditures, conflicts of interest and malfeasance in the for-profit sector. The sector now is under the regulator’s watchful eye following the misdeeds at such corporate giants as Enron, WorldCom and Tyco.

Charities are far more capable of similar misdeeds than most realize, including those who work within the nonprofit community. For decades, the charitable sector has been able to cover up much of its dirty laundry. With no national oversight, little leadership and lack of openness, such stalwart organizations as the United Way, The Nature Conservancy and American University have evidenced considerable mismanagement in the past. We have seen some congressional-chartered organizations such as AMVETS, Smithsonian Institution and the American Red Cross lose their way. Because of poor leadership at the board and staff levels, the Red Cross and the Smithsonian are in dire financial straits and are seeking bailouts from taxpayers.

LEADERSHIP IN DENIAL

Intoxicated by denial, the sector consistently has maintained that the abuses and poor practices are the work of
a few “bad apples.” This belief is self-serving and comforting, but not accurate. There are many more “bad apples” than most of us believe exist.

The problems before the sector are long-standing. In 2004, New York State Assistant Attorney General William Josephson testified before the U.S. Senate Finance Committee that reviews of fully one in ten of all foundations raised red flags. More recently, Elliot Spitzer, when he was New York attorney general, pointed out that excessive compensation might be the issue in the future.

The IRS is challenging tax-exempt salaries that are unreasonable, under the Intermediate Sanctions provisions of the IRS code. It has decided to investigate some 200 nonprofit hospitals to see if these charitable institutions actually are doing anything to jeopardize their nonprofit status. Other investigations involve charity investment managers and symphony leaders.

Most recently, authorities from local tax assessors to members of Congress have challenged the tax-exempt status of nonprofit institutions—ranging from small group homes to wealthy universities—because they look like for-profit businesses. Almost 88 percent of overall nonprofit revenues in 2005, the most recent year for which figures are available, came from fees for services, sales and sources other than charitable contributions, according to the National Center for Charitable Statistics. Nonprofits often are difficult to distinguish from their taxpaying competitors.

Some charities also are acting like for-profits on another front. The New York Times reported on a study that estimated the cost of fraud in the nonprofit sector at about $40 billion, or 13 percent of the $300 billion donated to charities in 2006.

My own ongoing research for Nonprofit Imperative has found more than $1 billion in thefts from charities in 2007 alone, in hundreds of cases of illegal behavior gleaned from publicly accessible documents. Criminologists suggest that this represents only 10–20 percent of the offenses that actually happened.

What is even more startling is that this does not include most houses of worship, foundations (10 percent of nonprofit funding) and government funding (30 percent of total funding).

Deficient internal controls have enabled charity board members or key employees to help themselves to millions of dollars from their organizations’ coffers.

LEADERSHIP VACANCY

These shocking numbers mask the real problem. The charitable world is devoid of leadership. There is a profound crisis in the governance and management of many of our charitable organizations, providing the amphitheater to perpetuate all of these abuses.

There also is a vacuum in national leadership. Independent Sector, a coalition of 550 of the nation’s largest nonprofits and foundations, finally has shown concern, though only after congressional threats. It spent more than $3.5 million to answer the U.S. Senate Finance Committee’s inquiries. In sum, the toothless recommendations described in its Principles for Good Governance and Ethical Practice amounted to maintaining self-regulation, but invited federal governmental intervention in a number of areas. The answers speak to minimal voluntary steps that nonprofits can take to improve their governance and transparency, accompanied by measures that are unlikely to make much of a difference in accountability. There is a conspicuous absence of support for the Principles document from organizations and individuals, including prominent foundations that are influential philanthropic leaders.

The sector needs leadership that takes control and does not abrogate its cherished responsibility of giving direction to a challenged sector. Very few are willing to speak out against the hundreds or thousands of bad apples that are spoiling the bunch. Too many have demonstrated indifference in the hope that the ugly cloud that is sitting over the sector will dissipate.

Such “watchdog agencies” as Charity Navigator, BBB Wise Giving Alliance and American Institute of Philanthropy perform a needed service but do not seem postured to seek change. Public outcries by the leaders of foundations and other nonprofits are exceedingly rare. Little is being done to propagate new ideas that can transition the sector out of its current morass.

OTHER LEADERSHIP ISSUES

Dubious performance sometimes is blamed on less than stellar principals. Some believe that charities hire employees who are willing to work for less than market wages in either the for-profit or governmental sectors. Some argue that such wage disparities cause increased malfeasance. Some think that lower wages means hiring less competent, less efficient and less effective workers. Others subscribe to the view that the nonprofit sector’s inherent inefficiencies attract those with a less than stellar skill set, so there are fewer checks and balances in internal controls.

Several, however, believe that some compromises in the hiring of staff with technical fitness and the selection...
of boards with an appropriate skill set are of secondary importance to the mission of the agency. And there are indications that the desired change needed to gain competent staff and board members is a steep slope that few want to climb.

As a result, many of those serving on nonprofit boards don’t know their rights and obligations. When they become aware of misdeeds, too few board members are willing to do something about it. Boards, typically, will not do anything because they have no clue as to what they are supposed to or can do, such as challenging their organization’s executive director. Many nonprofit staff members are vested in not doing anything. The status quo is on their side.

There is, however, some concern about the lack of accountability from charities. Pablo Eisenberg of the Georgetown University Public Policy Institute, a noted visionary, says that nonprofit leaders of all stripes remain silent in the face of abuses, scandals and irresponsible expenditures, thereby deepening the extent of the problems.

In a speech, Independent Sector President and CEO Diana Aviv readily admitted that there “are few rules … there are many nonprofits that have no idea that there is a set of expectations.” This is quite an appalling admission.

Many board members indeed lack the understanding, as well as the decision-making skills, to deal with the problems. And then there are those who show shocking indifference and detachment; they have shown a lack of commitment to the organization that they have in their own personal lives.

MOVING ON FROM HERE

The sector is the last to know, or admit, that there is a gap in accountability. Most believe that the embarrassments at the American Red Cross and the Smithsonian Institution are limited to large agencies. That, unfortunately, is not true; thousands of charities—regardless of size—are involved in accountability issues. It is verging on pandemic.

Charities are a vital part of our society and are the cornerstone of the American economy that provides life and death services. The responsibility for improvement, therefore, lies with its stakeholders, primarily its leadership.

First and foremost, the leadership must acknowledge that there are, indeed, problems. It must admit the extent of them and address them head-on.

Second, it must eliminate the complacency and self-righteousness that seems all too pervasive. Leadership must throw off the crusty and entrenched methods of doing things that have not served the sector well. Every attempt should be made to shake the foundations of the sector until integrity and accountability emerge. Change undoubtedly will be met with apprehension, even some animus, and a tremendous amount of resistance. In spite of its perplexities, the leadership must take a worldview and throw off the parochial perspectives and get its hands dirty. It is going to be a struggle. It is a fight for survival, one worthy of everyone’s participation.

Third, the leadership must start to engage in more self-evaluation and a look to the future. It can begin by raising awareness, with no sugarcoating, of charitable responsibility at the board and staff levels. It should address such matters as fiduciary duties, board-based business solutions, strategic thinking and other skill sets that often are absent.

Fourth, it should seek to produce a generation of thinkers who possess integrity and are free of the current constraints. Clearly, the financial resources are available to tackle these objectives, but willingness must there as well.

Discontent will not pass until there is an invigorated response. It would be fatal for the sector to overlook the urgency of the moment.

As Paul Light, noted scholar at New York University and formerly of the Brookings Institution said, “The last thing anyone wants is a story about how the money they raised helped pave a road to nowhere.”

Gary Snyder, the managing director of Nonprofit Imperative in West Bloomfield, Mich., is author of Nonprofits on the Brink and publisher of a monthly e-newsletter—Nonprofit Imperative—which focuses on the major issues affecting the philanthropic community. Snyder also is a member of NCRP’s board of directors. He can be reached at gary.r.snyder@gmail.com or at 248.324.3700.

NOTES

1. Harris Interactive and New York University’s Organizational Performance Initiative.
5. The report is available online at http://www.nonprofitpanel.org/.
6. Diana Aviv, Nonprofit Accountability: Inside and Out (Keynote speech delivered in a Bridgestar event, June 8, 2004).
and power of the community, and contribute knowledge and experience that other communities can use. Regardless of the issue, community organizing works for public policies that, by design, enhance citizen engagement rather than treating residents as consumers, clients, victims or claimants.

The Mott Foundation’s community organizing grantmaking is part of its Pathways Out of Poverty program, one of four programmatic interest areas. Launched in 2000, the poverty program expresses the belief that with the right mix of policies, leadership, commitment and social action, our nation can make great strides to alleviate poverty.

While there is substantial evidence that Americans want to reduce poverty, there persists a myth that poverty alleviation is an insurmountable challenge. Yet, from past experience, we know that this is not the case. For example, during the strong economy of the 1960s and the War on Poverty, the poverty rate was cut in half, from 22.4 percent in 1959 to 11.1 percent in 1973. The poverty rate crept back up over the following 20 years. However, in the 1990s, we had a strong economy along with a set of policies that promoted and supported work, and the poverty rate dropped from 15.1 percent in 1993 to 11.3 percent in 2000.

In each of these periods, the U.S. experienced a near-full employment economy along with federal and state policies that rewarded work and individual initiative, supportive civic institutions, and spirited community organizing and civic engagement that insisted on a sustained national commitment to reduce poverty.

The start of the current decade was a time of nearly unprecedented prosperity in the nation. Many Americans were living well, and most were removed from the segregated neighborhoods and rural communities where working class and poor families are concentrated. It often was difficult for most people to grasp fully the depth and consequences of poverty, especially after seeing the economic improvements in the previous decade. Yet, millions of Americans at that time also lived in communities suffering social and economic decline, far from vital services, plagued by crime and unemployment and, by most measures, conscripted to failing schools.

Against this backdrop, the Foundation launched a robust grantmaking effort to enhance the effectiveness of community organizing as a tool to reduce poverty and increase civic engagement. While most philanthropic support for organizing is focused on a specific issue, the majority of Mott’s support to organizing networks has been for general purposes. These grants allowed the groups to assess their infrastructure and growth needs and develop plans to strengthen their organizing work.

Mott’s support for community organizing arose from its long-held interests in:

- Learning how people can live together to create a sense of community, whether at the neighborhood level or as a global society;
- Nurturing strong, self-reliant individuals to ensure a well-functioning society;
- Promoting the social, economic and political empowerment of all individuals to preserve fundamental democratic principles and rights; and,
- Encouraging responsible citizen participation to help foster social cohesion.

The primary way that community organizing differs from other efforts to increase civic engagement is that rather than focusing on programs or activities, organizing focuses on leadership development, relationship building, and culture change. Instead of asking people to participate in projects or initiatives designed by others, organizing provides the opportunity for people to develop their own analyses and promote their own decisions by building individual and collective capacity for study, reflection, deliberation, decision-making and action.

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tively to identify issues and to develop solutions to problems. Organizing initiatives do not take the place of politics, other democratic processes or institutions. Rather, the relationship building and the skills of organizing enhance politics and can inspire people who have tuned out of public life. At the end of the day, however, organizing must deliver tangible assets to low- and moderate-income communities.

Community organizing continues to grow in sophistication and the ability to take action on major issues related to family economic well-being, including housing, transportation, workforce training, job development, education and health care. Today, community organizing groups work to form alliances with researchers, legal advisors, academics, advocacy organizations and think tanks to advance important changes in public policy.

A recent assessment of community organizing prepared for the Foundation identified tangible successes, including:

- PACT in Miami worked to double the county’s bus fleet and won a transportation referendum, which will bring $17 billion over 20 years to the public rail and bus systems.
- BREAD in Ohio won creation of a city-county Housing Trust Fund, which has generated over $20 million thus far.
- InterValley Projects in New England won a $2 million per year increase in federal funding for job training, passage of a cap on transportation fees for 70,000 temporary workers, and $36 million for a Neighborhood Opportunities Program that resulted in 966 affordable housing units.
- Virginia Organizing Project won $339 million to finance low-income home ownership and rental construction loans, an increase of $1.5 billion in new state support to public schools, and worked to streamline the process by which former felons can have their voting rights restored in Virginia.
- Gamaliel affiliates in Wisconsin negotiated agreements with 16 banks that resulted in $700 million in loans to 7,000 homeowners and helped win increased funds for drug rehab programs as a result of a “treatment instead of prison” campaign.
- PICO affiliates in California won expansion of the State Children’s Health Insurance Program, expanded access to health insurance for uninsured people, $50 million in additional funding for after-school programs in poor districts, $15 million for parent/teacher home visitation, and an investment of $42 million to improve the infrastructure of health clinics.
- Washington (D.C.) Interfaith Network built 150 new town homes in the district, won agreement for hundreds of new living-wage construction apprenticeship jobs, and won agreement on a $100 million Neighborhood Investment Fund.
- CLOUT in Kentucky won the commitment of the chief justice of the state’s Supreme Court to double the size of the Drug Court in Louisville; it also won 19 additional beds for drug treatment in the local jail.
- PEACE in Florida worked to pass an unprecedented sales tax in 2004 that dedicates $35 million each year to provide primary and comprehensive health care for the uninsured; over the next 15 years, the program will generate more than $525 million; 20,000 uninsured people were served in the first year alone.
- ACORN led or took a substantial part in campaigns that resulted in:
  - $2 billion in living and minimum wage increases;
  - $6 billion in predatory lending agreements with banks;
  - $6 billion in loan counseling and community reinvestment;
  - $33 million in housing development
  - $350 million in local infrastructure and public services.

These accomplishments reflect the growth and sophistication of community organizing in recent years, and reports from the field indicate that the Foundation’s general support funding has been a critical factor in that
growth. This support has enabled the networks to add staff or free up existing personnel to build new affiliates in community after community. In some cases, the growth has been dramatic:

- PICO National Network grew from 22 groups in 1997 to 53 in 2007, and DART grew from 12 affiliates to 21 during the same period.
- The Gamaliel Foundation doubled in size in the last decade and now is active in 50 metropolitan areas in 22 states.
- The InterValley Project expanded into Maine and developed two new chapters in other New England states.
- ACORN more than doubled its size in the past ten years, with local chapters in 100 cities.
- Virginia Organizing Project doubled in size, growing to 15 chapters.

Not every local organization is equally strong, but every local organization is an expression of the determination and aspirations of its members.

Growth also is evident in the increased number of trained organizers and directors, and in the overall consolidated budgets of the networks and their affiliates. Most of the networks have more than doubled the number of staff organizers since 2000 and plan to recruit and train significantly more over the next five years.

The growth in organizing brings with it the challenge of developing methodologies to evaluate the work and measure the outcomes. The National Committee for Responsive Philanthropy and several foundations are working on this task. Because community organizing has demonstrated such successes and holds such great potential for the future, developing an evaluation system is well worth the investment for funders committed to reducing poverty and reinvigorating American democracy.

The challenge before us is not that nothing can be done to reduce poverty; rather, the challenge is building a constituency of citizens who will generate the new ideas and political will to place poverty at the center of the nation’s policy agenda. Community organizing is uniquely designed—and now positioned—to respond to that challenge.

Cris Doby is a program officer for The Charles Stewart Mott Foundation’s Pathways Out of Poverty Program.

The Latest News from NCRP

Welcome NCRP’s New Board Members

Gara LaMarche, president and CEO of The Atlantic Philanthropies, is the newest member of NCRP’s Board of Directors. Other recent additions to the board include Sherece Y. West, Ph.D. of The Winthrop Rockefeller Foundation, and William Schulz of the Center for American Progress. Both joined NCRP in February.

Research Advisory Committee Formed

In June 2008, we assembled a diverse group of individuals who will provide NCRP’s staff with critical input and guidance in implementing our research program as outlined in the Strategic Plan. Members of the Research Advisory Committee (RAC) are esteemed experts in their fields, which represent the broad issue areas that feed into the study of philanthropy and its role in society. Brief biographies for each RAC member are available on the NCRP website.

United Way for Central Carolinas Hit with Executive Compensation Scandal

A joint investigative report by WCNC-TV and The Charlotte Observer uncovered the $1.2M benefits package in 2007 for UWCC president Gloria Pace King. You can view Aaron Dorfman’s commentaries and TV interview on the NCRP’s website.

Please visit www.ncrp.org for the most recent news and information from NCRP.
New from NCRP

The NCRP board of directors approved a strategic plan that will guide the organization’s programming for the next five years. The strategic plan is the result of several months of intensive collaboration between NCRP’s board, staff and consultants from the TCC Group, as well as the invaluable input from a diverse group representing the philanthropic communities.

In this report, author Rick Cohen shows how philanthropic capital from small and large foundations has helped build political support for the school privatization agenda using movement-building grantmaking strategies.

This report looks at the past year’s accomplishments, including the new Strategic Plan.