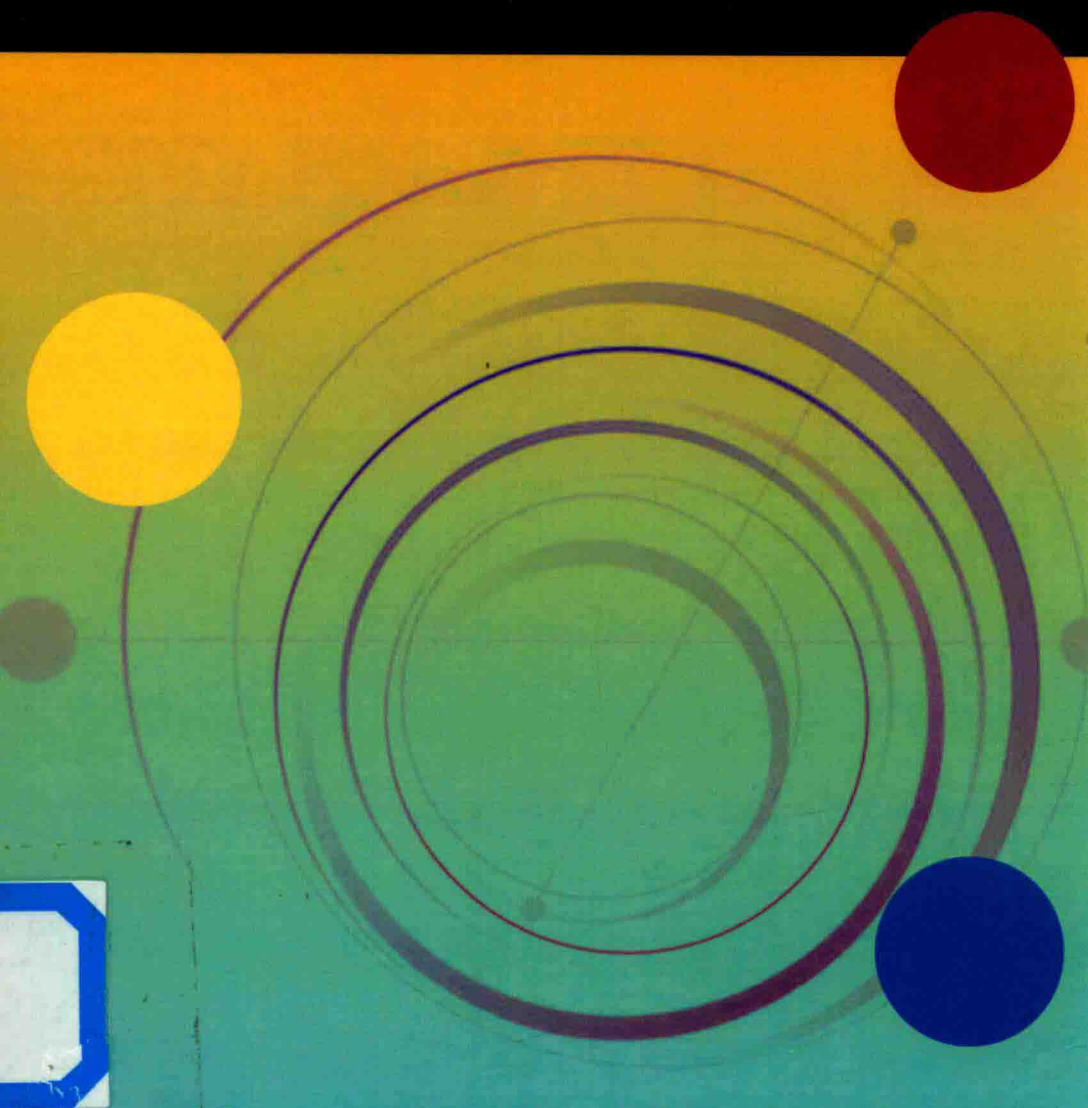


Here for Good

Community Foundations
and the Challenges of the 21st Century



Terry Mazany and **David C. Perry**, Editors

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Preface

In one sense, community foundations are in no danger of vanishing. With endowments of some \$50 billion, they are, quite literally, here for good. But how much good can they accomplish? Will it be enough to help lead American communities to prosperity in this new century? Those are the questions *Here for Good: Community Foundations and the Challenges of the 21st Century* considers.

Why this book, and why now? Community foundation leaders issued their first serious self-study, *An Agile Servant*, a generation ago. A new century is here, and with it have come a staggering array of alterations to the status quo. Technology and social change have disrupted business, government, and all manner of community institutions. Though the core values of a good community foundation remain the same, the limitless possibilities of the next hundred years present serious challenges. We need a new way of looking at life in the trenches of profound and undeniable community change—one that mixes timeless values with timely application.

In New York, that means looking at how change happens over generations. In Silicon Valley, it means expanding community beyond local boundaries. In Cleveland, it means taking new risks; in St. Paul, Minnesota, increasing impact; in Atlanta, gaining hyperlocal knowledge; and on the Gulf Coast, being a community anchor.

This book is a crazy tossed salad of ideas, because the foundations telling their stories here are as diverse as the communities they serve. They can be big or small, urban or rural, employing time-tested methods or embracing risky innovation. Each has a distinct flavor, yet together, like the United States itself, they somehow make a whole. This volume testifies to that. Each foundation may be unique, yet all of them want to find and share the lessons of their field. All of them want to learn and improve.

Here for Good does not try to cover every aspect of community foundation work. Such a task would require several volumes. You will not find detailed explorations of board governance, mission investing, or the scores of other

issues that fill agendas at foundation conferences. The authors have focused instead on the big issues: the role of foundations in communities and the types of leadership that solve local problems. The authors hope this work will inspire other foundations to tell their stories.

Although we begin by establishing a much-needed scholarly framework for community foundation efforts, much of *Here for Good* is not theoretical. These are the stories of individual foundation leaders, those who take on the “implausible idea” of cleaning up Boston Harbor, or those who obtain funding for early childhood education in Colorado, secure training for the 911 dispatchers of Florida, create green spaces in Detroit, or build the Indianapolis Cultural Trail. They are stories of the fight against poverty and drop-out rates, the fight for literacy and community health, and—almost everywhere—a drive to rebuild economically.

To help newcomers see both the promise and pitfalls of community foundation work, we begin with the basics: The community foundation is an institution that seeks to be a central, affirming element of its community—*foundational* to the place it seeks to serve. The origins of this book stem from conversations among the leadership of community foundations about the challenges they must overcome in their second century to make such *foundational* contributions possible.

What began as an idea for how to institutionalize community giving in Cleveland, Ohio, in 1914 has spread to more than 700 urban and rural communities. Community foundations can now be found in every one of the United States, but their impact has not stopped at the U.S. border. The 2010 Community Foundation Global Status Report lists 1,680 community foundations in 51 countries (Worldwide Initiatives for Grantmaker Support 2010). Some observers argue that the community foundation is one of the most important of all American “exports,” benefiting millions of people around the globe.

These grantmaking organizations are place based: They help improve the lives of people in a specific geographic area. Community foundations pool the financial resources of individuals, families, and businesses to support effective local nonprofits. They are concerned with building both short-term and long-term resources for the benefit of residents (Community Foundations National Standards Board 2013). Over the years, community foundations have demonstrated the ability not just to make grants but to lead the areas they serve toward innovative approaches to problem solving. They have carried out research, surveys, and community studies. They have designed programs to build the capacity of others to do good work. They have been both active advocates and community conveners. They do this in small and large ways: One community foundation may have less than \$100,000 under management; another might have more than \$3 billion in assets.

In 2011, the 700-plus community foundations in the United States gave an estimated \$4.2 billion to a variety of nonprofit activities. Their partners work in all fields: arts, education, health and human services, the environment, disaster relief, and more. This grantmaking represents more than 10 percent of all foundation philanthropy in the country.

Because community foundations are public charities with a 501(c)(3) nonprofit designation, donations made to them are tax deductible. Charitable funds are set up in community foundations by both individuals and institutions. They can be established with a wide variety of assets—including cash, real estate, stock, and even artwork. Gifts come from living donors and through wills. In the United States, community foundations hold approximately \$49.5 billion in assets. In 2011, they received an estimated \$4.5 billion in donations from individuals, corporations, government agencies, and other foundations (Council on Foundations 2013).

As a public charity, a community foundation is governed by a board of directors that guides the mission, strategic direction, and policies of the organization (Community Foundations National Standards Board 2013). The board is comprised of local leaders who know their communities and, in many cases, have been widely recognized for their involvement in civic affairs (Austin Community Foundation 2012). Members of the governing body play a key role in identifying and solving community problems; they also oversee the distribution of funds to ensure they are used for charitable purposes.

The Community Foundations National Standards Board oversees operational excellence in six key areas—mission, structure, and governance; resource development; stewardship and accountability; grantmaking and community leadership; donor relations; and communications. Foundations that comply with these standards can display the official National Standards Seal. Nearly 500 community foundations in the United States do so.

Community foundations have a track record of achievement and innovation. Because of their local nature, community foundations rarely generate stories that are widely recognized, understood, or appreciated—except, of course, in their own backyards. But the editors of this volume aim to do more than just exchange high fives. The changing conditions of community in recent years reflect the new digital-age realities of modern American life and challenge even the most solid of institutions. In response, we have sought to marry theory and practice as our contribution to charting a course for the second century of this place-based institution of community philanthropy.

While this book is the product of many hands, coeditors and essayists among them, it never could have been completed without the work of many more contributors. First and foremost are the research efforts and constant oversight of research assistant Antonia Lalagos. This book is the outgrowth

of a larger undertaking titled the Second Century Project. The backbone of that project grew out of materials used in three two-day seminars—two sponsored by the Chicago Community Trust in Chicago, Illinois, and one hosted and sponsored by the Miami Foundation in Miami, Florida, under the aegis of seminar participant and foundation head Javier Soto. Our thanks and appreciation go out to staff members at both foundations, including Marcia Gettings, Michelle Hunter, Cheryl Hughes, and Bill Lowry in Chicago and Nancy Granja in Miami.

Our work was made possible by the support of both national and local funders. Nationally, the James S. and John L. Knight Foundation and the Charles Stewart Mott Foundation added greatly to the success of this project, just as their work in the past has contributed to the development of the community foundation movement as a whole. Specifically, we thank Paula Ellis and Nick Deychakiwsky for their encouragement and guidance, as well as Eric Newton for his editorial suggestions. The George Russell Foundation has also provided funding to complete this project. Locally, we benefited greatly from support from the Chicago Community Trust and from the University of Illinois at Chicago's Great Cities Institute and the Institute for Civic and Public Engagement, backed by another of our seminar participants, Dr. Joseph Hoereth.

The Second Century Project goes far beyond this book. As we have already indicated, it is comprised of three national seminars with participants extending further than the chapters that follow here. All of us have been enriched by the seminar contributions of Bahia Ramos, Brian Byrnes, Carrie Menendez, Cheryl Hughes, Christopher Goett, Cynthia Schulz, David Maurrasse, Javier Soto, Joseph Hoereth, Nick Deychakiwsky, Terri Lee Freeman, Tom Wilcox, and Will Ginsberg. We will present findings from the seminar and the book at the 2013 and 2014 meetings of the Council on Foundations and appreciate the support and participation of Christopher Goett and Vikki N. Spruill from the council. The seminar and subsequent essay writing has generated more papers than could fairly be included in this volume. Various website versions of these and other essays on the future of the community foundation can be found by contacting individual foundations or the Council on Foundations.

We owe a great debt of gratitude to everyone who has worked with us at M.E. Sharpe, our publishers. We are especially grateful to Harry Briggs, our editor at M.E. Sharpe for his consistent support and encouragement. Speaking of editors, M.E. Sharpe has a wonderful team of production editors, copy-editors and citation and bibliography specialists. The level of patience and technical advice provided by Stacey Victor, Elizabeth Parker, and Barbara C. Bigelow has been admirable.

The goal of this project was to generate conversations in many places on

the *foundational* nature of community foundations—of how they are, indeed, here for good. We hope you will agree that this has been accomplished.

Finally, this project has taken many hours of our lives; at every step, we had the constant partnership, analytical assistance, and support of our spouses, Judith Kossy and Lottie Mazany. Our deepest thanks for all they have done to make this project work.

Terry Mazany and David C. Perry

Acknowledgment

While we make reference to the editorial contributions of Eric Newton in our introductory chapter, we want to make special note of the care and attention to detail that informs his editorial contributions to this section of the book.

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Contents

Preface	ix
1. The Second Century: Community Foundations as Foundations of Community <i>David C. Perry and Terry Mazany</i>	3
Part I. Facing a Limitless Future: Can Foundations Adapt?	27
2. A Mandate to Innovate <i>Ronald B. Richard</i>	29
3. The Future of Community Foundations <i>Emmett D. Carson</i>	43
4. Designing for What's Next <i>Grant Oliphant</i>	59
5. The Digital Age Foundation <i>Mariam C. Noland and Eric Newton</i>	68
6. Future Shock: The Case for Endowment <i>Lorie A. Slutsky and Ani F. Hurwitz</i>	85
Part II. Connecting Community and Prosperity	93
7. Community Foundations as Impact Multipliers <i>Carleen Rhodes</i>	95
8. Merging Money and Mission: Becoming Our Community's Development Office <i>Jennifer Leonard</i>	107

9. Ensuring There Is “Community” in the Community Foundation <i>Alicia Philipp and Tené Traylor</i>	123
10. The Community Foundation as Borderland Institution <i>G. Albert Ruesga</i>	131
11. Never Second-Guess the Locals <i>Chris Rurik, Henry Izumizaki, and Nillofur Jasani</i>	144
Part III. Community (and Change) Comes in All Shapes and Sizes	155
12. Growing Your Own: Stories About Mobilizing Philanthropic Leaders in Small Cities and Rural Communities <i>Nancy Van Milligen</i>	157
13. Connecting to Community Themes, Changing Community Values <i>Brian Payne</i>	171
14. What Is the Appropriate Role of Today’s Community Foundation? Our Conclusion: Take on the Tough Issues, Create Public Space, Democratize Philanthropy, and Lead <i>Antonia Hernández</i>	186
15. Investing in Human Capital to Transform Rural Communities <i>Paul Major</i>	199
16. Gulf Coast Community Foundation: From Conversion to Transformation <i>Teri A Hansen and Mark S. Pritchett</i>	205
Part IV. The Risks and Rewards of Strong Leadership	217
17. An Emerging Civic Leadership Model: A Community Foundation’s Distinctive Value Proposition <i>Paul Grogan</i>	219
18. The Courage to Lead: Worth the Risk? <i>Josie Heath</i>	231

19. From Hula Hoops to Trusted Philanthropic Advisor: An Innovative Pathway of Public Value <i>Douglas F. Kridler</i>	246
20. Community Foundation Leadership in the Second Century: Adaptive and Agile <i>Kelly Ryan and Judith L. Millesen</i>	256
Part V. Conclusion	273
21. Into the Second Century <i>Terry Mazany and David C. Perry</i>	275
About the Editors and Contributors	279
Index	285

Here for Good

The Second Century

Community Foundations as Foundations of Community

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We are missing in action as a field. The structure of how we think about the work is increasingly at odds with how people live their lives and how they think about problems.

—Emmett D. Carson, CEO, Silicon Valley

Community Foundation (quoted in Duxbury 2011)

At the 2011 Fall Conference for Community Foundations (Council on Foundations 2011), Silicon Valley Community Foundation CEO Emmett D. Carson summed up the burgeoning critical literature and community foundation leadership experience in one succinct critique of the community foundations. He spoke of the importance of the foundation to place or city and to the need for community foundations, like the cities they are a part of, to reinvent themselves. Short of such reinvention, he predicted a far more ominous future for community foundations. As the quote leading off this essay suggests, Carson argues that the financial-transactional model of foundations built over the last 100 years is “broken.” Sounding somewhat like the tough professor who, on the first day of class, says to the assembled class that not everyone will be around by the conclusion of the course, he told the 1,100 leaders and staff of community foundations: “In five or 10 years, I fear that many of the institutions in this room won’t be here. . . . Revenues aren’t meeting expenses. Other people offer what we perceive as our core product at a cheaper price—zero. . . . In this environment, that doesn’t work” (quoted in Duxbury 2011).

Carson first made this argument years earlier, helping to spark a growing body of literature on the field of community foundations. Leadership has, for some time, been calling for this field to change in the face of fundamental challenges. Most notably, Lucy Bernholz, Katherine Fulton, and Gabriel Kasper (2005) suggested in a landmark study that the community foundations of today face challenges in the form of “inescapable external forces—economic pressures, demographic changes, shifting expectations for regulation and accountability, the emergence of the commercial sector as an innovator, and changing relationships between the sectors.” These forces, noted the authors, are “leading community philanthropy toward something new.” In short, the community foundation has in some very real ways lost its footing as the “foundation” of the community—with both external forces buffeting the identity of community, and internal services, which for so long had been a staple of community philanthropy, shifting to commercial sites of transactional philanthropy.

Since Bernholz, Fulton, and Kasper (2005) published their book, in many ways it appears that they underestimated the rate and magnitude of change sweeping the country and the globe: the financial crisis and subsequent Great Recession, the election of our country’s first African American president, the great wealth disparities and increased rate of poverty, the massive federal deficit and record state-level fiscal crises, government restructuring and downsizing with corresponding cuts to human services and education, widespread foreclosures and the depreciation of housing prices leading to a corresponding decline in personal wealth. In the face of these changes, a host of new studies of foundations are being churned out—much of it recounting past successes and forecasting future challenges.

Rather than simply add another book to the literature on the field, we want to offer essays of practice that examine and reassert the role of community foundations in their communities. In undertaking this broad resetting of the foundation in its place, we certainly do not pretend to tackle all issues. For example, while we are clearly interested in the contemporary importance of community foundations in both rural and urban areas, we are not extending the reach of topics in this collection to international experiences; nor are we focusing directly on the importance of the devolutionary shift in place from government to governance or the vicissitudes of a key topic like impact investment.

We begin this reassessment of community foundations with a well-researched assertion: like universities (Perry and Wiewel 2005; Wiewel and Perry 2008) and hospitals (Harkavy and Zuckerman 1999; Webber and Karlström 2009), community foundations are place-based institutions. They are key to the geography of place and thereby “anchor” their communities

in real and palpable ways. Webber and Karlström (2009, 4) describe such institutions in the following way: “Anchor institutions are those nonprofit or corporate entities that, by reason of mission, invested capital, or relationships to customers or employees, are geographically tied to a certain location.” The goal of the leadership of such place-based institutions is to understand and develop their impact on the urban and the rural communities in which we live. The question for all local anchor institutions is, What do they do to advance community development? And when it comes to community foundations, in particular, Bernholz, Fulton, and Kasper (2005, 24) put it quite simply: “The measure that matters will be impact, not asset size.” What we are talking about is the impact of the institution on the development of its home, of place. The first lesson or argument of leadership, therefore, is equally simple—to what extent do community foundations truly live up to the assertion that they are place-based—that is, do they truly anchor development in their communities, and if so, how? In an era of massive change, the stakes and consequences of failing to answer this question in the affirmative are high.

It is our contention that, in response to this challenge, the field of community philanthropy must develop a more sophisticated theory of community identity, impact, and leadership. We propose that an appropriate field of investigation is the well-developed body of research and theory regarding anchor institutions and community planning and development. Hence we anticipate that the work here will contribute to theory building for community philanthropy and community development.

We begin by revisiting a definition that continues to serve the institution and the community equally well: community foundations have at their root, at their very essence, the *community*. They have always defined themselves as institutions of communal good—when all is said and done, the community foundation is the one institution, among all others, that seeks to mobilize the resources of the community to meet the community’s needs. This definition may have evolved over time as the identity of community has evolved and the technologies of philanthropy have changed. At present, it might even be beset, as some would suggest, by a host of other forms of philanthropy; but there is one key feature that makes the community foundation stand out from all others—it seeks to respond to and define the *community*. Its mission is the community, not restricted to the interests of an individual donor, not limited to the interests of any individual grant recipient, nor constrained by a particular instrument of philanthropy (be it a donor-advised fund, a giving circle, an endowment, or a host of other competing sites of giving), and not beholden to the interests of any one political party or the allure of any particular initiative.

What is this notion of *community*? Paul Ylvisaker, like many social scientists, suggests that even he is confounded by it. *Community*, he says, is “a word of elastic meaning; its capacity to stretch has been challenged over the last century and will be tested even more dramatically during the next” (Ylvisaker 1989, 51). While some may argue that this claim of community-as-mission demands a clear term and singularly representative definition, we want to suggest that the power and impact of community foundations is specially derived from their intimate ties to a mission of community in its flexible and transforming meanings. It is this capacity to constantly develop and evolve the many meanings of community that has endured for 100 years and stands the test of time. While the “elasticity” of the community foundation’s mission may be stretching the singularity of community as place—it is the meaning of this feature of community that “anchors” the community foundation to its city, region, or rural home. When the foundation starts to take on an individualistic, donor-driven mission that is not embedded as well in the *place* of community, then the community foundation can come unmoored and lose its anchoring function in the place of its community mission. Hence the community foundation is first and foremost a place-based institution, anchored in place and embedded in the development of community—no matter how “elastic” or “stretched” the meanings of the place become.

As more and more of the world’s population lives in cities, it is important that we understand how place-based, anchor institutions broadly—and community foundations specifically—can play vital and powerful roles in the development of cities that produce more equitable outcomes for their residents’ quality of life, well-being, and prosperity. And, as rural populations thin, it is important to understand the nature, structure, and asset base of those community foundations that serve rural communities and preserve wealth for those communities. The essays in this collection extend much work already conducted on community foundations in particular (Bernholz, Fulton, and Kasper 2005; Lowe 2004; Magat 1989) and anchor institutions in cities more generally (Harkavy and Zuckerman 1999). It is meant to help us frame, if not fully answer, the following overall question:

In different types of metropolitan areas (cities, their suburbs, and linked rural surroundings), how do community foundations work with donors, civic and community institutions (including institutions of higher education), the governmental sector, and the business sector to mutually define and shape (i.e., “anchor”) individual and collective interests as they relate to planning, community development, and, most important, philanthropic initiative—all in an effort to achieve meaningful and sustained impact?