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Embedded Foundations: Advancing Community Change and Empowerment

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Introduction

A growing subset of hometown and place-based foundations in the United States deploy and learn from an operating style of embedded philanthropy (Karlström, Brown, Chaskin, & Richman, 2009). This embedded philanthropic approach, in which funders "dig in" and "dig deeper" into the life of communities, is characterized by (1) long-term regional, neighborhood, or city commitment; (2) continuous relationship building and engagement with community residents, institutions, and organizations; (3) community engagement and efforts beyond grantmaking; and (4) use of relationships and partnerships as critical components of community work (Karlström et al., 2009, pp. 52-53). Embedded philanthropy is one of several current strategies designed to extend the grant period of comprehensive programs and enhance the community-building aspect of comprehensive community development initiatives (Mossberger, 2010). Embedded philanthropy and embedded funders may change the landscape of community-building efforts in significant ways.

Key Points

- Embedded funders are foundations that have made long-term commitments to the communities in which they are located or work.
- Foundations have a long history in funding community development, often with few concrete results.
- Political conditions, the increasing divide between rich and poor, inaccessibility of education, lack of housing, and continued segregation and racial discrimination are issues that need be addressed concurrently and resources need to be drawn from a variety of sources, particularly the neighborhoods themselves. This complexity has created an impetus for embedded philanthropy.
- Embedded funders work participatively with the community and frame evaluations in less theoretical, more actionable ways.
- While the future of embedded philanthropy remains to be seen, there is now a group of funders committed to this way of working.

In this article, we describe the distinction between embedded funding approaches and other conventional efforts. Then, using the experience extracted from case studies of selected embedded foundation efforts, we delineate several key methods involved and discuss implications for future work. In particular, we note the challenges faced by comprehensive community initiatives in creating strategies for asset development and economic opportunities for residents, particularly in distressed urban cities. In addition to reviewing and offering some practical strategies of promise used in other community initiatives, our observations come from the perspective of an active public university partner (technical support consultant within a major school of social work). We reflect on our ongoing experiences with an embedded foundation (Skillman Foundation) to implement a comprehensive urban community initiative (Good Neighborhoods). Ours is the role of university active partner – a technical assistance team comprised of school of social work faculty, staff, and students. This role appears to differ from a more common role of universities as an "anchor" institution in community change efforts (Mossberger, 2010; Webber & Karlstrom, 2009; Brophy & Godsil, 2009). Our work does not preclude the university proper from playing future roles as anchors or champions of community change.

Public policies resulted in a concentration of poverty and disenfranchisement in urban areas, and a concentration of wealth and advantage outside them. Foundations took an early lead in the early 1960s in the development of social experiments designed to restore urban communities.

Précis of U.S. Foundations and Foundation Involvement in Community Development

Fixed-purpose charitable trusts have documented existence at least since the Hammurabic code (2000 BC), which required the provision of material and financial relief to orphans, the poor, and widows. Somewhat later, Egyptian tithes established by Moses (1300 BC) provided relief to the poor using revenues from 10 percent of harvest yields (Marts, 1961; Vargus, 1995). The concept of charitable organizations received legal definition under the 1601 English Statute of Charitable Users (Read & Kurzig, 1986). The modern general-purpose foundation (whose charter directs the trustees to address any problem affecting general welfare locally or globally) appears to be a largely American innovation emerging near the end of the 19th century through the beginnings of World War I (Marts, 1961).

The Peabody Foundation, established in 1867, is generally recognized as one of the first models of modern philanthropy, with the goal of identifying and preventing social problems rather than simply relieving the effects of social problems. Prominent foundations established before the Great Depression include Sage (1907), Carnegie (1911), Rockefeller (1913), 20th Century Fund (1919), and Kresge (1924). The Depression slowed financial giving by the exceptionally wealthy. Government raised taxes and increased its involvement in public institutions. Nonetheless, during the Depression other foundations were established, including the Ford (1936), Kellogg (1930), Lilly (1937), and Sloan (1940) foundations. Currently, there are at least 27,000 U.S. foundations. Other large concentrations of foundations are found in Canada, Western Europe, and Japan (Salmon, 2003). Functionally, family, private, corporate, and operating foundations tend to distribute their funding from permanent, invested trusts or endowments. Community foundations – created in 1914 with the Cleveland Foundation – may additionally accept donations, grants, and government support.

Foundation Involvement in Community Development

From the 1940s to the present, professionals and scholars have noted clear parallels between the American movement from urban policies to neighborhood-level change and a shift of responsibility from government to voluntary sectors (Mossberger, 2010). Among several excellent scholarly accounts of American urban policy, two are particularly relevant: June Manning Thomas' extensive account of urban policy in Detroit from post-World War II to the present (Thomas, 1997) and Karen Mossberger's trenchant accounts of philanthropy and comprehensive community-based initiatives (Mossberger, 1999, 2000, 2010).

The efforts to create an American urban policy based on social science research and less on corporate development arguably reached its greatest level with Louis Worth's 1937 report, *Our Cities: Their Role in the National Economy* (United States National Resources Committee, 1937). This work coincided with what was to be the apex of migration from rural communities to urban areas in the United States. After World War II, a series of urban reform policies (e.g., Serviceman's Readjustment Act of 1944, Title I of the Housing Act of 1949, Housing Act of 1954, 1956 Federal Aid Highway Act) resulted in advancement of suburban development, urban renewal, housing segregation by race, destruction of urban neighborhoods, and a rapid migration from urban centers to largely white, middle-class suburban enclaves (Thomas, 1997). Cities relying on local property and income taxes to finance services witnessed the dramatic erosion of tax bases. These cities and their residents moved rapidly into urban decay. The extent to which these policies were intentionally constructed and implemented to decimate cities is a matter of academic debate, given the realities that emerged – the presence of under-resourced cities with high numbers of residents in need of work, education, shelter, and support services. Public policies resulted in a concentration of poverty and disenfranchisement in urban areas, and a concentration of wealth and advantage outside them.

Foundations took an early lead in the 1960s in the development of social experiments designed to restore urban communities. The Ford Foundation's Gray Areas program identified "gray areas" of concern that affected youth in five cities: Boston; Oakland, Calif.; New Haven, Conn.; Philadelphia; and Washington, D.C. Despite the lack of community involvement and clear community impact, the Gray Areas program was identified as a critical model for the War on Poverty initiative during the Johnson administration in the early 1960s. Those five cities became part of the War on Poverty's Community Action Programs. Largely failing to organize and coordinate government agencies, the programs were recognized for helping to create numerous community-based organizations and providing opportunities for training a generation of African-American and Latino community workers, organizers, and administrators (Halpern, 1995). The War on Poverty would nonetheless generate more successful programs, including Job Corps, Head Start, VISTA, and Legal Aid.

Model Cities programs emerged after the federal experience with Community Action Programs. These programs combined housing redevelopment with economic development and social programs. Securing designation as a Model City required local governments to identify specific neighborhoods and provide a comprehensive strategic revitalization plan involving residents, institutions, and stakeholders. Upon selection, cities formed a City Demonstration Agency to deploy the plan. Continued funding was available for five years after receipt of a one-year planning grant. The Model Cities program ended in 1974 and was seen largely as a failure due to theft, corruption, and internecine battles over fund allocation (James, 1972; Wright, 2001). Despite this, Model Cities, Gray Areas, and the War on Poverty were respected for emphasizing the importance of comprehensive coordination of services, organizations, and residents. Community Development Corporations (CDCs) would emerge as an important component of comprehensive community initiatives in the next 20 years (Mossberger, 2010).

From the mid-1970s through the late 1990s, service devolution led to the reduction of social welfare programs to approximately 80 percent of historic levels and the subsequent repackaging of this reduced funding into Community Development Block Grant funds.

These neighborhood-focused approaches had merit. However, evaluations – when they were conducted – yielded very modest effects (Halpern, 1995; O'Connor, 1999; Rohe, 2009). Structural economic reform and migration of industries and jobs away from urban areas of program activities were beyond the reach of neighborhood and community activities. Without structural policies and legal supports, the modest short-term gains accrued by these neighborhood-based initiatives faded. The evidenced lack of lasting impact enabled the shift of resources and support away from federal-level initiatives to locally based community initiatives.

The Reagan era brought social service devolution from the late 1970s through the mid-1980s. Spending on social welfare services and aid to the poor were dramatically reduced (O'Connor, 1999; Salmon, 2003). Urban reforms of distressed communities and place-based community empowerment strategies were characterized as impediments to natural market forces otherwise guiding economic development of material success from relevant federal programs (Iatridis, 1994). Social policy was replaced with moderate economic programs including tax incentives and enterprise zones (Bardach, 2008). From the mid-1970s through the late 1990s, service devolution led to the reduction of social welfare programs to approximately 80 percent of historic levels and the subsequent repackaging of this reduced funding into Community Development Block Grant funds. Under the Clinton presidency, social welfare spending was further reduced to 75 percent of historic levels. The Personal Responsibility and Work Opportunity Reconciliation Act consolidated the majority of federal funding into one Temporary Assistance to Needy Families (TANF) Family Assistance Block Grant, with three smaller categorical funding streams for child care, work force development and substance abuse (Klerman, Zellman, & Steinberg, 2000).

Community Development Corporations (CDCs) were one of the few programs allowed to remain relatively intact throughout nearly two decades of devolution. The origins of CDCs are to be found in dialogues between African-American residents and then Sen. Robert Kennedy during a 1966 community tour of New York's Bedford-Stuyvesant neighborhood, The Title VII amendment to the 1964 Economic Opportunity Act provided support and funding for the first generation of CDCs (Stoutland, 1999). While this first generation focused primarily on economic development activities, evaluations of CDC efforts found substantial success in housing development and construction (Mossberger, 2010).

Comprehensive Community Initiatives

Innovations in housing policy were insufficient and ineffective generators for urban remediation (Vidal, 2002; Waste, 2009; Gotham & Wright, 2009). Returning to some of the service support and community development functions supported during their early formation years, CDCs in the late 1980s and 1990s focused attention on the many small-scale comprehensive community initiatives funded by local philanthropic interests. The presence of CDC intermediaries such as the Local Initiative Support Corp. and the Neighborhood Reinvestment Corporation enabled some CDCs to form strong alliances with other nonprofit organizations with established competencies in work force development, early childhood education programs, and after-school programs (Gotham & Wright, 2009). In the late 1990s, these programs became formally known as comprehensive community initiatives (CCIs) (Wright, 2001; Kubisch et al., 1997). Federally funded "empowerment zones" and "enterprise communities" are an outgrowth of combined CCI tax incentives for business creation and block grant awards for housing and human services (Mossberger, 2010). Other private foundation-funded initiatives focused on awards for housing and human service provision and coordination at neighborhood or community levels, and include Chicago's New Communities Initiative, One Palo Alto, and Detroit Good Neighborhoods.

Foundations identified as "embedded foundations" appear to have greater likelihood of developing a range of sustainable relationships and fund resource leverage (Karlström et al., 2009). With this context, we next provide an overview of embedded foundations and embedded funding.

Toward Embedded Funding

Despite the gains over time, both foundations and program service recipients experienced frustration and less-than-hoped-for success (Mossberger, 2010; Brown & Fiester, 2007; Chaskin, 1999; Chaskin, Joseph, & Chipenda-Dansokho, 1997). Even during periods of unprecedented giving, the application of funds has yielded disappointments and questions about accountability and who truly benefits from funds (Grantmakers for Effective

Organizations, 2002). As one foundation trustee said:

> Here you are after 10 or 15 years of hard work and you're making extraordinary headway . . . but there, right in the heart of your downtown, entire masses of the population are not involved. . . . [M]aybe all the rest of this is just window dressing if you don't take care of your core inner-city neighborhoods. (Sojourner et al., 2004, p. 9)

Another foundation described frustration with the limitations of giving money to service organizations of interest: "We were just drops in the bucket. … [W]e discussed the situation of people getting better in one area and then they fall back in another area because there are so many systems impinging on people" (Sojourner et al., 2004, p. 12). McKnight and Kretzmann (1996) pointed out that significant community development happens only when residents are committed to the effort. "This is why," they wrote, "you can't develop communities from the top down, or from the outside in. You can, however, provide valuable outside assistance to communities that are actively developing their own assets" (p. 2).

In addition to disappointments in program outcomes, many foundations are now faced with declining financial portfolios and reduced federal spending. Several sources express the need for foundations to change in response to forces in today's political and economic climate. Increased federal deficits and a poor economy have led states and cities into fiscal crises and spending cuts. Foundations and collaborating social agencies face growing needs with reduced resources (Vidal & Keating, 2004). Hundreds of thousands of industrial jobs have disappeared from central city neighborhoods. During the inner-city renaissance of the 1990s, some new jobs were created but either required elaborate education or were routine, low-paying service jobs, often without benefits or a future. In McKnight and Kretzmann's terms, these economic trends "have removed the bottom rung from the fabled American 'ladder of opportunity'" (1996, p. 1). Working with a 28 percent decrease in assets in 2008, the year in which the national poverty rate hit an 11-year high, foundation staffs are increasingly motivated to maximize the impact of their available dollars (Wroblewski, 2009; Yen, 2009).

The willingness to take risks, try new strategies, and be accountable to the public by showing good management and positive results created fertile ground for the growth of embedded funding.

In the economic bubble of the 1990s, the number and assets of foundations grew significantly. Businesses and foundations demonstrated an increasing interest in social funding. Foundation leaders formed business and civic partnerships to strengthen their impact and to leverage their financial and human resources (Bernholz, 2001). Phillips (1999) noted that the economic strength of this period bred a generation of young philanthropists who wanted to see the impact of their giving and were not wed to traditional concepts of programming. In the early 2000s, Paul C. Light of the Brookings Institution stated that "performance, not promises, is the currency of public trust today, which means that organizational effectiveness has never been more important" (Grantmakers for Effective Organizations, 2002, p. 5).

Foundation philanthropists of this era began to take a closer look at what they were trying to achieve, and how. The willingness to take risks, try new strategies, and be accountable to the public by showing good management and positive results created fertile ground for the growth of embedded funding. Interestingly, the embedded methods that may have sprung from economic heights also seem to embody some capacity for weathering economic lows. Finding collaborations in the neighborhood, leveraging community leadership, and partnering with other funders and programs now would seem to allow embedded funders to continue their work in a climate of economic downturn.

Political conditions, the increasing divide between rich and poor, inaccessibility of education, lack of housing, and continued segregation and racial discrimination require foundations to take a dedicated approach. Multiple issues need be addressed concurrently and resources need to be drawn from a variety of sources, particularly the neighborhoods themselves (Bernholz, 2001; Vidal & Keating, 2004). Hence, opportunity and ability may play a role in foundations' movement toward embeddedness, leading Willis (2004) to point out that foundations are organizations that function relatively independently and as such are ideally situated to get directly involved in the change process.

Concentrating on one block or one geographic area for an extended period of time – typically several years – allows the foundation and the community to get involved, stay involved, and make a difference by leveraging people, places, and dollars.

A Shift Toward Embedded Philanthropy

Although we could not identify the national scope of this trend or provide a definitive count, some private foundations have begun using an embedded approach to refine their focus, shifting from a broad program area to a specific neighborhood or community. In doing so, they attempt to mobilize resources for change in ways that can be distinguished from their own previous grant programs or traditional foundation programs. Rather than give intermediary monies to create social change, the funder itself can assist by engaging the people who are in need of that change. With a funder's assistance, residents mobilize to create meaningful change (Bailey, Jordan, & Fiester, 2006).

Graddy and Morgan (2006) identified three roles foundations may play: (1) an entity that serves at the direction of donors, (2) an entity that serves as a matchmaker or an intermediary between donors and other organizations, or (3) an entity that "seeks to be a catalyst for change in the community by participating in and, at times, leading these broader conversations" (p. 609). Embedded funders step away from the familiarity of the first two roles and begin to feel their way into the third, a more participatory role. Concentrating on one block or one geographic area for an extended period of time – typically several years – allows the foundation and the community to get involved, stay involved, and make a difference by leveraging people, places, and dollars. Utilizing a unique theory of social change, embedding a foundation in a community additionally means a shift in processes, attention, and a less structured or measurable concept of change. It is also a very tangible commitment signaling a plan to stay the course (Bailey, Jordan, & Fiester, 2006).

Place-based philanthropy and ground-level involvement are not new. Social researchers and foundations have recognized the value of an ecological perspective and the importance of place in the lives of people (Goodman et al., 1998; Bradford, 2005; Backer, Miller, & Bleeg, 2004; Willis, 2004; Naufts, 2002a). Neighborhood-level interventions have taken the form of after-school programming, neighborhood service centers, community action organizations, and neighborhood political committees (Halpern, 1995). The Kellogg Foundation's board focused on programming in its home location of Battle Creek, Mich., for much of the foundation's early existence, while the Carnegie Foundation made place-based grants in Pittsburgh, Penn., before branching out (Kellogg, n.d., Carnegie, n.d.b). Other examples of place-based programs include the Chicago Area Project, founded in the 1930s to combat juvenile delinquency by improving neighborhoods (Chicago Area Project, n.d.); and the Cleveland Community Building Initiative, established as a long-term plan to address the needs of impoverished families in four specific areas of the city (Cleveland Community Building Initiative, 1999).

Lessons From Trailblazers

Chapin Hall Center for Children at the University of Chicago has been one of the pioneering hubs for documenting the phenomenon of embedded funding. Sojourner and co-authors (2004) identified foundations that fit specific criteria characterizing embedded funders: Each had to be a grantmaker, place-based, located in the same area as the community in which it was promoting change, committed for at least five years, and "exhibiting broad and deep community-change goals," with foundation staff personally involved and engaged in the effort (p. 6). A 2006 follow-up study, also conducted through Chapin Hall, collected data on 12 additional foundations that met embedded-funder criteria. Results supported the initial observations and identified additional factors subsequently found to characterize embedded funders.

Specifically, those who work with embedded funders see the foundations and their staffs "not just as grantmakers but as conveners, facilitators, brokers, data repositories, organizers, and innovators to move community change forward" (Brown, Chaskin, Richman, & Weber, 2006, p. 2). These people place extraordinary emphasis on building relationships and make great effort to engage in the community carefully, without power play. They display a tolerance for taking risks that is not commonly associated with traditional granting programs. In addition, they take a patient, long view of community change that includes time to build trust and indigenous leadership. In their nuanced perspective, embedded foundations are results-driven, yet leaders understand that their impact may not be discernable quickly nor be easily measured (Brown et al., 2006).

The Annie E. Casey Foundation is at the forefront of the movement for using embedded funding to mobilize neighborhood citizens and organizations, investing more than $20 million directly into neighborhoods such as Boston's Dudley Street and Washington, D.C.'s Marshall Heights. The Annie E. Casey Foundation (2007b) launched its Rebuilding Communities initiative in 1994 – a comprehensive, seven-year project to transform troubled urban neighborhoods into safe, productive, and supportive places for children and their families. Among other goals, they sought to increase public and private capital investments, improve housing, develop human service supports, and strengthen the governance capability. The foundation provided intensive technical assistance, including coaching with local residents to enhance their leadership capabilities, letting residents lead the process, and building organizational capacity of the partner and lead agencies. The agenda for the neighborhood was determined by the residents. In other words, it was not imposed – they were empowered.

> ***One of the lessons was the importance of nonmonetary assets such as local leadership and citizen involvement.***

One of the lessons was the importance of nonmonetary assets such as local leadership and citizen involvement. Douglas Nelson, president of the Annie E. Casey Foundation, described the realization by leaders of the foundation that large-scale change in public systems was not as effective as they had hoped. After extensive internal and external conversations, the foundation's leaders decided to focus on certain communities and

> tested the proposition that if you did these three things – increase families' connections to the economic mainstream; increase their connections to positive social networks; and increase their connections to decent human services – the result in a decade would be much better outcomes for the kids who live in those communities. (Nauffts, 2002b, para. 18)

In its current embedded project, Making Connections, the development of leadership and neighborhood capacity is emphasized as one of the first building blocks (Annie E. Casey Foundation, 2002, 2007a, 2007b).

The idea of remaining flexible in relation to community processes appears time and again, as funders adapt to ideas or challenges when they occur.

The Casey process reflects a general desire for positive and lasting change. Funders described moving away from piecemeal approaches, short-term efforts, or solitary issues and toward more substantive change. One funder noted the desire to "stop being 'a mile wide and an inch deep'" (Sojourner et al., 2004, p. 9). Another described the frustration felt from addressing single issues with only temporary gains (Sojourner et al., 2004). In interviews with people from multiple foundations, Brown and co-authors (2006) found that the embedded approach was often preceded by disappointment with current methods and a subsequent search for fresh input. Workers from the Denver Foundation engaged 100 representatives and city constituents in meetings and found that strengthening neighborhoods was a top priority. The Rosamond Gifford Charitable Corp.'s leaders held intensive discussions with diverse area groups before deciding on a bottom-up, neighborhood-centered approach. Similarly, the Incarnate Word Foundation's leaders said they felt a growing recognition that the foundation's limited resources, broad mission, and scattershot approach with multiple issues and neighborhoods were achieving minimal impact. For one year, the director interviewed civic leaders in housing, nonprofits, businesses, and neighborhoods. She visited neighborhood-specific community-change efforts in other cities and was convinced that the foundation could achieve greater impact with a tailored approach and a specific geographic focus (Brown et al., 2006).

The W. K. Kellogg Foundation's workers began that foundation's Yes We Can! initiative seeking resident input through a series of neighborhood conversations. Interestingly, while large issues in need of change were most notable to outside parties, the neighbors identified small pressing issues they wanted to address first. Improving street lighting and creating safe places for children to play were tackled jointly, giving Kellogg staff early instances of visible success and encouraging residents to participate more fully in the change initiative (Foster-Fishman et al., 2006). The Casey foundation's staff likens the neighborhood-based community change process to gardening as it "proceeds through its own cycles, at its own pace, with a series of refinements and adjustments" (McNeely, Aiyetoro, & Bowsher-March, 1999, p. 34). The idea of remaining flexible in relation to community processes appears time and again, as funders adapt to ideas or challenges when they occur. "Through close attention to developments on the ground, embedded funders test ideas and structures and adapt in response to what they learn" (Sojourner et al., 2004, p. 19).

The Edna McConnell Clark Foundation is a major contributor to the Harlem Children's Zone (HCZ). Originally the Rheedlen Centers for Children and Families, HCZ came into being when the Rheedlen programs brought disappointing results. In the early 1990s, the agency offered many programs that, despite a $7 million budget, did not improve the prospects for Harlem's children. The organization changed to an embedded approach and took on the place-based name – Harlem Children's Zone, then one of Rheedlen's smaller programs. HCZ then concentrated its efforts on resident engagement within a specific community around a goal with measurable impact, namely that within the specified zone 3,000 children ages birth to 18 should achieve similarly to children in an average U.S. middle-class community. HCZ's funding was diversified and over time attracted collaborators already working in the community as well as considerable outside funding. Initiated by the Edna McConnell Clark Foundation, a significant amount of money and effort was invested into evaluating results.

Over the last decade, HCZ leaders have broadened the organization's geographical scope and it has become a success story for place-based, embedded funding (Bradach, Tierney, & Stone, 2008). President Obama's administration has included support in its 2010 proposed budget for "promise neighborhoods" throughout the United States modeled after HCZ (U.S. Office of Management and Budget, 2009). And the work continues – in September 2010, the Department of Education announced the 21 organizations that will receive Promise Neighborhoods planning grants.

Key Methods and Approaches

Embedded funders set out to identify the needs in a given area by seeking local input and holding conversations with residents. The strategy involves getting into a neighborhood, staying in the neighborhood, building on relationships and political resources, and leveraging resources for a targeted purpose. As one embedded foundation staff member described,

> Our model is coming in and immersing yourself in the community. You get the best information you can based on what the people tell you and what you see. You bring it all together and you develop a program based on the needs as they define it [sic]. . . . You stay and you humble yourself every day and you listen." (Sojourner et al., 2004, p. 7)

In an embedded model, the foundation and neighborhood function as partners rather than grantor and client. As community goals become clear, resources from within and outside the area are marshaled. If, for instance, increased safety on the streets is a primary concern, neighborhood youth, parents, organizers, and volunteers as well as law enforcement and code enforcement officials can come to the table to strategize. Existing social programs may become part of the collaboration but no longer function as the primary grantees. The potential effectiveness of plans of action can be assessed rapidly through ongoing relationships on the ground. Adjustments to a course of action or tweaks to an implementation can be made quickly and incrementally. Ideally, the foundation maximizes the impact of its investment, honors the neighborhood priorities, and creates a path to sustainable social change.

From 'Top Down' to 'Bottom Up'

Typical foundation giving has been a "top down" process, in which foundation personnel identify and manage programs of interest and funds are awarded to those organizations that best fulfill the vision of any particular program (Table 1). In addition, foundation support tends traditionally to be short-term. Money may be granted to an organization in a one-time lump sum, matching funds may be required as a condition for foundation funding, or money may be granted with a nonguaranteed reapplication for future funding. Such methods make sustainability difficult.

TABLE 1 Top-Down/Bottom-Up Theories of Social Change

Top-Down Social Change Theory (based on Frumkin, 2002)	Bottom-Up Social Change Theory (based on Frumkin, 2002)	Bottom-Up Embedded Funders (based on Frumkin, 2002)
CONCEPT (We need to protect our children.)	PEOPLE (Who can make it happen on the ground?)	PEOPLE (What needs to happen?)
POLICY (Using X model; earlier "we need X and Y.")	NETWORK (Who can fund, organize, mobilize?)	CONCEPT (Originates earlier: "We need X and Y.")
NETWORK (Who can fund, organize, mobilize, make it happen?)	ORGANIZATIONS (We can use X model to help children.)	ORGANIZATIONS (Who can make it happen?)
ORGANIZATIONS (We can use X model to help children; people / organizations can help it happen.)	POLICY (Using X model.)	NETWORK (These people/ organizations can help it happen.)
	CONCEPT (We need to protect children.)	POLICY (At some point; secondary concern.)

Embedded funders, on the other hand, begin with a “bottom up” approach to social change. Their staff actively engages community members in identifying problems, envisioning solutions, and working within the community to effect change. Embedded funders intend to respond first to what the people feel they need or identify as priorities and secondarily to ideas for larger policy or systemic changes. Their goal is to fund programming as well as to participate in a process that in turn creates change, thus becoming more than bankers of change (Morris, 2004).

Their goal is to fund programming as well as to participate in a process that in turn creates change, thus becoming more than bankers of change.

Karlström and colleagues (2009) confirm these observations:

> Embedded funders are place-based foundations that (1) commit to working in a particular community or communities over an extended period of time; (2) pursue direct and ongoing relationships with a range of community actors; (3) make community relationships and partnerships a primary vehicle of their philanthropic operation; and (4) provide extensive supports and resources beyond conventional grantmaking.” (p. 51)

Other principles used by these funders to promote optimal outcomes in terms of community change philanthropy include the following: “(1) they adopt a learning stance; (2) they share flexibility and adaptivity and demonstrate a high tolerance for uncertainty and willingness to take real risks; and (3) they convene and leverage diverse resources/partners in support of community change” (p. 53).

Building capacity

Creating capacity within a community is a cornerstone of the embedded funders’ philosophy and is particularly important in communities facing economic distress or years of disinvestment. Community capacity may be defined as “the interaction of human capital, organizational resources, and social capital existing within a given community that can be leveraged to solve collective problems and improve or maintain the well-being of a given community” (Chaskin, Brown, Venkatesh, & Vidal, 2001, p. 395). This is a complex mission and the “how” is as important as deciding on the “what” of the approach (Karlström et al., 2009). Traditionally, a problem-centered view of communities has engendered policies and programs that emphasize deficiencies. As a deficiency-oriented perspective becomes predominant and is internalized by residents, residents come to see themselves as people with problems whose well-being depends on outside intervention. Inadvertently, programs born from a good but needs-focused intention to assist a community come to characterize residents as passive recipients of service (McKnight & Kretzmann, 1996). Researchers who use a capacity-oriented or asset-based approach see that even the poorest neighborhoods include the seeds for community regeneration. When community strengths are mobilized, residents are seen not as clients but as full participants in solving problems and rebuilding the community.

Strategies may emphasize the engagement of individuals, organizations, financial assets, positive messaging, and outside support. McKnight and Kretzmann (1996) developed an approach called asset-mapping, which, like embedded funding, focuses on a geographical area in which to explore strengths and possibilities. They argued there are two primary reasons for a capacity-oriented approach. First, historical evidence indicates that significant community development happens when local community people invest themselves and their resources in the effort. Outside assistance can then be drawn to communities that are actively developing their own assets. Second, it is unlikely that large-scale industrial or service corporations will move back to urban neighborhoods or that significant government funding will be allocated there. In the authors' words, "The hard truth is that development must start from within the community and, in most of our urban neighborhoods, there is no other choice" (p. 2). Each neighborhood has its own combinations of assets and capacities and these can be identified and mapped. McKnight and Kretzmann pointed out that "as more and more neighborhood regeneration processes are created, residents will identify many more skills, capacities, riches, assets, potential, and gifts to place on the map" (1996, p. 18). The aim is to "build the power to define and control the future of the neighborhood" (McKnight, 1999, p. 20).

Building assets

As embedded funders strive to spur economic investment in urban communities and bring low-income residents into the economic mainstream, it is vital to go beyond simple service delivery. A different approach to community building emphasizes economic development as a key component of social development. One idea growing in visibility is helping low-income communities build financial assets through asset-building policy and programs.

In the early 1990s Michael Sherraden created the concept of Individual Development Accounts (IDA), a matched savings program designed to help people with limited economic resources save money and accumulate assets (Sherraden, 1991). IDA savings typically are limited to specific purposes such as home ownership, education, or small-business capitalization. They are aimed at acquiring long-term productive assets and creating opportunities to participate in economic, political, and social exchanges. IDAs may promote increased savings, long-term thinking and planning, increased economic literacy, and a greater likelihood to consider oneself a stakeholder (Zdenek, 1996). Sherraden and colleagues have conducted a number of "demonstrations" implementing economic development strategies and studying outcomes. The American Dream Demonstration (Sherraden, 2003) showed that people of very low incomes (less than 50 percent of the poverty level) save as successfully as and at higher rates than people with greater incomes. The Saving for Education, Entrepreneurship, and Downpayment (SEED) demonstration (Sherraden et al., 2010) showed that families of all income levels are also willing to save for children and youth, setting a foundation for lifelong savings accounts.

Regardless of specific strategies, building assets in low-wealth households and communities aims to generate long-term effects, such as economic stability, hope for the future, and enhanced welfare of future generations.

Although primarily targeted as an individual- or household-level intervention strategy, community-based models of asset building have emerged (Rice, 2005). In fact, family-centered, community-based asset building approaches can provide economic benefits to households while enhancing and stabilizing the quality of life in local communities (Williams Shanks, Boddie, & Rice, 2010). There are many ways embedded funders can incorporate asset-building and economic development into their local plans. One way is to adopt IDA programs. Another is to support VITA sites and volunteers in order to ensure that families receive their full refund at tax time. Financial education, particularly when connected to innovative savings opportunities, can transform a person's economic outlook. Multiple programs exist to rehab homes at affordable prices and prevent mortgage foreclosure. It is also possible to encourage micro enterprise and new business startups. Gordon Nembhard (2002) pointed to cooperatives as a viable option for communities to pool, build, and control their own assets. Cooperatives are collectively owned and operated businesses that provide services to members at the least cost, return surplus to members when profits are made, and support a democratic process of community engagement. A long history of successful cooperative ventures in low-income and African-American communities exists, but these ventures have often operated under the radar of official data collection (Gordon Nembhard, 2002, 2008). Regardless of specific strategies, building assets in low-wealth households and communities aims to generate long-term effects, such as economic stability, hope for the future, and enhanced welfare of future generations (Sherraden, Slosar, & Sherraden, 2002).

The majority of foundations surveyed could not provide a consensual theory of change.

Theories of Change

Embedded foundations are deeply committed to a participatory approach. In their study of community change, Bailey and colleagues (2006) emphasized a cyclical and fluid process in which learning from action leads to reinvesting the knowledge into further action. They identified five conditions essential to fostering neighborhood change: (1) a willingness to imagine a better way of doing things, (2) a belief that a better way will work, (3) a thorough understanding of the neighborhood, (4) local leadership, and (5) teamwork. The authors indicated that if these conditions do not exist within the community, their cultivation should be among the first steps in planning.

This flexibility is a common element in the implementation of embedded projects and leads embedded foundations' planning team members to wrestle with a tension between adaptability to the community and a unifying theory of change. It is not in the spirit of embedding to impose a foundation's theory on a community's change process. Embedded funders tend to place the emphasis on what needs to change right now and how to effect that change, rather than on change as a policy or abstract hypothesis. This kind of approach may not easily lend itself to consistent hypotheses and self-assessment. Morris (2004) found that the majority of foundations surveyed could not provide a consensual theory of change. As a result, assessment may suffer; in fact, community change projects have few, if any, benchmarks for evaluation purposes (Lasker & Weiss, 2003).

How then to develop a theory of change that provides enough focus and vision to be a guiding principle yet has the versatility to allow the most community growth? Theories of change express an idea about what change is possible, what a change process looks like, what elements in the process are significant, and how to measure its success. This knowledge can be drawn from a foundation's historical experience as well as from empirical evidence and can be guided by the foundation's ideology (Weiss, Coffman, & Bohan-Baker, 2002). Frumkin (2002) outlined specific examples of what a foundation may consider when selecting its own theory of change, such as training future leadership, increasing capacity in other organizations, building networks, informing policy, and exploring new theories and concepts. From our limited experiences with an embedded foundation, we have found that a theory of change is dynamic, evolves over time, and differentiates by phases of the change process. It is a difficult balancing act, but establishing theoretical principles that evolve with the project allows for thoughtful reflection and flexible adaptation.

Specifically, the Detroit-based Skillman Foundation began its Good Neighborhoods Initiative in 2005 using a theory of change that called for a partnership among the foundation's grantmaking and change-making resources; neighborhood residents, teachers, and nonprofit stakeholders; other foundations and investors; and university technical assistance, evaluation, and community practice providers (Brown, Colombo, & Hughes, 2009; Allen-Meares, Gant, & Shanks, 2007). Such a partnership would function to attract a critical mass of other interests, facilitate system and institutional change, and support individual change in the lives of children in targeted neighborhoods specifically with an ultimate goal of improved outcomes in safety, health, education, and preparation for adulthood. Following the community engagement and planning phase, in which community members identified specific indicators of change and strategies for achieving them, the foundation's planners expanded the theory of change they used. The expanded theory included phase strategies for strengthening the change-making capacity of neighborhood residents and other stakeholders, directly supporting visible goal achievements, and promoting supports and opportunities for sustaining change over time. Quantitative and qualitative data are being collected at the individual children-and-youth level and at the systems-and-institutions level. Analysis of these data will facilitate evaluation of the success of the theory of change applied by the foundation. The Good Neighborhoods Initiative is in the fifth year of its 10-year plan.

The Embedded Process and Evaluation

The complexity of the embedded process poses no small challenge. Baum's experience with the Baltimore-based SouthEast Education Task Force showed that

> diverse actors bring disparate interests, ambiguous goals, and fuzzy theories of change into loose alliances to design and implement interventions. As time goes on, actors, goals, and strategies change. Initiatives follow the logics of participation and action more than that of research. These conditions make evaluation problematic. (2001, p. 2)

Reality is stratified, actors work from within their many contexts, and assets and issues are multifaceted. Various collaborative networks tackle various aspects of communities simultaneously and create synergistic effects (Stame, 2004).

The "common sense" or logic model approach of method-oriented evaluation falls short of embracing this complexity. Simply put, method evaluation considers the success of outputs based on given inputs; if outputs reflect desired outcomes, then inputs and intermediate steps are likely to be viewed as effective. Unfortunately, this form of causal attribution does not consider the complexity of influences in a community change process. Theories of change emerged to describe complex interactions by moving beyond the need to prove the general effectiveness of a method and placing theory at the core of the program. Theories are explicit attempts to reveal assumptions and causal chains, and to engage all parties in the exercise. Evaluation based on theory of change can improve public understanding of political and collaborative processes, and thereby build community capacity (Stame, 2004).

The "common sense" or logic model approach of method-oriented evaluation falls short of embracing this complexity.

In 1980, Chen and Rossi raised the issue of theory-driven evaluations by highlighting "the typical finding that evaluated programs have little or no effectiveness" (p. 106). They postulated a mismatch between research design and program design, and emphasized a theory-based form of evaluation that considers both intervention goals and social science knowledge. With a theoretical model at the center of a program, evaluation involved studying the treatment, discussing stakeholders' and evaluators' views on outcomes, and, based on the theoretical model, examining why and how a program has certain results. The approach of Weiss, developed in the 1990s, emphasizes how decisions are made and uses evaluation to learn how to influence the process. Weiss coined the term "theories of change," which refers not to linear models of intended action but to the assumptions, tacit understandings, and politics that are part of a program (Stame, 2004).

Theories of change can include "implementation theory," forecasting the intervention steps and outcomes, and "program theory," looking at the mechanisms that make things happen (Stame, 2004). In 2007, Rogers and Weiss found that many program evaluations still primarily use implementation theory (often a linear model with inputs, activities, outputs, outcomes, and impacts) to gather data on each of the components. While causal attribution remains predominant, they suggested that perhaps theory of change should be used "to improve, not to prove" (2007, p. 66). However, Rogers and Weiss continued to see a future for evaluative theories of change if they were used to observe and explain the variations between different implementations and contexts, and to focus on the mechanisms that mediate between processes and outcomes. Such theories may prove useful for the evaluation and replication of embedded programs.

Complex theoretical and evaluative frameworks do not provide policymakers with convenient explanations in which a specified condition leads to a given result.

Some social scientists point the way beyond theories of change. Barnes and co-authors (2003), for instance, found some positive use in applying theory of change models but concluded that other strategies may work better in evaluating nonlinear systems such as building collaborative capacity in communities. They envisioned designs constructed around institutional and complexity theory. They highlighted the importance of recognizing the socially constructed meanings of values and action, and taught about how participants within contexts of different norms negotiate meaning. In their words, "Such an approach … would sensitize us to the significance of unpredictable changes at different levels in the system, the need to understand the capacity of actors to respond to such changes, and what can affect this" (p. 282). The complexity of community change may require the complexity of such an evaluation system. However, as Barnes and colleagues pointed out, complex theoretical and evaluative frameworks do not provide policymakers with convenient explanations in which a specified condition leads to a given result. Evaluation based on theoretical models that are outside the mainstream of ideas and difficult to understand may, for now, complicate rather than support the relationship between evaluation and funding. The politicization of evaluation research, written about by Weiss in 1970, continues to be a relevant concern today.

The Future of Embedded Philanthropy

Halpern (1995) speaks to the fact that the recent decades have witnessed a dramatic loss of manufacturing jobs and a pattern of decisions made by public and private institutions not to invest in inner-city neighborhoods and their residents. Such decisions have resulted in increased poverty, isolation, and alienation of these neighborhoods, and thus fewer social networks and supports to advance their well-being. Future foundations, historically cause-based, have recognized this and have rearranged their own "top down" concept of change in order to invest their funds to make a substantive difference.

As evidence by the 33 foundations examined by Chapin Hall, there are many embedded funders that are proceeding down this avenue, and Chapin Hall plans to partner with the Casey Foundation to further study and document lessons learned as this method of funding evolves. With several Casey initiatives already completed or under way, there is plenty of precedent for proceeding in this manner. Similarly, the Skillman-sponsored Good Neighborhoods Initiative, while still evolving, is also gathering data and collecting stories about its processes, procedures, and outcomes with an eye toward informing others about how to make a difference on a concentrated, local level.

Seemingly, there are an ample number of foundations willing to take the risk – and sometimes it is quite a risk convincing trustees, gaining resident trust, forming productive partnerships with other organizations – and invest both the time and money involved in creating place-based community change. As embedded funding takes hold in American philanthropy, one watches with great admiration and anticipation for the impact of the vision and ultimate goals – community change and empowerment. Their success in participating in current change is the future success of our neighborhoods. Hopefully, as this approach evolves and more evaluations take place, greater understanding will develop regarding what works. This "new emphasis," the "embedded emphasis," could not have come at a better time. Some neighborhoods are being challenged by the unprecedented economic crisis – like no other time in history. There are no quick fixes, and these foundations understand the need for a long-term commitment.

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