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Public-Philanthropic Partnerships: A Review of Recent Trends

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Key Points

- The last decade has seen a surge of interest in public-philanthropic partnerships (PPPs), due not only to these collaborations' notable successes but also to the 2008 election of Barack Obama. The Obama administration unveiled a series of initiatives that looked to philanthropy to help identify innovative programs.
- To explore the issues involved in PPPs, this article looks at two key federal initiatives, Michigan's Office of the Foundation Liaison, and the involvement of foundations in state and local responses to the 2007 financial crisis and the implementation of the federal economic stimulus package.
- The growth of public-philanthropic partnerships will present foundations with significant challenges that will require a clearer understanding – even a redefinition – of private and public responsibilities toward funding social programs.

Viewed early on as society's venture capital, philanthropic foundations have been traditionally seen as pursuers of social innovation. Presumably free from external constraints, foundations can explore issues and take risks that the market or government cannot. Historically, the relationship between foundations and government was one in which the former helped develop solutions to social problems and the latter, due to its greater size and resources, implemented those solutions. With this relatively clear division of labor, the relationship was typically not one of close collaboration or partnership.

The last decade, however, has witnessed a surge of interest in public-philanthropic partnerships (PPPs); a 2010 survey by GrantCraft generated responses from more than 1,500 individuals who reported experiences with foundation-government collaborations. This focus on PPPs is partially due to the scores of such collaborations in cities and states across the nation coming to programmatic fruition, with their successes drawing attention from the broader grantmaking community (GrantCraft, 2010; Ferris & Williams, 2013; Person, Strong, Ferguson, & Berk, 2009). But the interest can also be traced to the excitement within the foundation community over the 2008 election of Barack Obama, who served as a board member of the Joyce Foundation in Chicago. Many foundation leaders believed that they would soon be dealing with a sympathetic White House, appreciative of their contributions and eager to work as allies. Indeed, shortly after taking office Obama invited a number of foundation officials to Washington to discuss with his transition team the possibilities for collaboration. This was, according to veteran foundation watchers, "an unprecedented strategic outreach" (Foster, 2009, p. 36).

Once in office, Obama unveiled a series of initiatives – including the Social Innovation Fund, the Department of Education's Race to the Top program and its Investing in Innovation (i3) Fund, the Promise and Choice Neighborhood initiatives, and "Pay for Success" bonds – that looked to philanthropy to help identify innovative programs and bring them to scale. As one foundation observer said, "The Obama administration is committed to leveraging the capital and the intelligence of a distinctive swath of foundations dedicated to identifying and promoting social entrepreneurs" (R. Cohen, 2010). The attention the administration lavished on a select number of foundations sustained the enthusiasm of many within the grantmaking community for the PPPs they themselves had fostered, and encouraged grantmakers to think more generally and critically about public-philanthropic partnerships.

But beneath the waves of excitement generated when the administration announced its various initiatives were undercurrents of apprehension. Some wondered about the exact nature of the role of foundations in the partnerships the White House was promoting and cautioned that the administration seemed to be privileging a certain kind of collaboration, as well as certain foundations, over others. Others expressed concerns about threats to sector independence or raised questions about transparency and accountability. These high-profile debates have amplified the more general apprehensions among foundations about entering into partnerships – those centering on difficulties in reconciling divergent cultures and expectations of partners in any jurisdiction (R. Cohen, 2010).

The last decade was not only a period of policy innovation, of course; it was also a time of severe economic distress. The recession heightened the urgency felt by governments on the local, state, and federal levels to marshal all available resources and led some officials to seek a form of public-philanthropic partnership in which foundations supplement shrinking government budgets. But economic necessity also encouraged more inventive means of collaboration. The dire economic climate both alarmed foundation leaders and emboldened their efforts to work with government, and at the same time magnified attitudes toward both the promise and perils of partnership.

This enthusiasm and apprehension is reflected in the small but growing body of literature on PPPs, which includes journalistic investigations, academic studies, and nonprofit surveys. The

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discussion is still marked by a sense of novelty and a belief in the great potential these partnerships offer. But it is characterized as well by an appraisal of the costs, dangers, and difficulties. The division of labor and the costs and benefits for both sides are still not fully clear. In trying to define the boundaries of institutional partnerships generally and PPPs in particular, the literature has begun to illuminate a continuum of collaboration" (Austin, 2000). In terms of PPPs, alignment between foundation and government goals and strategies intensifies as they move across the continuum, and those strategies are increasingly implemented in concert. Resources are also increasingly aligned and pooled. At one end are unstructured engagements with little coordination; at the other, formalized partnerships characterized by joint decision-making. Along this continuum, it is difficult to determine when a partnership coalesces from the mass of informal interactions. At the very least, some degree of communication and coordination is necessary (Person et al., 2009).

The functions that foundations perform in PPPs can take multiple forms. In particular, they can:

- develop and invest in pilot programs in collaboration with government;
- jointly fund established programs with government;

- support capacity-building within government and government grantees;
- convene government officials, experts, and various stakeholders;
- educate the public and the policy community;
- fund research and policy analysis; and
- evaluate policy implementation.

The SIF represented a particular model of public-philanthropic partnerships, in which the primary aim of the relationship would be the pursuit of leverage and scale. The federal government would act as a "convener and catalyst," a role grantmakers commonly play in relationships with nonprofits. This was rather unsettling for some foundation leaders.

Each of these functions carries with it particular benefits, costs, and risks, and each can fall within a range of positions on the collaboration continuum.

To illustrate the issues involved in PPPs, we look at two key federal initiatives, the Social Investment Fund and the Department of Education's Investing in Innovation Fund; the state-level experience of Michigan's Office of the Foundation Liaison; and the involvement of foundations in state and local responses to the 2007 financial crisis and the implementation of the American Recovery and Reinvestment Act.

The history of philanthropy is replete with foundation-initiated innovations and demonstrations that led to new government programs and projects and therefore come under the PPP umbrella. We focus here on emerging PPP themes that involve government more proactively or cast foundations in new and less familiar roles.

Social Innovation Fund

The Social Innovation Fund (SIF) was perhaps the most heralded of the Obama administration's initiatives and the one most closely associated with a new entrepreneurial approach that promotes cross-sector partnerships. The SIF was established in April 2009 under the Edward M. Kennedy Serve America Act and was housed in the Corporation for National and Community Service. The White House announced that through SIF it would award $50 million, in allotments of $5 million to $10 million each, to a handful of intermediary grantmakers who would award annual grants of at least $100,000 to service providers for projects to improve "measurable outcomes" in economic opportunity, public health, or youth development. Both the intermediary grantmakers and the nonprofits they supported were required to provide 1:1 matching funds, raising the total leveraged by social-innovation funding to around $200 million for the 2010 fiscal year (Perry, 2010).

The SIF represented a particular model of public-philanthropic partnerships, in which the primary aim of the relationship would be the pursuit of leverage and scale. As Thomas Kalil (2011), White House deputy director of policy, explained, the federal government would act as a "convener and catalyst," a role grantmakers commonly play in relationships with nonprofits. This was rather unsettling for some foundation leaders. Accustomed to a degree of deference from grantees, who are often forced to accept the opacity of the foundation decision-making process with little debate, grantmakers were now compelled to defer to the White House. As one grantmaker told GrantCraft (2010), "It can be a great humbling experience when the shoe is on the other foot." Yet it also was instructive, sensitizing grantmakers to the challenges faced by nonprofits in dealing with the administrative requirements necessary to procure grants (Grantmakers for Effective Organizations, 2011).

The SIF attracted considerable comment from the press and generated excitement from certain sectors of the foundation community – most notably in May 2010, when five foundations committed an additional $50 million to the fund. A number of foundations also contributed just over $4 million to the foundation affinity group Grantmakers for Effective Organizations (GEO) for the Scaling What Works project, to derive and promote the lessons of the SIF.

Several commentators argued that the money that the administration had committed to the fund was actually quite modest and that SIF's real accomplishment was less in the funds it leveraged than in the debate it sparked over the nature of innovation and the role of philanthropy and government in promoting it, as well as over the benefits and dangers in the pursuit of "scale" (R. Cohen, 2009, 2010). Others, however, focused on the sorts of foundations and nonprofits that would be favored through the administration's endorsement of the priorities of social entrepreneurship and matching requirements. They also shed light on those that would likely be ignored, such as smaller, less-established nonprofits devoted to advocacy work and foundations that catered to rural populations (Eisenberg, 2010).

After several years of operation, the extent to which the SIF is directing resources to innovative programs or just channeling funding to established charities through its use of regional intermediaries is still debated. There also has been some question regarding SIF's success in reaching out to the broader philanthropic community (Donovan, 2012). In a survey of foundation leaders by the Center for Effective Philanthropy (Buteau and Buchanan, 2012), 38 percent of the 173 respondents reported not being familiar enough with SIF to judge whether it had "the potential to have an important positive influence on foundation practice" (p. 6).

The criticisms of SIF from both the political left and right often touched on the question of philanthropic independence, though the term was understood differently at each ideological pole (T. Cohen, 2009). As education analyst Chester Finn argued at an event sponsored by the Hudson Institute's Bradley Center for Philanthropy & Civic Renewal, a close relationship between government and foundations threatens to undermine some of nonprofits' primary advantages: their ability to remain autonomous and potentially oppositional to the public sector. "They have a unique capacity to do what government cannot or will not do," he said. "That's a far different thing from serving as guide dog, tugboat, or aide-de-camp to government itself" (Finn, 2010, p. 18). A number of nonprofit leaders and their progressive allies voiced fears that SIF would warp foundation priorities toward those favored by the federal government and questioned whether the benefits of partnerships at the highest level of government would trickle down to the grassroots level to sustain nonprofits. Another issue was whether such partnerships would develop the accountability, transparency, and inclusivity that nonprofit advocates claim are easier to cultivate at the local level (Tagle & Gwaltney, 2009).

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If some progressives have expressed concern that PPPs represent an offloading of the common good from the public to the private sector and potentially mask or excuse the inefficiencies of government (Schiller, 2013), conservatives have expressed the opposite reservation. Such partnerships, they fear, allow the government to inflate its capacities artificially and beyond what it can afford to do with its own democratically allotted resources, while depleting the private philanthropic sector's resources for its own independently conceived aims.

Conservatives, meanwhile, framed their concerns about sector independence in terms of the politicization of philanthropy. The right's leading critic of SIF, Howard Husock, regarded the emergence of the fund as evidence of the "the Solyndra-ization of philanthropy," a reference to the California-based solar panel manufacturer that received a $500 million Department of Energy grant and then went bankrupt, "in which the government would brand select social-service organizations with the Washington seal of approval, and thus signal that private charitable capital should be directed to the same organizations" (2011). The analogy presumed that the White House would be as inept in picking winners among grantmakers as it had been in the alternative-energy market, while insisting on channeling private funds toward its own idiosyncratic ideological priorities. Husock pointed out, for instance, that one of the initial SIF grants, of $2 million to the Missouri Foundation for Health, was targeted at reducing tobacco use and obesity, the latter being one of the signature causes of first lady Michelle Obama (Husock, 2010). After Republicans took control of the House in 2010, another conservative commentator wondered whether the House might "retaliate" against foundations perceived to be advancing White House priorities and initiate congressional hearings (Schambra, 2011). That threat, whether idle or not, points to a significant challenge facing foundation leaders: how to partner with a particular administration while avoiding the appearance of co-optation.[1]

The conservative complaint regarding the politicization of philanthropy under the Obama administration is linked to a more general conservative suspicion of public-philanthropy partnerships. If some progressives have expressed concern that PPPs represent an offloading of the common good from the public to the private sector and potentially mask or excuse the inefficiencies of government (Schiller, 2013), conservatives have expressed the opposite reservation. Such partnerships, they fear, allow the government to inflate its capacities artificially and beyond what it can afford to do with its own democratically allotted resources, while depleting the private philanthropic sector's resources for its own independently conceived aims (Finn, 2010). These concerns raise a question that the literature on PPPs must engage more fully: Are such collaborative arrangements inherently suspect within conservative ideology, or are such arguments merely the partisan griping of an oppositional party?

Investing in Innovation Fund

The Obama administration raised similar questions with the pursuit of PPPs in many of its education initiatives. Education is a policy venue

[1] For one example of a philanthropic leader struggling to establish some distance between his foundation and the Obama administration while also acknowledging the advantageous political climate, see Gara LaMarche's comments in Bradley Center, 2010.

where PPPs have established roots; foundations, especially those with close local or regional ties, long pursued school reform district by district. But in recent years more foundations have pushed for policy changes on the state or national level (Hess, 2005; Ravitch, 2010). The agenda of these foundations was soon seen as closely aligned with the education policies of the Obama administration and other prominent national officials.

Arne Duncan, Obama's secretary of education, closely collaborated with foundations in Chicago when he was head of that city's public school system. Once at the helm of the Department of Education (ED), he recruited a number of foundation officials for his staff – his chief of staff, for example, came from the Bill & Melinda Gates Foundation – and created a position to serve as liaison to the foundation community. As the ED's newsletter declared, "This dedicated role within the Secretary's Office signals to the philanthropic world that the Department is 'open for business'" (cited in Barkan, 2011).

Among the ED's more interesting partnership initiatives is what became known as the Investing in Innovation (i3) Fund, which focused on taking successful educational practices to scale. The administration set aside $650 million in funds from the economic stimulus package for i3. To be eligible for funding, grantees had to match 20 percent of their federal funding with private funds; an acknowledgement of the import of PPPs was thereby built into the program. In fact, the program called on grantmakers to rally behind a set of innovation priorities identified by ED. A report by Bellwether Education Partners concluded that even for the large national foundations involved, "explicitly aligning their work with federal government priorities [was] relatively uncharted territory" (Smith & Petersen, 2011, p. 43).

And yet the possibility of leveraging government funds, at a moment when many foundations had reduced their own education funding, was enough to persuade many to brave ahead – though they did push back against an initial idea that would have required them to pool matching funds, since it would have resulted in an even greater loss of individual discretion. As ED officials were planning the program, foundation leaders met with Duncan on several occasions to identify their own funding priorities and map out points of overlap with the ED. In April 2009, before the i3 applications were due, 12 foundations announced they would commit an additional $500 million in 2010 funds to the program. The W.K. Kellogg Foundation provided technical support for rural applicants; in the spring of 2010, a group of foundation leaders led by the Gates Foundation created the Foundation Registry, a website that allowed applicants to post proposal summaries for potential funders to review and funders to share diligence on applicants (Smith & Petersen, 2011).

The i3 program exposed the strains that can arise in even the most successful partnerships. One of the prime challenges was coordinating the government and foundation time frames. While usually it is foundations that must deal with the plodding pace of governmental bureaucracy, requirements in the American Recovery and Reinvestment Act of 2009 (ARRA) forced grantmakers to move swiftly, with finalists given just weeks to present evidence of a match.

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it is foundations that must deal with the plodding pace of governmental bureaucracy, requirements in the American Recovery and Reinvestment Act of 2009 (ARRA) forced grantmakers to move swiftly, with finalists given just weeks to present evidence of a match. Decisions were made in a month rather than in traditional grant cycles, requiring many foundations to innovate in their own grantmaking procedures, such as securing advance board approval. Some welcomed the urgency of the accelerated time frame; others found it unrealistic.

There was also considerable tension over the nature of the decision-making process. The ED initially required all applicants to show evidence of a match commitment with their application, which drew complaints that its funders would be required to pick and choose among grantees and privilege applicants that already had relationships with large foundations. But when ED switched the requirement so that evidence of a match was required only after the government's peer review selection, some foundation leaders complained: "Letting the private partners only partner on funding of already selected ideas does not seem like much of a partnership," commented one grantmaker (Smith & Petersen, 2011, p. 44). Others were willing to credit the program's effectiveness in selecting – or "validating," in i3's lingo – grantees that had reached a certain critical mass, having already benefited from the support, flexibility, and greater tolerance for risk of the private sector, and then using government resources to potentially broaden the scale. But critics maintained that the program did not seem well suited to identify early-stage innovation and that it was a task better left to expert intermediaries, as in the SIF model. They argued that a better design would have tailored the nature of the PPPs to the various relationships established between grantee and government (Smith & Petersen, 2011).

The overall reception among grantmakers to the program was mixed, an ambivalence that perhaps reflected the tensions within the program's objectives and between innovation and scale, as well as the constraints of operating within federal guidelines. Some funders were disappointed that the eventual grantees did not produce what they considered significant innovation. But many others appreciated the program's emphasis on evidence and believed it did bring new nonprofits to funders' attention. As executives of the William and Flora Hewlett Foundation noted, the 19 nonprofits that received the highest scores in the i3 competition had on average received grants in 2010 from only three of the top 50 education foundations before winning the i3. In the end, all 49 finalists secured their match, though efforts to find funding for highly rated applicants that did not win grants proved less successful. Ultimately, the i3 program could claim credit for directing at least $140 million in private matching funds, $50 million of which came from foundations, to the highest rated applicants. But it is difficult to determine how much of that $50 million represented new funding streams and how much would have been directed to education even in the program's absence (Smith & Petersen, 2011).

Michigan's Office of the Foundation Liaison

One of the most significant innovations over the last decade in the development of public-philanthropic partnerships has been the establishment of intergovernmental offices or liaisons to identify and foster these relationships. In 2003, Democratic Gov. Jennifer Granholm created Michigan's Office of the Foundation Liaison (OFL), the first cabinet-level office devoted to brokering partnerships between state government and the philanthropic community. The office was the brainchild of the state's leading grantmakers; the president of the Hudson-Webber Foundation, David Egner, had been inspired by an office in Detroit under Mayor Dennis Archer in the 1990s. The state's foundations supplied more than 90 percent of the office's funding, while the state provided office space and related resources. To head the office Granholm appointed Karen Aldridge-Eason, whose professional history embodied the office's dual constituency: she directed the state's Office of Health and Human Services at the Department of Management and Budget and was budget director for the city of Flint before working on the program staff at the C.S. Mott Foundation for nearly a decade.

According to its staff, OFL was designed to be "in" but not "of" the state's executive office. It is an uncomfortable but strategically indispensable position that allows Aldridge-Eason to maintain her independence and to balance her roles as representative of the foundation community and as nonpartisan foundation liaison. When Michigan grantmakers or government officials approach OFL with ideas for collaboration, the liaison provides feedback based on the perspective of the prospective partner and then identifies potential contacts in the appropriate government agency or within the funding community. The office has brought foundations and government officials together to achieve significant reforms in K-16 education, workforce development, health, early childhood, and land use.

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A key OFL achievement was promoting the Michigan Benefit Access Initiative (MBAI), an effort to create a comprehensive, web-based benefits-access system to help capture the more than $920 million in federal benefits earmarked to Michigan families that go unclaimed each year. The nonprofit community and government officials had been working on their own online registration and delivery systems for these benefits for several years; the Kellogg Foundation funded a yearlong evaluation, completed in 2003, of the various efforts to establish these systems and pressed government officials for a speedier estimate of the proposed programs' costs. But it was not until Aldridge-Eason addressed the state and nonprofit turf battles that the sectors became better aligned to more effectively leverage their expertise and dollars. She helped coordinate funding from grantmakers that included the Ford, Kellogg, and Kresge foundations and the Open Society Institute, which supplied an out-of-state matching grant. She also organized a trip with foundation leaders and government officials to evaluate a web-based program used in Ohio; all parties came away in favor of expanding the Michigan system. At this point the two tracks began to converge, with nonprofit, foundation, and government leaders collaborating effectively (Johnson Center for Philanthropy, 2013).

Perhaps the greatest challenge Aldridge-Eason faced was to convince both of her constituencies that OFL was nonpartisan and that its main objective was not to help state officials extract more money from foundations for their pet projects (PolicyWorks, 2010). The liaison's refusal to work on several potential collaborations during Granholm's re-election campaign helped bolster OFL's reputation for nonpartisanship. The OFL advisory committee, whose members include contributing funders, the Council of Michigan Foundations, the Michigan Nonprofit Association, and a member of the governor's executive staff, also

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did much to safeguard the office's neutrality. The election of Republican Gov. Rick Snyder in 2010 brought about an important test for OFL, since many in the new governor's office initially viewed it as a Granholm administration holdover. By focusing on policies central to Snyder's agenda, such as early childhood education, Aldridge-Eason built support within his administration and ensured OFL's survival for the immediate future. Public officials recognized OFL's effectiveness as a matchmaker; according to a 2010 survey, 87 percent of government and foundation leaders believed that OFL had increased collaboration between foundations and government in the state (Behrens, 2010; Ferris & Williams, 2013). As of 2013, the OFL had brokered more than $100 million in foundation investments in Michigan (Johnson Center for Philanthropy, 2013). The fate of OFL in the coming years will provide insights into the capability of such liaisons to insulate themselves from charges of partisanship and operate across party lines.[2]

A number of other states and cities, including Louisiana, New Mexico, Wisconsin, and Newark, N.J., and a regional group in the Pacific Northwest took interest in the Michigan model. A 2010 study identified 18 examples of local or state governments employing a designated office or liaison to foster PPPs (Wolk & Ebinger, 2010). At the federal level, the departments of Education and Housing and Urban Development have established their own interagency offices to facilitate collaboration with foundations and nonprofits; the Federal Emergency Management Agency and the Agriculture Department have designated officials to oversee philanthropic partnerships. As Michigan's experience can attest, the spread of these models points both to the difficulties in developing effective partnerships – they do not occur naturally, but require active cultivation – and to the importance many in the public and private sectors attach to them. And despite the interest, there has been some criticism that installing a single gatekeeper between foundations and government agencies can actually hinder effective partnerships by limiting a healthy give-and-take. "Filtering doesn't do anyone any good," said an executive of a medium-sized foundation quoted in a 2010 GrantCraft report. "It homogenizes the ask. It's a crutch for philanthropy" (GrantCraft 2010, p. 25).

Foundation/Government Interactions in Financial-Crisis Response

In addition to the White House's embrace of social entrepreneurship, the Great Recession brought PPPs into their new prominence. The climate of urgency, budgetary constraints, and compensating programmatic creativity that resulted from the economic crisis drew the public sector and foundations closer together. The relationships, however, were not always amicable. Economic need often led cash-strapped governments to pursue the most strained form of what might be termed zero-sum partnerships as public officials greedily eyed what they imagined to be bulging foundation coffers (Hall, 2011). Public officials often quite explicitly claimed that philanthropic dollars should fill the gaps left by government retrenchment. In July 2009, when California's legislature slashed the state's health insurance program for children by $144 million, lawmakers suggested that the only way to prevent children from losing access to the program was for a private foundation to make up the balance. In Missouri the year before, Gov. Matt Blunt pressured the Missouri Foundation for Health

[2] See also the Mott Foundation website, posted January 26, 2009, available at http://www.mott.org/news/news/2008/kaldridge.aspx

to direct 80 percent of its annual grantmaking budget to underfunded state programs that would be selected by the governor (Gose, 2008). Blunt justified this "partnership" – a term which he explicitly invoked – by pointing to the potential of increased economies of scale and arguing that the foundation's significant tax benefits qualified its endowment as "taxpayer assets" (Benbow, 2008).

Even in flush economic times, foundation leaders have resented the propensity of some government officials to view them merely as a source of ready cash. But during the recession, the specter of such imperiousness haunted many foundation leaders as they reconsidered their engagements with the public sector. As Lance Lindblom, president of the Nathan Cummings Foundation, said at a 2008 conference sponsored by the Council on Foundations, grantmakers had to realize that they "are fat cows in a resource-scarce environment" and to assume that their freedom to operate independently would come under increased assault (GrantCraft, 2010, 13).[3]

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The recession could also result in less direct pressure on foundations to work with shrinking state and local governments to address mounting social needs. At the request of the city's mayor, the San Francisco Foundation in May 2009 convened a group to discuss how to mitigate the recession's impact on human service agencies and then created a grant fund to help charities weather the crisis and maximize available resources by restructuring. Foundation leaders faced a difficult calculus, balancing the immediacy of the need with the potential that philanthropic support would simply encourage legislators to throw off certain programs to the private sector; partnerships formed out of the exigencies of the moment might permanently reshape public-private boundaries.

Similar fears troubled the deliberations of grantmakers across the country as they sought to prop up programs hit by budget cuts. After a fiscal crisis led California to threaten to close a number of public parks, the legislature passed a law in 2011 making it easier for nonprofit groups to take over park operation; by December, foundations and private philanthropists had stepped in to cover the costs of maintenance and operation in nine parks. "We are concerned that Sacramento will see the philanthropic community stepping forward as a substitute for public funding … and subtract it from the budget," said a spokesman for the California State Parks Foundation, which actually sponsored the enabling legislation (Fimrite, 2011). The lawmaker who introduced the legislation suggested he had similar fears, but defended the partnership by pointing out that the alternative was for the parks to fall into disuse. Even more recently, when philanthropists Laura and John Arnold made a personal donation of $10 million to Head Start to cover funds the program was slated to lose due to the 2013 federal government shutdown, they acknowledged that "private dollars cannot in the long term replace government commitments" and structured the gift as a loan to be repaid when the shutdown ended (Gazley, 2013).[4]

Some public officials might have termed these arrangements "partnerships," though they certainly

[3] *New York Times,* July 20, 2009; The Challenges of Giving, *Chronicle of Philanthropy*(20)15, 6. Working With Government: Guidance for Grantmakers, 13.

[4] See also *San Francisco Chronicle,* December 15, 2011.

Some public officials might have termed these arrangements "partnerships," though they certainly entailed little active collaboration between foundation and government officials. But the recession encouraged governments at every jurisdiction to think more strategically about maximizing available resources and to reach out constructively to the private sector. Entrepreneurialism, innovation, and performance measurement became lodestars of the public sector, the virtues of a reign of austerity.

entailed little active collaboration between foundation and government officials. But the recession encouraged governments at every jurisdiction to think more strategically about maximizing available resources and to reach out constructively to the private sector. Entrepreneurialism, innovation, and performance measurement became lodestars of the public sector, the virtues of a reign of austerity. At the state and local levels, the possibility of gaining access to federal stimulus funding, which required both government and philanthropy to act quickly and to modify their traditional decision-making processes, drew the two sectors closer together. As Andrew Wolk and Colleen Gross Ebinger (2010) note,

> Faced with steep budget deficits and minimal appetite for higher taxes, plus historically low approval ratings for government – all exacerbated by a lagging economy that has created greater need among citizens – government leaders set out to do more with less (p. 135).

Expanding partnership opportunities with nonprofits and foundations became an increasingly attractive option.

Many of these more constructive public-philanthropic partnerships involved tapping into the funds provided by the federal stimulus package, which channeled billions to states and localities. Foundations took a leading role in ensuring that the funds were allocated and spent effectively. Connecticut offers a striking example of one such collaboration, in which foundations brought to bear both their financial resources and their deep knowledge of the state's nonprofit service providers. In 2010, the state faced a $600 million budget deficit, a projected 2011 deficit of $3.4 billion, and an unemployment rate of more than 9 percent. In the face of these statistics, officials from the Annie E. Casey Foundation alerted statewide advocates to a provision of the stimulus package that made additional aid available to states for use by nonprofits and municipalities – the Temporary Assistance for Needy Families Emergency Contingency Fund (TANF-ECF). A working group that included foundation leaders, a representative from the Connecticut Council for Philanthropy, other nonprofits, and state officials then developed a subsidized job program and explored ways to ensure the state would seek emergency TANF funding to assist Connecticut's nonprofits and municipalities.

The Hartford Foundation for Public Giving paid a consultant to analyze the subsidized jobs plan; the Casey Foundation provided a grant to hire a consultant to manage the outreach to nonprofits that might have qualifying programs that could qualify for TANF-ECF; the Connecticut Council for Philanthropy alerted its members, who identified grantees likely to have increased funding in qualifying programs. State officials shared the list of approved nonprofits and municipalities with grantmakers so they could take advantage of the potential 4:1 TANF program match. This collaboration among the state, the nonprofit sector, and the grantmaking community brought $29 million in new federal funding to Connecticut (Connecticut Council for Philanthropy, 2012).

Chicago featured one of the most comprehensive public-philanthropic partnerships. In April 2009, Mayor Richard Daley asked city-based foundations for help in making the best use of federal stimulus funds. The result was the Chicago Recovery Partnership, which addressed an array of urban-renewal issues and involved business executives, city officials and some 50 foundation leaders. The partnership helped the city secure $2.2 billion in federal grants, including $469 million in competitive funds, and although the partnership disbanded with the end of stimulus funding, several foundations continued to fund projects with their own resources. A report analyzing the partnership's achievements suggests the effectiveness of this PPP was heightened by a number of characteristics of the recovery effort: the promise of new funding opportunities, the need for collaboration across governmental agencies, and, most notably, strong leadership from the mayor's office (Chicago Recovery Partnership, 2010). To what extent these collaborations will persist is an important question.

Chicago Community Trust President Terry Mazany observed in 2010 that the stimulus funds, though desperately needed by the city, represented "the worst-case scenario of bad grantmaking": A large amount of money was dumped on organizations that were expected to immediately "ramp up and deliver" and with the stipulation that the funding stream would abruptly cease in two years (Mazany, 2010, p. 10). Based on their own grantmaking experience, the foundations in the Chicago Recovery Partnership were able to reach out to nonprofits, many of which had recently reduced staff, and help them rapidly rebuild capacity. The foundations also analyzed the challenges these nonprofits would face when the stimulus funds were terminated. Foundation employees were crucial members of a team that helped expose contracting and procurement inefficiencies and speed city payments to the nonprofits; they also helped write grant proposals seeking additional stimulus funding for the city. Other foundations funded research of the stimulus-funded programs; the John D. and Catherine T. MacArthur Foundation, for example, provided a grant to the University of Illinois at Chicago to evaluate the city's neighborhood stabilization program. As Mazany suggested, many of these interventions called less upon the financial resources of Chicago's foundations than they did on their familiarity with the community (Chicago Recovery Partnership, 2010).

Opportunities to access stimulus funds sparked similar partnerships across the nation. The Rockefeller Foundation cosponsored a "boot camp" at Harvard University to train teams of state and local officials to use stimulus money for energy-efficiency projects. The California HealthCare Foundation helped the state take advantage of stimulus funds to expand the use of information technology in health care. The foundation hired a consulting firm to help the state's Department of Health Care Services develop a plan for using the money, and it provided the 10 percent matching funds required from the state for the administrative costs of a program that provides incentive payments to health care professionals and hospitals that adopt electronic health records. The foundation also contributed $2 million in matching funds so that the state could apply for federal money to establish a $10 million fund to provide loans to help health care providers purchase electronic-records technology that would qualify them for Medicaid or Medicare incentive payments (Perry, 2009).

Conclusion

Our review of the recent PPP landscape suggests both prospects and perils for the emerging relationships between philanthropic foundations and governments at the federal, state, and local levels. In their traditional quest for social innovation, foundations have much to gain by aligning their agendas with the scale and resources of the government; this may be particularly true at the federal level for the larger national foundations. But close partnerships also create an environment for turf wars; as the federal government attempts to enter the social innovation arena, the tradi-

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In their traditional quest for social innovation, foundations have much to gain by aligning their agendas with the scale and resources of the government; this may be particularly true at the federal level for the larger national foundations. But close partnerships also create an environment for turf wars; as the federal government attempts to enter the social innovation arena, the traditional division of labor gives way to a new, still undefined paradigm. A more careful articulation of how foundations can retain their innovative edge and maintain the comparative advantages that they bring to the table seems advisable

tional division of labor gives way to a new, still undefined paradigm. A more careful articulation of how foundations can retain their innovative edge and maintain the comparative advantages that they bring to the table seems advisable – if for no other reason than because critics of foundation influence on national policy are always close at hand. This has been particularly evident in the concerns about democratic control and private accountabilities in education policy (Ravitch, 2010; Barkan, 2011). But the debate has not yet identified where private interventions are acceptable or at what level of wealth or influence a foundation's independence becomes a problem, and it is not clear how challenges to such high-level partnerships will shape attitude toward PPPs more generally.

Less at the federal but more so on the state and local levels, foundations will find another significant challenge that the growth of PPPs presents, as our review clearly suggests. Foundations in this country have been able to concentrate on innovation without having to fend off demands to help foot current bills for social programs, so questions of whether they should complement or substitute for government provision of public goods have rarely been asked (Toepler, 2006). The financial crisis of 2007, however, brought greater demands that foundations fill the gaps left by local, state, and even federal budget cuts. Long a hallmark of European-style government/foundation relationships, PPPs require a clearer understanding, even a redefinition, of private and public responsibilities toward funding social programs.

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