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The Future
of Community

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The Foundation Review is the first peer-reviewed journal of philanthropy, written by and for foundation staff and boards and those who work with them implementing programs. Each quarterly issue of *The Foundation Review* provides peer-reviewed reports about the field of philanthropy, including reports by foundations on their own work.

Our mission: To share evaluation results, tools, and knowledge about the philanthropic sector in order to improve the practice of grantmaking, yielding greater impact and innovation.

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editorial

Dear Readers,

In 2016, the Council on Foundations themed its conference around **The Future of Community** in order to elevate the changing nature of our global communities. More than 1,400 philanthropic leaders examined the field's ability to meet both collective and individual community needs. Following the conference, The Council on Foundations supported the development of a special issue of *The Foundation Review* to encourage deeper exploration of the topics that the conference programming raised.

This special issue focuses on philanthropy's adaptation to changing communities. The seven articles each explore an aspect of the relationship between foundations and communities, addressing topics such as the redefinition of community, the effect of evolving demographics, and potential solutions to climate change.

Wardrip, Lambe, and de Zeeuw's work addresses the geography of funding. They challenge the perception among some in the field of community and economic development that small and socioeconomically distressed metro areas do not attract a proportional share of grant capital from the nation's largest foundations. The authors reviewed nearly 169,000 community and economic development grants that the largest foundations made between 2008 and 2013 to identify metro area characteristics associated with higher levels of grant receipt. Rather than poverty rates, it is the density of nonprofit organizations and the presence of large foundations in the locale that best predict who receives grants.

Two articles focus on the effects of changing community demographics. As younger generations seek greater connection to their work, finding ways to engage youth meaningfully in community is critical. **Richards-Schuster and Brisson** examine the Community Foundation of Southeast Michigan's launch of a broad-based, multilayered strategy to promote youth leadership in the region. The foundation helped develop comprehensive programs aimed at building the capacity of youth-serving organizations to engage youth as leaders, support a youth-driven research assessment and social-justice project, and provide funds for youth-run efforts aimed at strengthening the region's schools and communities.

Martin-Rogers, Evans, and Mattessich provide insight into the needs of immigrant communities and offer suggestions for how foundations can consider immigrant and refugee communities in their work. While immigrants, and especially refugees, are often viewed from a deficit model, the cultural strengths in their communities are often integral parts of the solution.

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One article details the development of new funding mechanisms. **Peterson** shares a case study in which the McKnight Foundation entered into a unique cross-sector partnership to develop market-driven solutions to global climate change. The case represents a trend in which impact investing is drawing a new pool of funders — beyond traditional grantmakers — into innovative social change solutions. As next-gen family funders move away from place-based communities to issue-based communities — and as global issues such as climate change begin to have local impact — this funding model may appeal to a broader range of funders.

Finally, three articles in this issue address the relationship of foundations to the communities in which they work. **Phillips, Bird, Carlton, and Rose** focus on how the concept of “community” in community foundations is being reframed not only as a place, but as a *process* of engagement and a resulting sense of belonging. Their article explores the Canadian network of community foundations’ pivot to a knowledge-driven approach to leadership and how they are using this knowledge in more inclusive, engaged models of community to drive change agendas.

Moore, Klem, Holmes, Holley, and Houchen report on the REACH Healthcare Foundation’s initiative to encourage the development of innovative strategies to improve access to health care and reduce health inequities in three rural counties in Missouri and Kansas. The intent was to develop a systematic, sustainable, and coordinated approach to community change that would increase the odds of breaking through the persistent barriers to health care access for the rural poor and medically underserved in these counties. The focus was on changing how the healthcare system worked rather than on funding new services, which made the foundation’s strategy one of network and capacity building.

Markley, Macke, Topolsky, Green, and Feierabend suggest that *economic development philanthropy* is a new way for place-based foundations to support their local economies by filling gaps that other organizations and agencies are not addressing. To ensure that a foundation is playing this value-added role requires identifying what others are doing and the outcomes they are seeking or achieving — thereby clarifying the gaps and leverage points in the system. Playing this role requires different skills for foundation staff — especially systems thinking and analysis skills.

A crucial take-away from these articles is that in order to be relevant and effective, foundations must be *connected* to the communities they seek to serve. In the face of ongoing and rapid change — whether it be changes in the climate, in community demographics, or in economic conditions — it is the connection to community that enables foundations to gain a deep understanding of today’s toughest challenges and potential responses to them. Connections to young people, immigrants and refugees, to new funders and to the current players — all are part of how foundations gain a systems-level perspective that lets them be effective. As communities change, foundations must change themselves in response, whether by offering new funding mechanisms or by rethinking the role they play in the overall community system.

editorial

This issue has made clear that there is no shortage of work that needs to be done to ensure a vibrant future for communities. To drive meaningful impact, funders will need to leverage the best thinking from practitioners, scholars, and other community leaders. That's why it is so important that foundations of all types — private, corporate, and community — contribute to the strategies that will ensure that The Future of Community is bright.

We are grateful that the contributors to this issue have contributed in such significant ways to moving this thinking forward, and we look forward to continuing our joint efforts to develop and elevate the ideas that will strengthen philanthropy.

Teresa R. Behrens, Ph.D.
Editor in Chief
The Foundation Review

Vikki Spruill
President and CEO
Council on Foundations

Co-edited by Jason Franklin, Ph.D., W.K. Kellogg Chair for Community Philanthropy, Dorothy A. Johnson Center for Philanthropy at Grand Valley State University.

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Strengthening Youth Leadership in a Metropolitan Region: Examining Lessons From a Multiyear Community Foundation Initiative

Katie Richards-Schuster, Ph.D., University of Michigan, and Katie G. Brisson, M.A., Community Foundation for Southeast Michigan

Keywords: Youth leadership, community foundations, youth grantmaking, partnerships, regional initiatives, social justice

Key Points

- This article examines the Community Foundation of Southeast Michigan's launch of a broad-based, multilayered strategy to promote youth leadership in the region, and showcases what can be accomplished when foundations invest in such strategies.
- In partnership with the University of Michigan School of Social Work and the Dorothy A. Johnson Center for Philanthropy at Grand Valley State University, the foundation helped develop comprehensive programs aimed at building the capacity of youth-serving organizations to engage youth as leaders, support a youth-driven research assessment and social-justice project, and provide funds for youth-run efforts aimed at strengthening the region's schools and communities.
- As a result of the initiative, young people were empowered, organizations strengthened, networks developed, and the promise of youth leadership was demonstrated to the region. Although the full impact of the initiative may take longer to be understood, its success can be seen in the ways the region's young people and organizations, and the foundation itself, now incorporate youth leadership.

Introduction

This article focuses on a case study of a four-year initiative by the Community Foundation of Southeast Michigan, undertaken in partnership with the University of Michigan's School of Social Work and the Dorothy A. Johnson Center for Philanthropy at Grand Valley State University, to launch a broad-based, multilayered strategy to promote youth leadership in Southeast Michigan. Through this effort, from 2012 to 2016, the foundation helped develop comprehensive programs aimed at building the capacity of youth-serving organizations to engage youth as leaders, support a youth-driven research assessment and social-justice project, and provide funds for youth-run social-justice projects aimed at strengthening schools and communities across the region.

Foundations have invested in youth leadership in local and regional decision-making over the past 20 years. In Michigan in particular, investing in youth leadership has been an important part of philanthropic practices. Spurred by significant investments by the W.K. Kellogg Foundation in the 1980s and 1990s, youth advisory committees (YACs) were developed at most Michigan community foundations as a way to engage the next generation of leaders (Mawby, 1991; Tice, 2004; Falk & Nissan, 2007; Richards-Schuster, 2012). As part of its investment, Kellogg created permanently endowed funds for youth grantmaking at most community foundations and, as a condition of

Building from this history of youth leadership in grantmaking, there is reason to see the potential for community foundations, and foundations more broadly, to devise initiatives aimed at strengthening and transforming youth leadership in communities (Blanchet-Cohen & Cook, 2014). Given this potential, more attention needs to be paid to how community foundations can support youth leadership in metropolitan regions.

accepting the funds, required each foundation to establish a YAC to help guide the grantmaking. By structuring the funding in this way, Kellogg encouraged a commitment to youth leadership in perpetuity across the state. As a result, since 1990 more than 80 Michigan counties have had some form of a YAC.¹

Building from this history of youth leadership in grantmaking, there is reason to see the potential for community foundations, and foundations more broadly, to devise initiatives aimed at strengthening and transforming youth leadership in communities (Blanchet-Cohen & Cook, 2014). Given this potential, more attention needs to be paid to how community foundations can support youth leadership in metropolitan regions.

The Community Foundation of Southeast Michigan was uniquely positioned to do this work. When its YAC was established more than 20 years ago, the foundation chose not only to do youth-driven grantmaking, but also to require that its grantees embed youth leaders in their organizations.

This article draws on multiple data sources: project documents and evaluations, youth survey materials, progress reports, process notes, interviews with participants and organizations, organizational surveys, and self-reflection. It showcases what can be accomplished when foundations invest in broad-based youth-leadership strategies, and highlights lessons learned from a foundation perspective.

Background

Southeast Michigan is a diverse region encompassing seven counties. While it has the large city of Detroit at its core, the region extends to multiple suburban and rural areas and contains the cities of Ann Arbor and Port Huron. Its many historical challenges have included limited transportation and segregation, but new opportunities abound as well: Detroit, for example, has a growing entrepreneurial base and is seeing significant redevelopment. As the region grows and its challenges and opportunities evolve, it becomes more evident to the leadership of the Community Foundation of Southeast Michigan that more focus is needed on supporting leadership development across and within communities.

Since its founding in 1984, the foundation has worked to develop innovative approaches for creating change across Southeast Michigan. Its mission is to “promote and facilitate permanent change” in the region’s seven counties² and to “help donors invest in organizations they care about nationwide” (Community Foundation for Southeast Michigan, 2016, para. 14). It does so by:

- “Making strategic investments in programs and organizations that benefit the region,”

¹For more information, visit www.michiganfoundations.org.

²Those Southeast Michigan counties are Wayne, Oakland, Macomb, Monroe, Washtenaw, Livingston, and St. Clair.

- “Equipping organizations and the public with knowledge and information that will lead to positive change,”
- “Building endowment – community capital – to meet our region’s needs today and tomorrow,” and
- “Providing expert assistance to donors and their advisors in their charitable planning.” (Community Foundation for Southeast Michigan, 2016, para. 15-18)

In 2011, the foundation launched an effort to strengthen youth leadership within the metropolitan Detroit region. This initiative was built on the importance of understanding the need for an innovative, social-justice-minded leadership pipeline for Southeast Michigan. To develop a plan for the initiative, the foundation commissioned a scan of youth-leadership programs. This scan revealed a lack of thorough understanding of youth-leadership best practices, and identified a number of areas where improvement was needed:

- more programs that bring young people together across the metropolitan region for ongoing, sustained work,
- support for efforts to develop youth-leadership opportunities at the metropolitan/regional level,
- opportunities to strengthen youth-led programs by building the capacity of young people to use their own ideas to initiate civic-action projects in their communities, and
- capacity-building programming for youth and adults through workshops, education, and training programs; resource development for the region; and opportunities that bring young people and adults together to learn and to strengthen their own work and their potential to work together.

This scan confirmed for the foundation the potential for a broad-based initiative around youth leadership.

... the foundation launched an effort to strengthen youth leadership within the metropolitan Detroit region. This initiative was built on the importance of understanding the need for an innovative, social-justice-minded leadership pipeline for Southeast Michigan. To develop a plan for the initiative, the foundation commissioned a scan of youth-leadership programs. This scan revealed a lack of thorough understanding of youth-leadership best practices, and identified a number of areas where improvement was needed ...

The initiative was also rooted in the foundation’s history of youth grantmaking. While it has supported this grantmaking with over \$1.3 million invested by the foundation’s YAC in programs by and for youth since the 1990s, there was a desire to strengthen the role of and capacity for youth leadership in the region in a more robust way. Indeed, there was a sense within the foundation of a growing gap in civic leadership that was a serious impediment to the development of Detroit and the region, and that closing the gap meant finding ways to bring young people together across the region, introduce them to the regional issues that need to be addressed, and generally increase the number of youth leaders.

FIGURE 1 Youth Leadership Outcomes**Community Foundation for Southeast Michigan Youth Leadership Outcomes Continuum**

Increasing the number, quality, and diversity of young leaders in Southeast Michigan

Youth Leadership for a System-Change Framework

Conceptually, the initiative drew on a youth-leadership framework. A youth leadership framework focuses on the active role of young people in organizations and communities, with the assumption that their ideas, voices, and perspectives are critical to a healthy society. Youth-leadership perspectives view young people as having the right and responsibility to engage in institutions that impact their lives, and recognizes that youth are a legitimate source, distinct from adults, of information and ideas for making policy, planning, and program decisions (Checkoway & Richards-Schuster, 2006; Noguera, 2003; Endo, 2002).

Initiatives that prioritize youth leadership focus on the development of young people's skills, the opportunities for their active leadership and voice in the community, the capacity of adults to work

with young people, and the larger societal understanding about the importance of youth as leaders (O'Brien & Kohlmeier, 2003; Zeldin, McDaniel, Topitzes, & Calvert, 2000). This requires understanding that in order to create authentic and meaningful leadership opportunities for young people, organizations need to create a culture where adult board members and staff are committed to supporting and encouraging youth leadership, adults who have the capacity are allied with youth, training and education supports young people, and there are opportunities for youth to engage in and influence civic change.

Regional Youth Initiative

The purpose of the Regional Youth Initiative was to increase the number, quality, and diversity of young leaders in Southeast Michigan. It sought a variety of strategies to achieve this purpose and related outcomes. (See Figure 1.) The goals of the initiative, which was led by a senior program

director and supported by a program officer who was also the foundation's YAC advisor, were to develop youth skills, build organizational capacity, create space for youth voice on issues, and leverage a platform for a larger discussion about the role of youth.

The initiative had three major programmatic components: organizational capacity-building around youth-leadership best practices, regional youth-leadership engagement, and larger regional youth assessment. The foundation approached Kellogg about the concept, and received a grant to further pursue the initiative.

Setting the Stage, Building the Base

The foundation was intentional about broadening its team and knowledge in the development of the initiative. Knowing that it had practice, but not expertise, in youth leadership, the foundation recognized the importance of forming key partnerships with leading experts. Two key organizations – the University of Michigan's School of Social Work and the Dorothy A. Johnson Center for Philanthropy at Grand Valley State University – had worked with the foundation previously and were brought in as consultants and collaborators. The Johnson Center consulted on developing organizational capacity and skill-building strategies for youth-serving organizations in the region. The U-M School of Social Work, along with Michigan's Children, a nonprofit policy-advocacy organization, worked on developing a youth regional assessment, a regional youth council, and a youth-led social-justice grants program. These strategic partnerships helped guide and inform the work.

Elements of Work

The Regional Youth Initiative was implemented over four years, from 2012 to 2016. While much of the work is complete, aspects of the project are still being carried out as of this writing and the initiative's impact continues to be felt. The initiative contained four main elements:

1. capacity-building workshops,
2. a regional youth assessment,
3. development of a social-justice regional grants program, and
4. regional discussions about the role of youth.

Capacity-Building Workshops

Beginning in 2012, the foundation worked with the Johnson Center to design a series of workshops for select youth-serving organizations providing youth-leadership and youth-development services in Southeast Michigan; most of these organizations had been foundation grantees. The process was informed and vetted by a range of youth-serving organizations and by young people themselves.

These workshops were aimed at building awareness among youth-serving organizations, developing skills, and helping foster a regional network of youth-serving organizations. Through seminars, peer-group learning labs, and individual coaching, the workshops encouraged the establishment of a regional cohort of youth-serving organizations that demonstrates best practices for managing effective programs. The four daylong sessions and two peer-group learning labs drew participation from more than 200 adults and youth from over 60 youth-serving nonprofits across the region.

The workshops focused on select topics: cultivating youth in organizational leadership and decision-making, strengthening evaluation strategies, strengthening communication strategies through storytelling, and developing sustainable funding. Each workshop featured national and local experts. As an incentive for participation, the foundation offered a free, one-on-one coaching session by the Johnson Center to organizations that attended all four trainings. This coaching was one of the most well-received workshop components; more than 90 hours of one-on-one coaching focused on individualized needs was delivered to 21 organizations.

Regional Youth Assessment

A second element of the initiative, built directly from the youth-leadership framework, involved a participatory assessment of regional needs

A second element of the initiative, built directly from the youth-leadership framework, involved a participatory assessment of regional needs developed by and for young people. This component – initially characterized as “taking the pulse of the region” – was led by the U-M School of Social Work and involved a team known as the Metropolitan Youth Policy Fellows. The team was made up of about a dozen high school-age youth recruited through community organizations; many had been involved with Youth Dialogues on Race and Ethnicity in Metropolitan Detroit, a social-justice youth-leadership program sponsored by the School of Social Work.

developed by and for young people. This component – initially characterized as “taking the pulse of the region” – was led by the U-M School of Social Work and involved a team known as the Metropolitan Youth Policy Fellows (MYPF). The team was made up of about a dozen high school-age youth recruited through community organizations; many had been involved with Youth Dialogues on Race and Ethnicity in Metropolitan

Detroit, a social-justice youth-leadership program sponsored by the School of Social Work (Checkoway, 2009).

The MYPF met regularly, starting in September 2012, to discuss a participatory assessment process. The fellows began by identifying key topics and issues in their communities – health, transportation, diversity, education, safety, and youth participation, roles, and opportunities. After discussing the topics and researching earlier youth assessments, the team narrowed the scope of the questions and decided to draft a survey.

The MYPF recognized the importance of network development in reaching its goal of 1,000 completed surveys. Young people spent a significant amount of time brainstorming on multiple levels within their own networks to generate lists of other youth they could reach. In the end, more than 1,100 young people across the region completed surveys.

After analyzing the surveys, the MYPF conducted focus groups to delve into key issues. The team then compiled the findings, developed themes, prepared recommendations and, ultimately, decided to create a video report to document its findings and share ideas with key stakeholders. The fellows also wrote a report, “Listen to Youth,” which detailed their findings and recommendations,³ including expanded opportunities for all youth and for youth leadership, healthier and safe communities for young people, and greater diversity within and across communities.

Youth Social Justice Summit and Youth Voice Grants

A third element of the initiative was a youth summit and grantmaking process. In response to the MYPF recommendations, the foundation used some of the funding from Kellogg to fund a one-time Youth Voice Social Justice Grants program to support youth from the region in developing their own “big ideas” for creating change.

³To read the full report and view the video, see <https://cfsem.org/media/youth-voices-for-social-justice-survey-results/>

FIGURE 2 Youth Voice Summit

The foundation worked with the MYPF to create a request for proposals. The youths' perspective shaped the overall grant proposal, including the idea of proposals on video in addition to written proposals. This was something the foundation had an interest in piloting, and the young people involved thought the grantmaking program would be a good vehicle.

To help launch the grantmaking process, the MYPF and foundation staff organized a regional youth summit for the fall of 2014. (See Figure 2.) Youth teams from the region, identified primarily via the 60 organizations that had participated in the trainings in the first phase of the initiative, were invited; 120 young people from more than 20 organizations and schools attended the summit. Using a peer-to-peer workshop style, the MYPF and the U-M team engaged youth in strategizing about their ideas, developing their plans, and generating ideas for “pitching” on video. Adult advisors were given resources and support from foundation program staff to help them understand the proposal process. Teams left with workbooks to help them move, step by step, from ideas to a proposal.

The proposals had a one-month due date from the summit – October 2015. It was a quick turnaround, but the goal was to get projects going by the following December, so that students

FIGURE 3 Youth Grantee Convenings

who were in their junior or senior years of high school would participate in the lives of the projects, if funded. The grants, ranging from \$5,000 to \$10,000, were for one-year projects that would help create change in response to the survey findings. The MYPF and YAC members gave feedback and recommendations on the project proposals, and \$150,000 was granted to 18 youth-led projects.⁴

Six of the seven counties served by the foundation were represented in the funded projects, including programs to improve quality of life in local communities, increase youth leadership in nonprofit and school-based organizations, engage young people in social-justice issues in their schools, and involve young people in leadership in the region. (See Table 1.)

After the grants were awarded, the foundation held a series of networking and capacity-building workshops for the grantees in collaboration with the U-M School of Social Work and the MYPF. The goal of these workshops was to build the youths' engagement and leadership skills, enhance team and project development, and help organizations see one another as resources and as members of a regional network focused on strengthening youth voice. Workshops also used a peer-driven model in which youth grantees shared their work, helped one another troubleshoot challenges, and brainstormed ways to share their work. These workshops also helped to support the adult ally at each organization through the life of the project. (See Figure 3.)

⁴For details, see <https://cfsem.org/media/community-foundation-awards-150000-to-organizations-across-the-region-to-benefit-youth/>

TABLE 1 List of Youth Voice Grantee Projects

Sponsor	Project
Affirmations Lesbian and Gay Community Center Inc.	An LGBT youth group that strengthens youth voice in the organization
Arab Community Center for Economic and Social Services	The Dearborn Youth Empowerment Initiative, to promote race and ethnicity dialogue
Boys and Girls Clubs of Oakland and Macomb Counties	A teen leadership summit and community-service action plan for youth
City of Port Huron	A youth plan to reconstruct two city basketball courts
Community Social Services for Wayne County	"Potluck Discussions" to build life skills for homeless teen mothers and their children
Corner Health Center & Ozone House	Support for Ypsilanti youth in sharing concerns and finding solutions with community leaders
Dearborn Public Schools	A social-justice course for juniors and seniors at Edsel Ford High School
East Michigan Environment Action Council	Workshops to raise awareness of environmental and climate-justice issues for youth in Detroit
Farmington Public Schools	Support for Farmington Central High School students to build communication skills to address diversity issues
Farmington Public Schools	Diversity-focused activities at Farmington, Harrison, and North Farmington high schools
River Raisin National Battlefield Park Foundation	Incorporating Wyandotte Nation's history into a youth-led kayak program
SER Metro-Detroit Jobs for Progress Inc.	A one-day conference to build relationships between youth and adults across metro Detroit
Student Conservation Association Inc.	Establishment of a youth alumni council to help launch a year-round leadership program
James and Grace Lee Boggs School	An intergenerational community mentoring program
University Prep Math & Science High School	A student-exchange program with other schools in the region to build cultural awareness

The final workshop, in February 2016, celebrated the work of the grants through a project summit and showcase. Teams developed presentations on the impact of the projects on their members, their schools, and their communities. Foundation leaders discussed future resources and provided

support for projects in developing the next steps. All youth leaders received certificates for participating, and each team received a framed certificate for their organization. While the funding officially ended in December 2015, many of the projects have continued through new funding,

leveraging of new resources, or through creating sustainable structures for youth voice (e.g., youth councils or institutionalized youth programs). Furthermore, the foundation's relationships with the adult allies ensure continued conversations about youth leadership beyond this youth cohort.

Regional Awareness-Building

The fourth element of the initiative was creating a larger awareness and discussion about the role of youth in the region. In many ways this was the least independently programmed element of the initiative, as the ideas around raising the importance of youth voice were embedded across the other three elements: Each workshop for youth contributed to building youth voice. Each MYPF meeting with other young people raised awareness. Workshops built capacity across organizations and among youth. Each grant helped to educate specific organizations and communities about why youth voice matters. Networking and engagement helped create a new regional synergy.

However, there were also intentional activities and a communication strategy focused on raising awareness across the region. The communication strategy was aimed at connecting key community leaders to the project and raising general awareness through the media. This was done, in part, through presentations to Community Foundation of Southeast Michigan board members and discussions with other foundations in the region. The foundation also built a web page dedicated to the project, which became an organized way to share the MYPF's written report and video, photos, and other materials.⁵ The foundation commissioned a short video about the project and its outcomes that is featured on the website, along with fact sheets written by the MYPF about strategies for strengthening youth voice aimed at youth, adults, and policymakers.

One highlight of the strategy emerged from an idea for a bold way to foster regional discussion around the role of youth. Building on a long-time partnership, the foundation and Detroit

FIGURE 4 Detroit Public Television

Building on a longtime partnership, the foundation and Detroit Public Television worked with the University of Michigan on a concept for a televised town hall with an audience of the Metropolitan Youth Policy Fellows and youth grantees to raise awareness of the power and potential of youth leadership.

Public Television (DPTV) worked with the University of Michigan on a concept for a televised town hall with an audience of the MYPF and youth grantees to raise awareness of the power and potential of youth leadership. (See Figure 4.) The conversation featured foundation President Mariam Noland; Detroit civic leader Joseph L. Hudson Jr.; Aaron Dworkin, dean of the University of Michigan School of Music, Theatre, & Dance; *Detroit Free Press* editorial page editor Stephen Henderson; and four young people: Metropolitan Youth Policy Fellows Abhijay Kumar and Meaghan Wheat and YOUTH Voice social-justice grant project participants Kiristen Hubbard-Curry, of the Corner Health

⁵See <https://cfsem.org/initiative/youth-voice-for-social-justice/>

To have an impact, any initiative specifically aimed at youth leadership must prioritize the voices and engagement of young people. In this case, the initiative was informed at every stage by young people. The initial concept for the project was linked to the foundation's experience with YAC members, and the University of Michigan's MYPF team helped drive the development of the information, which informed the social-justice grants project and formed the basis for larger regional discussions.

Center, and Harmony Rhodes, of Detroit's University Prep Science & Math High School. The town hall aired twice on DPTV and created a buzz that initiated further discussion across the foundation network and the region.

Initiative Evaluation

The initiative engaged in broad-based evaluation to document project findings; it included program surveys and reports, project documentation, pre- and post-evaluation of youth leaders, grantee evaluation surveys, youth and adult interviews, and grantee site visits. Initial evaluations demonstrated that the project impacted the youth involved and the organizations. An adult ally with a grantee organization reported:

I personally enjoyed working with our youth and preparing them for the conference. It was a learning tool for me as I stood back and guided the youth on their decision-making. The youth learned a lot about themselves from the conference. They also learned about the importance of getting the work done [and gained] specific skills such as public speaking. In addition, I enjoyed [their] feedback on the conference. I remember one of them saying, "We are the future and we are the ones who can create change."

Another observed that the young people:

[H]ave grown in ways that I did not even anticipate. The youth who planned and executed this project have become leaders at their schools and across the community. The success of writing for this grant motivated them to pursue others. They have begun to develop diversity projects and take on full ownership of the projects without asking for much support. A few have taken on projects across metro Detroit. I see that they are all more empowered, confident, and energized.

Grantees also said they saw changes in their organizations and in the community:

I feel that while I have been a huge advocate for youth voice and action, this project allowed our entire secondary staff to understand and value these things in a way they had not done previously. From administration to teachers to support staff, I saw the adults in the organization begin to shift their attitudes of sarcasm and skepticism to ones of hope and belief in our students.

The Summit [a project funded by the grant] had the highest attendance of neighborhood members. ... The successful turnout was attributed to [youth] canvassing the neighborhood during the weeks leading up to the event. [They] personally invited the neighbors by passing out fliers attached to Better Made chips with the slogan, "We are better when we come together." The event allowed for the fostering of more meaningful relationships between the neighborhood and the school.

Lessons Learned for Foundations

Among the many lessons from a foundation perspective learned from this experience, six key insights emerged:

The Essential Voice of Youth

To have an impact, any initiative specifically aimed at youth leadership must prioritize the voices and engagement of young people. In this case, the initiative was informed at every stage by young people. The initial concept for the project was linked to the foundation's experience with YAC members, and the University of Michigan's MYPF team helped drive the development of the information, which informed the social-justice grants project and formed the basis for larger regional discussions.

Most important, the MYPF served as a catalyst for the project. The youth team's work helped shaped the direction of the project, from the use of social-justice language to the development of the youth-led grants format to the networking and collaboration components. Young people's voices and ideas were taken seriously. The MYPF survey video, for example, was a helpful tool in communicating the value of the project – not merely the results of the survey, but the importance of letting youth lead.

Engaging youth voice authentically is also key to success. The ability of young people to tell their stories – about the region, their projects, and their communities – helped to engage adults. When adults hear young people's ideas and understand what they need, it is more compelling than when adults merely talk about what they think young people need. Similarly, when young people see their peers stepping forward and taking action, it helps create a platform for engagement. They begin to understand what is possible and relate to others who care about their schools and communities. We saw this through the powerful ways the MYPF work resonated with young people, and the ways in which they shared their learning with others.

Partnerships With Subject-Matter Experts

This initiative highlighted the importance of ongoing partnerships. Given the scope and multilayered nature of the work, it was important for the foundation to bring in key partners who were subject-area experts to consult with and implement specific elements for different phases of the

project. Although the program partners – the University of Michigan and the Johnson Center – were awarded grants for their components of the initiative, they functioned as team members alongside foundation staff. While the foundation stepped back to enable each partner to provide expertise, there were many opportunities for discussion and engagement on all aspects of the initiative and the foundation and its partners worked as a team to implement it. For the youth elements, it was critical to have a core staff member who worked directly with the MYPF to support the youth, engage their voice, and provide a feedback loop from the young people to the foundation staff.

In addition to strong relationships within the core team, it was important for the foundation to build such relationships with all the organizations involved in the project, and to provide the adult allies on the projects with technical grant support. For many youth organizations, these were not “typical” grants – the adults were not the ones responsible for program implementation and results – and foundation staff provided reassurance that this youth-led approach was, in fact, intended.

Buy-In From Organizational and Initiative Leadership

A multilayered youth-leadership initiative requires support and buy-in at every level. At the end of the day, the foundation needed to be the one to support the concept, help market the ideas, provide the resources, and create the leverage for the broader discussion. The initiative could fully develop because of its multiple layers of support. It required commitment from the board as well as from the foundation's president and senior leadership. It helped that the initiative was launched by a senior director of the foundation and supported strongly by the vice president for program. In addition, two program officers served as champions at various stages. It is evidence of the foundation's commitment and buy-in that the program was presented multiple times to the board and to program committees, and that the foundation's president and a founding board member participated in the DPTV town hall.

Young people invited one another to their own project events in ways that would not have happened prior to the initiative. A group of youth from Detroit, for example, invited other youth grantee recipients and the MYPF to speak at its youth-adult partnership summit. It is evident that creating opportunities for youth to be in a space together was important.

Because the project engaged young people's ideas, many elements of the project developed organically. As a result, there was need for ongoing support for the project and, at each stage of development, buy-in from the various stakeholders. Youth organizations and adult staff members had to be willing to engage young people locally. This project also needed young people to buy into the concept, the approach, and every other aspect. The initiative would not have succeeded without the engagement of young people; their buy-in depended on their belief in the project's authenticity and their understanding of their role.

Capacity Building

Another takeaway from this initiative was the importance of capacity building. While foundation programs often focus on individual projects and impacts, this initiative focused on multiple levels and layers, and sought to make regional change. Using a systems and youth leadership perspectives framework requires thinking beyond individual projects to the roots of long-term change. In this case, it necessitated understanding what was needed to encourage young people to step forward as leaders, and what was needed to

help organizations take the next step in systematically engaging youth. Capacity-building workshops and activities targeted at young people and organizations became critical to providing that support and skill-development opportunities.

A secondary component of the capacity-building effort was creating a network for youth and youth-serving organizations to continue the work. While building networks and collaborations is not always what foundations "normally do," it was important to realize that an initiative focused on building youth leadership across a region was going to require new connections, and new opportunities for individuals and organizations to connect. The ability of the young people to share their ideas, workshop their proposals, and receive feedback on their progress led to better projects. For example, two organizations ended up collaborating after they realized they had similar ideas for a project. That project led to a citywide research effort to promote youth engagement – something that was of a bigger scope and broader scale than either group would have taken on alone. At the final youth summit, we observed young people talking through next steps and sharing ideas for future projects.

Creating Sustainable Networks

Throughout the initiative, the organizations and the youth used their connections to develop their own networking. Young people invited one another to their own project events in ways that would not have happened prior to the initiative. A group of youth from Detroit, for example, invited other youth grantee recipients and the MYPF to speak at its youth-adult partnership summit. It is evident that creating opportunities for youth to be in a space together was important.

This was also true for the youth organizations that found peer-to-peer networks to be the most important components of capacity building. While it was important that the networks be peer-driven, it was also important for the foundation to create the space for organizations to initially be involved. From the outset, it also worked to ensure this was a regional effort, putting in extra effort at the beginning to cast

a wide net for invitees to the initial trainings. This early work paid off: six of the region's seven counties were ultimately engaged in the project's Youth Voice grantmaking component. The foundation's leadership believed strongly that if we were truly going to break down racial and economic barriers, we needed to include youth leaders from across the region. It was exciting to see how that inclusion made a difference in the work, primarily because of one-on-one relationships built between the youth and the adult allies, which will in turn help in addressing regional needs in the long term.

Wide-Ranging Impact of Youth Leadership

While this project was focused specifically on youth leadership, it is critical to note its impact beyond the youth and youth programs. Although the impact of this project may continue to unfold, it is important to recognize the ways it is helping shape the discussion within organizations, the region, and the foundation.

Project evaluations found that the broader value of youth engagement was recognized region-wide. Many of the grantee organizations talked about how the intentional involvement of the youth voice impacted their organizations and the community. One grantee noted the positive impact overall: "It helped the program take a positive turn ... [and] gave us an opportunity to have a better understanding of the type of groups that were actually needed to better the environment at the facility."

For the foundation, the project had multiple impacts. It has helped inform ongoing YAC efforts by expanding the networks of youth organizations and raising awareness about the role of the youth voice. The project also had an unexpected impact on the foundation's operations by showcasing the potential for using technology and online resources. While the foundation had been testing the use of videos for grant proposals, this project was the first pilot for such technology. The ability to communicate information through the website, social media, and online materials helped connect more organizations and more young people to the project.

As a result, the foundation is prepared to use technology in more creative ways.

Most importantly, the foundation is being thoughtful about making sure the youth perspective continues to be meaningfully welcomed to the table on a number of community topics and discussions. At this writing, the foundation is looking to launch a scan around regional youth sports and will make sure two youth leaders are part of the task force overseeing the project. As with any inclusionary work, it is important to understand community challenges from a number of vantage points if we are to find meaningful ways of addressing those challenges.

Conclusion

As a result of the Regional Youth Initiative, young people were empowered, organizations were strengthened, networks were developed, and the promise of youth leadership was demonstrated to the region. Although its impact may take longer to be fully understood, the initiative's success can be seen in the ways that the region's young people, organizations, and the foundation itself now incorporate youth leadership.

Foundations are poised to be leaders of regional efforts to engage youth. They can build capacity, provide leverage, and help highlight key ideas. While this initiative was grander in scale, elements of the project can be scaled up or down; in many ways, the lower-cost components of the initiative – youth involvement, network development, peer-to-peer engagement – provided the most valuable lessons.

Foundations and regional decision-makers have much to learn from youth and their efforts. As this initiative suggests, young people have good ideas about improving their communities and they need opportunities to have their voices heard. When organizations can create the platforms for youth involvement – and foundations can help provide the support for those efforts – young people, organizations, and the region will be strengthened.

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Community Innovation Network Framework: A Model for Reshaping Community Identity

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Keywords: Innovation, rural, capacity building, community engagement, community identity, network development

Key Points

- The REACH Healthcare Foundation created its Rural Health Initiative to encourage the development of innovative strategies to improve access to health care and reduce health inequities in three rural counties in Missouri and Kansas. The intent was to develop a systematic, sustainable, and coordinated approach to community change that would increase the odds of breaking through the persistent barriers to health care access for the rural poor and medically underserved in these counties.
- This article discusses the foundation's original approach to the initiative and how it adjusted that approach in response to its rural partners' experiences. It reflects on the challenges encountered in rooting the four conditions and capacities of community change and innovation – supports for implementation; foundational structures; skills and processes; and community engagement – into the work of community health improvement.
- The article also describes lessons learned and new roles for funders interested in assisting communities that are seeking to deepen and extend capacity and innovation and forge a new identity.

to health care access for rural residents who are poor and medically underserved. After more than four years of implementation and refinement, the structures and processes used in the RHI have formed the foundation of the Community Innovation Network, a promising framework for growing sustainable innovation capacity. Starting with a composite of core features from several models for stimulating and supporting community change, the framework evolved into four conditions and capacities as well as associated early outcomes that must be in place for meaningful change to occur. The network has been found to engage community members and to bring in additional stakeholders and thinkers to grow and sustain innovation throughout the community.

The cornerstone of the network is an approach that required our local partners to effectively build and support a community culture that prioritizes collaborative work in nonhierarchical community change efforts. This is a central focus for community capacity building around which the necessary conditions exist for successful and sustained community change. Those conditions are financial and human supports for implementation; foundational structures that support the growing network and its semiautonomous groups in their efforts to innovate; proficiency with new skills and processes for relating, working, and leading networks; and engagement of residents through a constellation of strategies.

Introduction

In 2012, the REACH Healthcare Foundation created the Rural Health Initiative (RHI) with the goal of breaking through persistent barriers

For rural communities to have a sustainable future, they need to find innovative approaches to engaging residents, leveraging civic resources, and attracting investors and businesses.

While the framework and lessons learned emerged through our work in rural communities, we believe the Community Innovation Network is applicable to all types of communities seeking solutions to pressing problems and will help them to create more opportunities for their residents to be part of identifying and implementing innovative solutions. This article describes the original approach to the RHI and how the REACH Healthcare Foundation and its advisors adjusted the approach in response to our rural partners' experiences, and shares reflections on the complexities and challenges encountered in rooting the four conditions and capacities of community change and innovation into the work of improving community health. It also describes lessons learned and new roles for funders interested in assisting communities that are seeking to deepen and extend capacity and innovation and forge a new identity.

Background

Rural areas are in the midst of a historically significant transformation that is producing serious threats to the well-being of residents and the viability of communities. While nearly 50 million people live in rural America – approximately 17 percent of the population – rural counties are losing population for the first time (U.S. Census Bureau, 2012). While there has been a long history of rural flight to urban centers, mostly among adults seeking jobs, recent data indicate that baby boomers are not retiring to rural communities and that job growth in rural areas has not recovered from the Great Recession. The culture and identity of rural America has been slowly eroding due to federal

policies such as farm subsidies; to cultural fragmentation exacerbated by the loss of key community institutions such as family farms, rural hospitals, businesses, banks, and schools; and to demographic shifts that have increased the number and diversity of low-income residents and the demand on social services.

Limited access to health care – due to fewer providers per capita, the need to travel for regular and emergency care, and lack of insurance – has produced rural communities whose residents are older, poorer, sicker, and have a life expectancy that is two years shorter than their urban counterparts (Agency for Healthcare Research and Quality, 2014; National Rural Health Association, 2016; Stephens, 2014). Warnings about how these threats have been undermining the spirit of innovation and self-sufficiency in rural communities have been issued for decades (e.g., Kotkin, 2002).

How communities decide to respond to these changes will determine what “rural” means and looks like in the future. Creating a vibrant, sustainable community requires high levels of civic resources, including a strong sense of cooperation; community trust and involvement in local community organizations; and confidence in local government. For rural communities to have a sustainable future, they need to find innovative approaches to engaging residents, leveraging civic resources, and attracting investors and businesses (Dillon, 2011; Dillon & Young, 2011).

The successful transformation of declining rural communities is important for the well-being of residents and, more broadly, for the nation's future. Fortunately, there are many potential opportunities for that transformation that reflect rural identity and culture and capitalize on the strengths of rural communities – including a significant and underutilized potential for innovation – if community leaders have the necessary skills and a framework to focus and guide their efforts (Easterling & Millesen, 2015).

The Rural Health Initiative

The REACH Healthcare Foundation created the Rural Health Initiative to encourage the development of innovative strategies to dramatically

improve access to health care services and reduce health inequities in Missouri's Lafayette and Cass counties and in Allen County, Kansas. The intent of the RHI was to develop a systematic, sustainable, and coordinated approach to community change that would increase the odds of breaking through the persistent barriers to health care access for the rural poor and medically underserved in these counties.

The RHI focused on creating an action orientation using a network approach that empowered local stakeholders to identify and carry out new strategies to increase access to health care services and supports. The rationale for using a network approach was the foundation's belief in the need to substantially change the process of community problem solving to engage a wider cross-section of passionate stakeholders ready to embrace new ways of relating and working together to bring in new ideas, energy, passion, and human capital.

At the same time, the foundation wasn't seeking to promote the creation of more activities and events to attend in rural communities, but, instead, to build local capacity to innovate, which would ultimately result in new solutions to persistent problems. By innovating in the process of work – how our rural partners related to one another, worked together, and led the work

– we believed that the likelihood of surfacing innovative solutions would be greater.

Recognizing that rural communities are not homogenous, the foundation began the initiative acknowledging each county's unique history, resources, and existing challenges. Prior to the launch of the RHI, the 2011 Robert Wood Johnson Foundation County Health Rankings for the three targeted counties indicated several barriers to health care access – several of which are common in rural communities nationally. (See Table 1.) All three counties had high rates of poverty and uninsured residents, and a shortage of medical providers – factors associated with poorer health outcomes (Agency for Healthcare Research and Quality, 2013).

Compared to national rates, the foundation's rural counties had higher rates of preventable hospital stays, premature death, and chronic and/or preventable conditions such as colon cancer, coronary heart disease, lung cancer, vehicle injury, and stroke; lower rates of mammography and diabetes screening; and lower life expectancy (Mid-America Regional Council, 2013).

Despite almost a decade of philanthropic investment in these counties, the foundation could see little meaningful improvement in health access and outcomes. After taking a hard look at these

TABLE 1 2011 County Demographics Prior to Launch of Rural Health Initiative

	Allen County	Lafayette County	Cass County
2011 Population	13,411	33,287	100,052
Median Household Income	\$40,275	\$50,648	\$53,936
Poverty Rate	15.4%	7.8%	9.0%
Unemployment Rate	5.8%	6.5%	6.4%
Total Number of Uninsured	1,677	3,779	12,314
Percentage of Uninsured	12.5%	11.6%	12.4%
Percentage of Adults Who Could Not See a Doctor in the Past 12 Months Because of Cost	12%	15%	13%

Source: Mid-America Regional Council, 2011, cited in Klem & Holley, 2015, p. 57.

findings, the foundation recognized that a different investment approach was needed.

Evolution of the RHI

The foundation's long history of investment in its rural communities revealed that our investments were supporting the status quo. Proposals were becoming noncompetitive for our limited investment budget, and the same organizations were applying to do the same thing year after year. Consequently, the foundation decided to focus the RHI on growing the capacity for innovation. The foundation's goals for the RHI were to invest in the process of solving community problems such as poor health outcomes, create new community capacity to innovate and compete that could be sustained long after the initial investment ended; and create new partnerships and opportunities for investment in the health and health care of the community.

To create the original RHI design, the foundation began by partnering with known and trusted organizations in the three counties, forming a national rural health advisory council, and reviewing models of innovation and community change. The research and planning helped formulate guiding principles and a set of change models, along with other supports. The foundation committed to a multiyear investment in locally identified projects, along with technical assistance and coaching to ensure that rural partners would have the skills to plan, implement, and lead their innovation efforts and be more competitive for future funding opportunities. The guiding principles for this initiative were:

- sharing and promoting a bold vision of dramatically improved access to health care;
- engaging strong leaders from a range of sectors;
- rejecting the status quo so that the RHI could craft a systemic approach to communitywide change;
- being entrepreneurial in spirit and approach, and seeking ways to innovate and

be flexible with regard to solutions, strategies, and investments; and

- promoting and fostering community engagement, cooperation, and collaboration.

The change models that were factored into the overall design of the RHI were:

- *Collective impact*: cross-sector coordination focused on a specific, large-scale social problem that requires five conditions for success – a common agenda, shared measurement systems, mutually reinforcing activities, continuous communication, and a backbone support organization (Kania & Kramer, 2011).
- *A network approach*: a strategy to create the capacity for continual innovation and action, accomplished by building a network of people and organizations interested in a common issue or social problem, encouraging many people to initiate collaborative action, and spending time on tracking, deep reflection, and learning to allow residents to transform their community (Krebs & Holley, 2005).
- *Capacity building*: the combined influence of a community's commitment, resources, and skills that can be deployed to build on community strengths and address community problems and opportunities (Aspen Institute, 1996).

As local planning processes unfolded, foundation staff and the initiative's technical assistance (TA) team saw that a relatively narrow group of stakeholders were making most of the local decisions. The foundation and TA team worked to understand and identify the essential conditions and capacities that would lead to greater collaboration and community engagement. Ultimately, a hybrid of the change models emerged that eventually coalesced into the Community Innovation Network, reflected in the initiative's theory of change. Over time, the predominant strategy for change in the RHI moved from collective impact

to a network approach that involved creating new relationships and collaborations to leverage individual and collective strengths and interests (Holley, 2012). Specifically, network leaders would strive to add more diversity to the core of the network, help people in the core connect to people outside their community to create a periphery of new ideas and resources, connect people with similar interests, help people identify opportunities for change, and initiate self-organized working groups and projects. All of these activities add people to the network and increase the number and quality of the connections within and across communities. These relationships influence the likelihood that effective collaboration and innovation will occur (Walzer & Cordes, 2012).

The RHI/Community Innovation Network Theory of Change

As the three participating communities began to engage around identifying priorities for improving health, it became clear to the TA team that certain skills and conditions for meaningful change were absent in the planning stage. In addition, it was evident that our rural partners were struggling to find their starting point for creating new solutions to the pressing health problems in their communities. The foundation identified “theory of change” as a tool to communicate and focus technical assistance – a tool that is particularly effective for creating a shared vision for change. It provides stakeholders with a specific and measurable description of their community change initiative that forms the basis for strategic planning, ongoing decision-making, and evaluation. A basic theory of change explains how early and intermediate accomplishments set the stage for producing long-term results (Anderson, 2015). Because any good theory of change evolves to integrate new learning, the current iteration also represents the theory underlying the Community Innovation Network. (See Figure 1.)

The long-term outcomes of the RHI are to improve health outcomes and reduce disparities in those outcomes within rural communities. For those long-term outcomes to be achieved,

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however, intermediate outcomes must improve, which means increasing access to health services, improving quality of care, and establishing better coordination among services and more-informed utilization of those services by consumers. The foundation recognized that these health-system structural changes are part of a larger set of influences on the health of residents (e.g., social determinants and individual behaviors). But given the core mission of the foundation to address health care access and quality, a relatively short time frame, and limited resources for this investment, the foundation and its national advisory team believed the best chance at improving health outcomes would occur through improvements in the health care system. The RHI stakeholders also recognized that these long-term outcomes required a re-visioning of the existing community health care system and an ability to adapt

FIGURE 1 Community Innovation Network Theory of Change

to changing community conditions. Among the features of this ideal health care system:

- Each consumer has a designated medical home.
- Each community has a designated health care navigation resource.
- Hospitals have established systems to divert high utilizers of inappropriate emergency room use to more appropriate services.
- Outreach to and education of the uninsured, underserved, and unserved are a funded structural feature of the health care network.
- Tele-health and other place-based strategies are implemented.
- Safety net clinics, community mental health centers, and hospitals have established referral systems and “warm handoffs” (i.e., follow-up appointments made for consumers by service providers) are the expected norm.

While this part of the theory has remained consistent throughout the initiative, our understanding of the foundational capacities and conditions

that move stakeholders toward collaborative problem solving and innovation evolved and are now reflected in the latest iteration of the theory of change. The capacities and conditions are:

- *Supports for implementation:* A variety of resources – such as facilitation early in the process, coaching, professional development, and money – are essential for sustained efforts to bring about community change.
- *Foundational structures:* These include community leadership teams, semi-autonomous but well-supported working groups, a growing network of individuals and organizations interested in finding new solutions to community problems, and an influential champion to start the work in the community. Rural communities may require a backbone organization – one that is a trusted community resource known for supporting collaboration. Backbone organizations provide the necessary logistical and practical supports to ensure that funding is appropriately distributed, minutes and notes are kept, meeting locations are secured, and communication with stakeholders occurs.

- *Processes and skills:* Communities struggling toward a new vision of the future often find themselves stuck in a cycle of talking without action and follow-up; lacking accountability for implementing actions; and closed-system thinking, where the same small group of individuals are leading and representing the views of the community on a variety of public issues. New processes and skills must be taught, modeled, supported, and reinforced to ensure (1) a community-driven vision of priorities and of the future; (2) a network approach to supporting a culture of collaboration, self-organizing, and innovation; (3) opportunities for the development and support of emergent network leaders; (4) effective, action-oriented meetings with accountability and ownership; (5) a communication system and strategies to keep residents engaged; and (6) a shared system of reflective measurement and evaluation.
- *Community engagement:* This entails growing the diversity of the network within, across, and outside the community to increase participation and bring in new ideas and resources. Consistent community engagement (i.e., active and regular participation in the planning, doing, and reflecting on the work) is particularly challenging for volunteers in small, rural communities. A network approach that engages passionate community residents in ways that allow their interests to be reflected in community change efforts attracts additional residents and volunteers who share the work load and insert new thinking and potential innovations into the system.

Our experience suggests that these conditions are not optional and that high-fidelity implementation of these structures, skills, and processes will lead to greater local capacity to create and support innovation.

To ground these RHI structures and processes within a project, rather than asking counties to create them in the abstract, the foundation funded each county to identify and begin to

Communities struggling toward a new vision of the future often find themselves stuck in a cycle of talking without action and follow-up; lacking accountability for implementing actions; and closed-system thinking, where the same small group of individuals are leading and representing the views of the community on a variety of public issues. New processes and skills must be taught, modeled, supported, and reinforced.

implement one or more community strategies for improving health care. A range of projects were implemented through the RHI, including supporting the process to secure new federally qualified health centers in two counties; a Community Connectors program to link residents to local resources; a program to assist families emerging from generational poverty by increasing their social connectedness with their more affluent cohorts; expansion of a dental clinic; an innovation fund to support community mental health projects; and a leadership summit to facilitate network development among organizations that had not worked together in the past. These early projects evolved through the life of the initiative to become more innovative and collaborative as the structures, networks, and skill sets of the community members strengthened and deepened. For example, two rural counties have collaborated to propose a rural Uber transportation system to address a lack of reliable transportation – a persistent barrier to health care access.

Clearly, the RHI model is complex and could take decades before realizing significant improvement in the long-term outcomes. This said, the foundation anticipated seeing progressive and developmentally appropriate improvements in the early outcomes within the first two to three years of implementation, with positive change in the intermediate outcomes occurring by year four.

As the conditions and capacities are fully implemented, the earliest signs of change emerge:

- Trusting, mutually supportive relationships are formed.
- Network expansion and adoption of network supportive roles begin to occur.
- Increased collaboration, inclusivity, innovation orientation, and self-organizing are demonstrated through participants' values and behaviors.
- Individual and organizational skills in leading networks, supporting emerging leaders, communication, building network connections, and sustainability are strengthened.
- Measurable progress toward new capacity and project goals is seen.

Clearly, the RHI model is complex and could take decades before realizing significant improvement

in the long-term outcomes. This said, the foundation anticipated seeing progressive and developmentally appropriate improvements in the early outcomes within the first two to three years of implementation, with positive change in the intermediate outcomes occurring by year four. The assumption was that with the necessary support to implement new skills, structures, and processes, as well as funding to support a handful of collaborative early innovations, the intermediate outcomes would show improvement. The foundation had no expectation at the outset that the long-term outcomes would be achieved during the active investment period. The anticipation was that the conditions and capacities for community change and innovation would be in place before the end of the funding period. The next section presents the stages of the RHI: how the initiative shifted, expanded, and was implemented.

RHI Development

Stage One

At the start the RHI was intentionally amorphous, with the goal of using the change models of collective impact, robust networks, and capacity building to embed supporting structures in communities that would then foster the creation of innovative solutions by communities themselves. This caused some confusion regarding the foundation's expectations, because our rural health partners were accustomed to following a defined set of contracted deliverables. Because the foundation saw the RHI to be a groundbreaking initiative with staff learning alongside the RHI participants, it was not comfortable being prescriptive about what innovations would emerge – only that the process would be implemented with fidelity.

This early stage saw the establishment of core leadership teams in the three rural communities: stakeholders building relationships and developing basic collaborative processes, conceptualizing local projects, identifying a backbone organization, and engaging a larger group of stakeholders in the work. Two of the counties moved quickly to implement a project to kick off the RHI; the third had a change in the core leadership team

and, therefore, extended its planning process. Though time-consuming, this protracted process was essential for community participants to learn a new way to work collaboratively on unconventional ideas.

With the emphasis on collective impact and capacity building, the network approach was pushed to the back burner. As foundation staff and the TA team worked to revise the RHI theory of change in late 2013, it became clear that collective impact and the network approach were at odds with each other: Collective impact has a more traditional approach to leadership and project management, whereas the network approach utilizes semiautonomous working groups to provide opportunities for emergent leaders to initiate projects and take on new roles in the community. As a result, the RHI teams had fallen into more traditional and comfortable patterns of leadership and group behavior, while the foundation and TA team had hoped to see emergent network-based leadership. The rural partners were also struggling to address their lack of capacity in surfacing innovations and growing a robust network of stakeholders from which to mine new solutions. In response, technical assistance was adapted to better support network and leadership development in 2014.

Stage Two

In the second stage, the RHI moved away from collective impact as the guiding framework and more toward a network approach, including growing network-leadership skills, identifying and supporting emergent leaders, and reflective evaluation. The network concept of working groups was introduced where self-organized, semiautonomous collaborative teams come together around a specific community need to develop new solutions. One of the challenges in rural communities – and a reason for the focus on growing networks and building leadership skills – is that there tends to be a small handful of leaders within rural communities who are responsible for most of the community planning and decision making. This, in turn, tends to make burnout more likely, ensure that history and tradition trump innovation, and limit opportunities for new thinking.

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One example of a process innovation that changed the composition of the network was an intentional decision by the core leadership team in Allen County to engage participants who typically would not have a place at a leadership table, specifically individuals living in generational poverty. While not necessarily innovative in all communities, those voices had not been included in Allen County. Other innovative activities included social-network mapping and analysis to help expand networks and identify new working groups. The RHI convened “communities of practice” events that brought together foundation staff, the TA team, and representatives from each community to share ideas and experiences. This format generated new relationships and cross-county collaborations.

Finally, the second stage included a strong focus on having stakeholders craft their own RHI theories of change to create a more localized and

collaborative vision of their own ideal health care system and what they needed to do to create that system. The theory of change process helped communities prioritize their capacity-building efforts and visualize how they could grow their expertise in designing and leading innovations.

Stage Three

In the third stage, the RHI evolved to include an even more intentional focus on the network approach to community change, reflecting the growing recognition by community leaders of the value of a robust and engaged network of individuals to stimulate ideas and innovative solutions. The foundation added a network leadership coach to the TA team to assist its rural partners as they strived to implement working groups as centers for innovation. The TA team also began to model a fully operational network approach by building deeper working relationships, reflecting what it was learning from the rural communities and by taking on more collaborative TA roles.

By the end of stage three it was obvious that a more rapid feedback loop was needed for the local stakeholders and the TA team to support network implementation and change in the conditions and capacities at the local level. Working with the rural partners, the TA team developed an online survey to capture network behaviors and practices such as levels of participant engagement and trust to inform planning and improvement. Information from the survey helped direct attention to areas needing improvement.

Also, after years of struggle, it had become clear at this stage that Cass County, for historical and cultural reasons, was unable to maintain momentum with the RHI. Ultimately the foundation encouraged Cass County to reconsider its involvement, the county agreed, and the TA team refocused its attention on the remaining two counties.

Stage Four

For the current and final stage of RHI funding, the focus is on deepening and sustaining new process innovations and prioritizing local

innovations that offer the greatest potential for strengthening community identity and the long-term health of residents. With the creation of the network practices survey and a focus on building capacity for data-based decision-making, our rural partners have become more effective at using data to monitor and adjust implementation of their local innovations.

After four years, the RHI leadership teams have been able to build working groups as well as a reputation in their communities as leaders in community conversations on health. In Allen County, the RHI leadership team is now seen as the go-to entity for those who want to bring about meaningful health and social change in the county. For example, the leadership team was instrumental in facilitating a community dialogue that prevented the closing of an important state social service agency in the county.

The Lafayette County Connectors program has greatly expanded its collaborative effort. In stage four, there is a movement underway to create a new leadership team out of the Connectors working group, which grew from eight to 70 members and now spans three communities. The working group has adopted network-oriented practices focused on collaborative problem solving to address local health and human service needs.

These and other innovations provided successes for our rural partners that helped motivate participants to stick with the hard work of community change.

Outcomes and Innovations

The following improvements in early outcomes provide evidence of the effectiveness and sustainability of the Community Innovation Network framework:

1. *Trusting, mutually supportive relationships are formed and forming.* The core leadership teams have built more meaningful, strategic relationships – Allen County's core team has grown from five to 20 regular members, Lafayette's Connectors group has grown from eight to 70 participants.

These relationships provide a more solid foundation for future work in improving health. Organizations that have not been engaged in the past are now joining the networks to capitalize on opportunities to collaborate and build new efficiencies in the health care system.

2. *Participants' values and behaviors demonstrate increased collaboration, inclusivity, innovation orientation, and self-initiation/organizing.* Our rural partners have changed how they work together. They are more collaborative, have engaged additional stakeholders, and have adapted and expanded leadership. New leaders have stepped forward to lead work groups and major initiatives. There is an emphasis on growing not just a network of organizations, but also a network of individuals with different skill sets and interests to inform thinking about future work.
3. *Individual and community skills strengthened in resource development and sustainability.* The foundation's total investment in the RHI was \$1.45 million over four and a half years for local projects, technical assistance, and project costs. At the outset, it had hoped the funding would leverage other resources; that goal was achieved. Allen County secured \$844,550, on a total foundation investment of \$330,000, to support community engagement and healthy lifestyles, trails, and food-scarcity projects. Lafayette County secured \$2.67 million, on a foundation investment of \$380,000, to support a new federally qualified health center and four new health care access points.
4. *Networks have expanded and network-supportive roles have been adopted.* Both rural communities have dramatically increased their networks from a handful to dozens of organizations. Additionally, the TA team provided extensive coaching for individuals who wished to support the network; they, in turn, played critical roles in leading network recruitment efforts, building new relationships within the network, and protecting

Both as a direct result of the RHI and through leveraging initiative supports, improvements are already emerging for several of the intermediate outcomes. These include an increased number of access points via new federally qualified health centers in both counties and a new hospital in Allen County, additional providers, and increased access to health insurance through intentional outreach and enrollment innovations.

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the network from counterproductive influences and mission drift.

5. *There is measurable progress toward new capacity and project goals.* Both as a direct result of the RHI and through leveraging initiative supports, improvements are already emerging for several of the intermediate outcomes. These include an increased number of access points via new federally qualified health centers in both counties and a new hospital in Allen County, additional providers, and increased access to health insurance through intentional outreach and enrollment innovations.

Lessons Learned and Implications

Foundation staff and the TA team gained new insights into investing in rural communities and supporting community change as the RHI benefited from the Community Innovation Network framework. Throughout implementation, the

four foundational capacities and conditions of the original RHI framework were shown to be sound, though we gained a greater understanding of what each should entail:

1. *Supports for implementation.* Supporting a network approach to community innovation requires a range of technical assistance roles, such as a network mapping expert, a network coach, an open-minded evaluator, a TA team coordinator, and a content expert (e.g., health access). It also requires the TA team to develop its own culture of collaboration and innovation. Additionally, it is imperative that the team includes local partners in its reflections and draws upon their expertise and knowledge of their community and culture.
2. *Foundational structures.* Backbone organizations play an essential role in catalyzing network initiatives because they can help bring key organizations and individuals into the project. However, it is important to ensure leadership doesn't remain solely with the backbone organization and core leadership team. It was through growing working groups that innovations and emerging leaders were identified and developed.
3. *Processes and skills.* Shifting to a network culture – and particularly letting go of control, being open to uncertainty and possibility, expanding leadership, and appreciating diversity – opened the door for innovation and collaboration. Modeling, talking, and tracking these values through our data-collection tools seemed to accelerate the process. Supporting people to identify, collect, reflect on, and analyze data – such as the network maps – also helped participants visualize and adopt a network mindset.
4. *Community engagement.* Although the foundation and TA team initially believed large stakeholder gatherings would be the vehicle for network recruitment, this was not the case. Instead, creation of working groups became a way to engage new people on a problem or issue around which

they were committed to finding a solution. Expanding working groups to other communities provided another avenue for growth. These approaches are more effective than simply gathering people for information-sharing events.

Implications for Community Change and Identity

Through the RHI, each community experienced changes and gained insights that informed its evolving identity. Stakeholders from two counties saw themselves as having a particularly robust network prior to the start of the RHI. While that was true in terms of traditional leadership, the use of working groups provided a catalyst for inviting individuals not typically engaged to contribute. The already acknowledged leaders continued to remain relevant as they expanded their vision and contacts, allowing them to coach others and approach leadership and problem-solving in new ways.

Framing the RHI around a complex and action-oriented identity using collaboration to identify innovative solutions worked, but it required serious and committed learning and dialogue with foundation staff, TA providers, and stakeholders to understand how this approach would translate at a local level. Communication and the terms used to present a model or framework are important in any community work. Language is a way of creating and reinforcing identity, so it is important to give careful attention to how concepts are framed – allowing local tailoring of terminology and concepts whenever possible. As we improved in this area, our rural partners became more open and engaged.

Finally, it requires resources and time to support a shift from a hierarchical, closed leadership structure reflective of community history and status to an approach that calls for expanding the boundaries of leadership, working openly and collaboratively, and acting on opportunities. The Community Innovation Network provided a framework, coaching to support adoption of new ways of working, funding, and opportunities for stakeholders to learn from other communities.

As a result, the network has proven to be both a process and a road map for communities to begin visioning and shaping a future not previously considered or even viable in the past.

Foundation-Level Perspective

Foundations interested in stimulating innovation in communities can learn from the RHI experience. Foremost is the recognition that systemic community change is complex and sensitive work in any community setting, but perhaps particularly challenging in rural communities with long-standing leaders and traditions. Little is known about effective processes to stimulate innovation in rural communities and services. Research and our experience suggests that existing models cannot be transplanted into rural settings until they are adapted to be more locally relevant and aligned with known conditions and capacities of rural leaders and the community (Poole & Daley, 1985). The RHI encountered challenges early in the initiative when it became apparent that our rural partners' desire to handle local problems in familiar ways was counter-productive to the intent of the RHI to collaborate and innovate. This cultural roadblock to progress was deeply entrenched and required more than two years of on-site modeling, coaching, and technical assistance by experienced network leaders. This necessary shift in ways of relating, working, and leading was essential to the progress made to date.

Funders must also be prepared to acknowledge their lack of understanding of local, but particularly, rural culture; be willing to listen and observe before diagnosing problems and solutions; be flexible regarding how they invest; and be open to revising their operating theory of change based on learnings. Funders frequently fall prey to common pitfalls when supporting community change initiatives: unrealistic expectations, lack of understanding and shared language, mistrust by local leaders and residents, issues of control, and a tendency to place the foundation's agenda over local needs and vision (David, 2008). All of these pitfalls were encountered in the first years of the RHI. Significant reflection and engagement of foundation staff and community leadership was needed to gain a

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more nuanced appreciation of how the community's history and culture shaped its receptivity to engage in new ways of relating, working, and leading. And while place-based, multisector community change efforts are relatively new to health funders, the lengthy history of philanthropic investment in complex change initiatives is important reading for foundations interested in embarking on sustained place-based investment (e.g., Brown & Fiester, 2007; Sojourner, et al., 2004).

Another critical learning was the markedly different level of engagement that foundation program officers and leadership encountered in our first effort to engage in a complex community-based change initiative. Foundations must enter into these commitments with a clear understanding that new skills, additional resources, and extensive time spent in the local communities will be required. The foundation was unprepared for the amount of time and the different roles program officers would need to play to ensure that the initiative would be

The initiative has been remarkably successful in creating new ways of relating, working, and leading – coalescing around a new community identity and belief in the power of passionate people to work collectively toward a new vision for their community.

implemented as envisioned. With the RHI, we often found ourselves “flying the airplane while we were building it.” The adaptive nature of this type of investment required flexibility and reflective learning discussions to test our understanding and adjust our approach. Using theory of change enabled our rural partners and other stakeholders to better understand our vision, the assumptions we were making, the strategies we would implement to bring about early outcomes, and the necessary early conditions and capacities we believed were essential for other elements in the pathway to change.

Finally, the foundation realized one of our most important goals through this initiative: identifying funding opportunities and partners in our rural communities and deepening our relationships with all of our rural partners. In the middle of the fourth year of the RHI, where community networks are now deeply embedded into the fabric of how our rural partners operate, the foundation can count many new partners in our rural communities. The initiative has been remarkably successful in creating new ways of relating, working, and leading – coalescing around a new community identity and belief in the power of passionate people to work collectively toward a new vision for their community.

Conclusion

Changing the way community stakeholders relate to one another, work together, and create innovation is extraordinarily complex and must take into consideration historical and cultural antecedents that form the basis of community identity. How foundations enter into that dynamic is very important. The foundation entered the work of the RHI believing we had a solid understanding of the sociocultural influences operating in the community, and found after two years of struggle that we knew very little about how our community partners thought, worked together, and planned for change. Only after watching, listening, and contributing to an ongoing dialogue about their communities, and clarifying intent, shared goals, a common language, and ultimately building a trusting, mutually appreciative relationship, was the foundation and our TA team able to bridge the large chasm. One simple quote from a key rural community leader in this effort illustrates how much change has occurred. In the first year of the RHI, he said: “Just tell us what to do. If we know what you want, we will do it.” Symbolic of the historical and traditional relationship between grantee and grantor, the rural leader was accustomed to seeking a grant to implement a priority of the foundation. As we shifted the way the foundation approached investment in these rural communities to be more open to innovations emerging within the local community, there was significant initial misunderstanding and distrust. Over time, this sentiment has been replaced with more reciprocal and collaborative relationships. Our rural partners now invite the foundation to consider investing in innovations they are working on and welcome us as a “thought partner.” In the process of empowering our rural partners to take control of their own future by becoming more highly capacitated and collaborative, the REACH Healthcare Foundation has found new partners, new opportunities for investment beyond the Rural Health Initiative, and new ways of working with and supporting our rural partners.

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Foundation Support of Immigrant Communities: Insights From a Survey of Immigrants in Minnesota's Twin Cities

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Keywords: Immigration; Minnesota immigrants; quality of life

Key Points

- Immigration brings both benefits and challenges to communities. This article provides insight into the needs of these communities and offers suggestions for how foundations can consider immigrant and refugee communities in their work.
- This article combines information from Minnesota Compass, a foundation-governed social-indicators initiative, and *Speaking for Ourselves*, a study of immigrants and refugees in Minnesota's Twin Cities metropolitan area that identifies the needs and strengths immigrants bring to our communities.
- The results can help guide foundations and their grantees on how to improve a community's quality of life for immigrants and refugees – to the benefit of all residents. By understanding demographic trends and cultural nuances, organizations can increase awareness, access, and trust among immigrants and refugees, and influence public policy.

Introduction

Immigration constitutes an ongoing dynamic in all communities. Sometimes that dynamic is almost invisible; at other times it is very visible, debated, or salient. In 2011, the World Bank estimated a total of 215 million migrants around the world, with the U.S. having the largest number of foreign-born residents – approximately 42 million (World Bank, 2011). When immigrants and refugees join a community, they often both strengthen it and bring needs and challenges.

Foundations can support their communities by being aware of and responsive to immigrants and refugees. This article provides insight into the needs of these communities and offers suggestions for how foundations can consider immigrant and refugee communities in their work.

In the first decades of the 21st century, events in the U.S. and upheavals around the world have brought focus to the movements of people across borders – movements both forced and voluntary, illegal and legal. According to the United Nations High Commissioner for Refugees (2015), forced displacement of populations has reached an all-time high: “Globally, one in every 122 humans is now either a refugee, internally displaced, or seeking asylum. If this were the population of a country, it would be the world’s 24th biggest” (para. 4). In future decades, climate change will likely put pressure to move on hundreds of millions more (Piguet & Frank, 2014).

Voluntary migration, primarily for economic or family reasons, also occurs at a high rate and shows no sign of decline. Gallup surveys in 135 countries from 2007 through 2009 resulted in estimates that 700 million people worldwide would like to move to another country permanently if they had the chance. More than 165 million of them indicated they would choose the U.S. for their future home (Esipova & Ray, 2009). A Pew Research Center (2012) survey found that more than half of Mexico’s 18- to 29-year-olds would like to move to the U.S. In short, worldwide trends suggest that immigration will continue on a major scale, with implications for nations and for their constituent regions and communities.

Immigration in the U.S. brings challenges to the communities where these newest Americans live, including shortages in affordable housing; students who arrive at schools and workers who arrive at jobs needing to learn English; health and human services systems that may be ill-equipped to handle increased demands; and cultural, generational, religious, and/or racial tensions and misunderstandings.

But immigration also brings benefits. In many communities, immigrants have alleviated labor shortages that might have driven away industry. In 2013, the Minnesota State Demographic Center indicated that “greater numbers of migrants, both domestic and international, will be necessary to meet our state’s workforce needs and to buttress economic activity” (2013, p. 22). The Kauffman Foundation’s Index of Entrepreneurship shows that for most of the past 10 years, immigrants have been roughly twice as likely as people born in the U.S. to start new businesses (Fairlie, Morelix, Reedy, & Russell, 2015). Corrie and Radosevich (2013, p. 2) noted the following economic benefits of immigrants in Minnesota:

- “Immigrants are younger than native Minnesotans: They fill jobs vacated by retiring workers, and pay taxes that provide needed state and local revenues.
- As consumers, immigrants in Minnesota have an estimated \$659 billion in lifetime earnings and annual purchasing power of \$5 billion. Immigration slows population decline in rural towns and struggling urban neighborhoods, and contributes to the growth of housing values.
- Immigrants comprise 7 percent of the state’s population, but 9 percent of the workforce. In six industry sectors and 17 occupations, both higher- and lower-skilled, immigrants comprise more than one quarter of the workforce.
- Immigrants pay an estimated \$793 million in state and local taxes annually.

The study, Speaking for Ourselves, identifies the needs and strengths immigrants bring to our communities. The results offer guidance on how foundations and their grantees can improve the quality of life for a community’s immigrants and refugees, to the benefit of all residents. By understanding demographic trends and cultural nuances, organizations can increase awareness, access, and trust among immigrants and refugees, and influence public policy.

- Six percent of the state’s business owners are immigrants.
- Through networks and cultural assets, immigrants strengthen Minnesota’s global connections and make the state more attractive to global investors, businesses, and talent.”

This article combines information from Minnesota Compass, a foundation-governed social indicators initiative,¹ and a new study of immigrants and refugees in the Twin Cities metropolitan area. The study, *Speaking for Ourselves*, identifies the needs and strengths immigrants bring to our communities. The results offer guidance on how foundations and their grantees can improve the quality of life for a community’s immigrants and refugees, to the benefit of all residents. By understanding demographic trends

¹See www.mncompass.org.

FIGURE 1 Number of Minnesota Foreign-Born by Birthplace

and cultural nuances, organizations can increase awareness, access, and trust among immigrants and refugees, and influence public policy.

Immigrants and Refugees in Minnesota

Minnesota's experience with immigration is an informative case study of the dynamics existing in many American communities. From 1850 to about 1950, Minnesota had a larger proportion of immigrant residents than the U.S. as a whole. The movement of foreign-born people into the state then declined, and from the 1970s to about 1990 only about 3 percent of Minnesota's population was foreign-born. Since 1990, however, while the U.S. immigrant population doubled, Minnesota's immigrant population almost quadrupled. By 2014, Minnesota ranked 22nd in the nation in terms of proportion of foreign-born residents (Minnesota Compass, n.d. a). Minnesota is home to a variety of immigrant communities, representing different cultures, reasons for migrating, and lengths of time in the U.S.

Minnesota's immigrant population has changed over the years; countries of origin have shifted and immigrants are increasingly people of color. In the 1950s, as the proportion of immigrants among Minnesota's residents dropped below the country's average, the most common countries of origin of foreign-born residents

were European, predominantly from Germany, Sweden, and Norway. These three countries remained the most common places of birth for foreign-born residents in Minnesota until about 1980 (Minnesota Compass, n.d. b). Starting in 1970 and continuing into the new millennium, the number of foreign-born residents from Central and South America, Asia, and Africa grew substantially. As of 2012, the largest number of foreign-born Minnesota residents came from Mexico; followed by India; Laos and Thailand (Hmong); Somalia; and Vietnam. (See Figure 1.) Between 1970 and 2000, the proportion of all Minnesota's foreign-born residents living in the Twin Cities increased from roughly 55 percent to 80 percent (Minnesota Compass, n.d. c).

Immigrants' experiences in Minnesota vary greatly depending on their country of origin, length of residency in the U.S., and immigration status. A pivotal difference is immigration and refugee status. Between 2004 and 2007, Minnesota ranked among the top five states for the arrival of "primary refugees" – people who arrive directly from their country of origin – with a peak of more than 6,000 primary arrivals in 2005. While the state has since dropped to 13th place in the U.S. for primary arrivals, more than 2,000 "secondary refugees" – those who originally settle in one state and then move to another

– now live in Minnesota (U.S. Department of Health and Human Services, 2015). Having primary refugee status is significant because federal resettlement assistance, which provides initial aid for housing, food, health screenings, and other basic needs, is available to refugees only in the state where they first settled.

Social-indicator data – especially disaggregated data that shows results for specific cultural communities – reflects differences in experiences among population groups. Multiple social indicators show that white residents in Minnesota fare better than people of color. Since a substantial proportion of Minnesota’s people of color are foreign-born or the children of foreign-born parents, it is important to consider these disparities when reflecting on the experiences of immigrants in the community. For example:

- In 2014, 79 percent of white adults age 16-64 in Minnesota were employed, compared with 68 percent of adults of color (Minnesota Compass, n.d. d).
- In 2015, the on-time high school graduation rate of white students in Minnesota was 87 percent; the rate for students of color was 68 percent (Minnesota Compass, n.d. e). Furthermore, only 39 percent of third-grade students of color met grade-level reading standards, compared with 68 percent of white third-graders (Minnesota Compass, n.d. f).
- For Minnesotans under age 65, 14 percent of people of color do not have health insurance; the uninsured rate for white Minnesotans is 5 percent (Minnesota Compass, n.d. g).

Speaking for Ourselves: An In-Depth Study

Although some population-level data are available from the U.S. Census Bureau and other sources, these data do not provide an in-depth understanding of the immigrant experience in our communities. As a public charity that provides direct services to these communities, the

Although some population-level data are available from the U.S. Census Bureau and other sources, these data do not provide an in-depth understanding of the immigrant experience in our communities. As a public charity that provides direct services to these communities, the Amherst H. Wilder Foundation needs information about immigrants and refugees in order to be responsive to our community’s needs.

Amherst H. Wilder Foundation needs information about immigrants and refugees in order to be responsive to our community’s needs. For example, the foundation recognized the need to adapt its mental health programs for Minnesota’s newest immigrants, such as Karen and Karenni refugees from Burma who have recently moved by the thousands to Saint Paul.

Wilder Research first surveyed immigrants in 2000 and reported the findings in *Speaking for Themselves*, a study of Hmong, Latino, Russian, and Somali immigrants in the Twin Cities (Mattessich, 2000). Many community organizations, students, government agencies, and others found the information valuable and, after a few years, started asking for updated information. The foundation saw the need for new data and, in 2010, provided funding to Wilder Research to repeat and even expand this important initiative.

The second study, *Speaking for Ourselves*, is a community-based effort that looks at the experiences

TABLE 1 *Speaking for Ourselves* Study Respondents

	All Respondents ¹	Hmong	Karen	Latino	Liberian	Somali
Seeds	52	11	7	11	3	9
Referrals	407	94	94	90	57	60
Maximum No. of Waves	--	11	7	8	9	6
Total Respondents	459	105	101	101	60	69

¹In addition to the members of the five main cultural communities, the respondents include six Lao, seven Oromo, and 10 Vietnamese. Too few completed surveys from members of these communities were submitted to report data for these communities separately.

of Hmong, Karen, Latino, Liberian, and Somali immigrants and refugees living in the Twin Cities (MartinRogers, 2015). Among the members of an advisory group for the study were both individuals from the cultural communities included in the study and professionals in organizations across a variety of sectors that serve immigrants and refugees. They offered guidance on all major aspects of the study’s design and implementation.

For the study, 459 immigrants and adult children of immigrants were interviewed about their lives – their families, education, jobs, health, and engagement in their communities. *Speaking for Ourselves* sought to identify the biggest needs of immigrant and refugee communities in the Twin Cities, the issues of greatest concern, and the assets available to address those needs and issues.

Study Methods

Wilder Research used respondent driven sampling, an innovative and culturally appropriate data collection approach, to identify and recruit eligible community members to participate in the study. This approach involves randomly selecting a handful of “seed” respondents within each community and asking those respondents to refer up to three additional people from the community. Those respondents are then asked to refer other respondents, ultimately creating respondent referral “chains” that in some cases carried out as far as 11 “waves.” (See Table 1.)

Adults were eligible to participate in the study if they or a parent were born outside of the U.S., were from one of the cultural communities included in the study, and lived in Minnesota’s Hennepin or Ramsey counties. Wilder Research hired bilingual staff to help with data collection. Each respondent received \$20 for completing the survey and \$5 for each referral.

Strengths and Limitations of Study Methods

By using respondent driven sampling, we were able to survey a group of immigrants and refugees who are more representative of their cultural communities in the Twin Cities than would have been the case had we used convenience sampling methods (e.g., surveying people who are all affiliated with one program, religious organization, housing site, or neighborhood group). Study participants are not statistically representative of their broader cultural communities, however, because scientific random sampling was not used, and the complete respondent driven sampling method for weighting and analyzing the survey data was not feasible.

We believe that for many topic areas and purposes, the data produced by this study are better than any other existing source of data about these immigrant and refugee communities. Also, the key findings have been endorsed strongly enough by a wide enough range of study participants and community stakeholders to be considered valid and actionable for many practical purposes. However, we recommend

that these and other data be used with consideration of the unique contextual factors that influence research findings.²

Key Findings

The 459 immigrants and refugees who participated in *Speaking for Ourselves* offered many insights into the experience of moving to the Twin Cities. They told us that health care, employment assistance, housing, and food were the most helpful resources provided to them when they arrived. They were also most likely to say they needed more help with basic needs, like food, housing, and clothing, and with jobs and employment training. Participants said organizations, including foundations, would be able to provide better services to new immigrants, and help them feel more welcome in Minnesota, if they learned more about their communities.

Regarding the experience of discrimination, most *Speaking for Ourselves* participants said they feel safe where they live. On the other hand, over half of participants reported feeling that they were not accepted at least once in Minnesota because of their race, culture, religion, or immigration status; 2 out of 10 participants said they feel this way once or twice a month or more often.

Education From Early Childhood Through Job Training

Research has shown that participation in high-quality early childhood education helps prepare children for kindergarten and can be particularly beneficial for children who do not speak English at home (Yoshikawa, et al., 2013). But only 9 percent of *Speaking for Ourselves* participants with children up to age 4 send their children to child care centers or early childhood education programs; 75 percent receive child care from someone living in the home.

When asked about challenges related to their family's school experiences, *Speaking for*

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Ourselves participants most commonly mentioned learning English and difficulties transitioning between languages used at school and at home. Just 24 percent of participants who have school-age children said they feel “fully able” to help their children with homework in English, and only one-third – 34 percent – feel “fully able” to volunteer at their child’s school. On the other hand, three-quarters of participants – 77 percent – said they feel “fully able” to provide a home environment that is good for studying. When they were asked an open-ended question about their cultural community’s strengths with regard to education, parental encouragement was the most commonly mentioned key strength of culture or family that helps children be successful in school. More work is needed to best understand how service providers and funders can build on this strength within these communities while also addressing educational needs, especially English-language learning.

²See the detailed study methodology report and data book (MartinRogers, 2015) for more information about the study methods and limitations and for detailed findings by cultural community.

Nearly one-quarter of participants – 22 percent – indicated that they would be embarrassed to seek help for an emotional or mental health problem. In this study, simply finding culturally appropriate ways to meaningfully inquire about mental health, trauma, and similar sensitive topics – and to effectively translate questions about these topics into several different languages – was extremely challenging.

The most commonly mentioned barriers to post-secondary education access, named by 75 percent of participants, are financial issues. Despite these barriers, nearly all participants – 98 percent – said they believe that their children will go to college, and just over three-quarters – 78 percent – want to obtain additional education for themselves.

With respect to securing a job, *Speaking for Ourselves* participants most commonly reported language barriers and the need for additional education or training as challenges to obtaining employment.

Physical and Mental Health

Immigrant and refugee communities in the Twin Cities have significant health problems that may be related to their experiences in refugee camps and other traumatic settings. Immigrants and refugees in the Twin Cities experience the types of racial/ethnic health disparities that are also found in American-born minority communities in Minnesota. *Speaking for Ourselves* participants frequently expressed concerns about their

cultural community's health, with diabetes, unhealthy eating, and lack of access to healthy food as the top concerns (respondents were also asked about tobacco, alcohol, and illegal drug use; physical activity; and related public health issues). When asked if they have trouble accessing health care, participants identified a lack of health insurance as a primary barrier.

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Transportation, Personal Finance, and Housing

Just like American-born people living in lower-income communities, many immigrants and refugees struggle with access to transportation, credit, and housing. Twenty-seven percent of *Speaking for Ourselves* participants said they have “occasional problems” with transportation and 12 percent said they have “significant problems” getting where they need to go, although these challenges varied substantially by cultural community. Eleven percent said that being able to pay the rent or mortgage is a “serious problem” for their household; 22 percent said it is a “small problem.” The most common housing-related needs were more space; repairs, maintenance, and pest control; subsidized or affordable housing; utilities assistance; and household items.

The study indicated that many immigrant and refugee communities struggle to access mainstream financial systems. The biggest concern in this area was the inability to get credit. Slightly over half of respondents from the Karen community – 58 percent – reported that the inability to obtain credit was a serious problem. Only 6 percent of Somali respondents reported this problem, however – a difference that is likely related to Islamic beliefs related to lending and credit.

A particular concern made salient by the *Speaking for Ourselves* study was the lack of long-term care planning for older immigrants and refugees. This issue highlights how systems developed within certain social norms can create barriers for immigrant and refugee communities: Many American households consist of just two generations of family members, and the standard expectation is that older parents will opt for a nursing home or other long-term care facility or arrangement when they can no longer care for themselves. But in many immigrant communities, older parents typically expect to move in with an adult child not only to receive care, but also to continue to contribute to the home environment by assisting with child care, food preparation, housekeeping, and other responsibilities. There is a lack of public and institutional understanding about how to adapt the safety net and long-term care systems to meet the needs of these populations. It is important to note that differences often exist in expectations among immigrant families depending on the age of the person needing care, when they moved to the U.S., the degree of acculturation, socioeconomic status, and other factors.

Civic Participation and Social Engagement

Seven out of 10 *Speaking for Ourselves* participants reported volunteering informally to help neighbors, family, or friends, but only about two out of ten respondents formally volunteer through an organization. This gap could indicate an opportunity: Many mainstream cultural institutions in the Twin Cities struggle to attract participation from immigrant families. This may be due in part to the fact that formal volunteering may be more prevalent in individualistic cultures, while a standard practice of informally helping each other out may be more common in collectivist cultures that are more commonly represented by these immigrant cultural communities. Organizations might consider how to structure their programs and volunteer opportunities to better align with a community's accustomed way of giving their time back to their community.

While most of the participants in *Speaking for Ourselves* – 75 percent – said they have used a

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public library, very few reported visiting many other mainstream cultural institutions in the Twin Cities. The most common explanations for not using or volunteering at these institutions involved a lack of culturally or linguistically appropriate programming, a lack of staff or volunteers from their cultural community, and feeling out of place or doubtful that they would have

anything to contribute as a volunteer. Two Twin Cities institutions that are partners in *Speaking for Ourselves* are exploring ways of engaging cultural communities: A new program at the Minnesota Historical Society highlights historic sites of interest to the Latino community, and the Science Museum of Minnesota is creating volunteer alternatives that are more closely aligned with Hmong cultural practices.

How Foundations Can Work With Immigrant Communities

Our research with and for immigrant and refugee communities has found that culture and context matter. *Speaking for Ourselves* identified specific needs and strengths within several immigrant and refugee communities in the Twin Cities; here, we present recommendations for responding to those needs, and building on the strengths, that are most relevant for foundations.³

- *Support for secondary refugees.* Foundations can fund grantees that can help fill the gap between the end of resettlement benefits (e.g., cash assistance and housing) and self-sufficiency. Assistance dollars stay with the first state that accepts a refugee through the federal resettlement program. If a refugee subsequently relocates to another state (such as the Somali enclave known as “little Mogadishu” in Minneapolis, where many Somalis refugees from around the U.S. relocate), that refugee loses those federal benefits.
- *Early childhood education.* Foundations can support high-quality, culturally and linguistically based programs as well as the professional training of immigrants and other bilingual adults in the field of early childhood education. And, by helping bridge the language and culture gap between public systems and immigrant families, foundations can improve access to available dollars for child care assistance.
- *Postsecondary and employment training.* Most survey respondents expressed a desire for further education. Foundation funding for scholarships and other need-based assistance could be directed toward immigrant communities; in Minnesota, that also represents an opportunity to fill projected labor shortages across many sectors.
- *Health care.* Foundations can support outreach efforts to ensure that immigrants and refugees obtain available health insurance benefits and connect to culturally responsive primary care providers.
- *Mental and behavioral health.* Foundations can respond to the significant unmet and misunderstood behavioral health and wellness needs of immigrants and refugees by ensuring that they and their grantees use a trauma-informed approach to mental health; supporting the development of culturally responsive behavioral health assessments and treatment; and addressing the stigma often associated with mental illness, through outreach and education in partnership with community and religious leaders.
- *Long-term care plans.* Funders can provide support for families considering long-term care plans for family members who are elderly or disabled. They can also convene policymakers, public administrators, and providers to consider how local and federal systems can better meet the needs of immigrant and refugee families. Foundations can also learn from and build on the cultural values and practices around elder care that come from these communities as we shape elder care for baby boomers and future generations.
- *Housing.* Foundations can work with local governments, real estate developers, and property owners to ensure that safe, adequate, affordable, and culturally appropriate housing is available for the immigrant and refugee communities in their area.
- *Financial institutions.* Foundations can encourage and work with financial institutions, and community-based organizations

³Complete study findings are available at www.wilder.org/studies/Speaking%20for%20Ourselves/1518

serving as intermediaries between immigrant communities and financial institutions, to encourage the development and modification of existing financial products and services to be culturally and religiously responsive.

- *Welcoming spaces.* Funders can reach out to immigrants and other under-represented communities by sponsoring events with positive impacts on those communities. For example, a foundation might assist a community organization in hosting a celebration for a specific cultural or traditional holiday, provide a forum for the organization to network with other area funders or service providers, or help draw immigrants to general community events through outreach and by ensuring that materials are translated and that culturally appropriate refreshments, language support, etc., are available.
- *Capacity building.* Funders can help empower immigrant and refugee communities to advocate for themselves. For example, Wilder Center for Communities, the leadership training division of the Wilder Foundation, offers the Community Equity Pipeline, which is a training program for people of color to learn more about the legislative process and how to get their communities' interests represented in public-policy debates. The Wilder Center for Communities also runs the Latino Leadership Program, which trains Latino community members in leadership skills and in various strategies for community advocacy work.

In addition to funding or working directly with immigrant or refugee communities, there are approaches that apply across sectors that can help foundations enhance their impact on an improved quality of life for these communities.

First, we recommend taking a balanced approach to any issue, considering not only needs and deficits, but also strengths and assets. While a particular individual, family, or cultural community may appear to have a need that a

While a particular individual, family, or cultural community may appear to have a need that a foundation can fill through funding and grantee efforts, it is important to look at other perspectives – including those from within the community itself. A community's cultural assets and other resilience factors might ultimately be a part of a solution.

foundation can fill, it is important to look at other perspectives – including those from within the community itself. A community's cultural assets and other resilience factors might ultimately be a part of a solution.

Second, proceed slowly when starting a new project or initiative within a cultural community, with full appreciation of the time and resources necessary to cultivate true community engagement and collaboration (Mattessich, Murray-Close, & Monsey, 2001). We have often seen efforts fail because timelines were too short to allow for authentic relationship-building or because projects lacked the resources necessary to achieve real impact. A community's lack of experience navigating U.S. systems and processes, or preferences for doing things according to certain cultural traditions, may mean more time and other resources are required for a successful initiative. A funder's preconceptions about how to do the work may also create problems that require extra time to work through. A foundation's time and flexibility, willingness to step back or start over as needed, and openness to authentic collaboration, dialogue, and critical input from start to finish are the hallmarks of successful efforts to better serve communities of

Ultimately, what funders don't know about immigrant and refugee communities can hurt them and the communities they are trying to help, resulting in failed initiatives that have no impact – or worse, negative impact. Learning more about immigration trends in communities, building capacity to work effectively with immigrants and refugees, and learning about the impacts of these efforts will ensure that foundations are using their resources effectively to improve the quality of life for our communities' newest arrivals.

immigrants. In some cases, initiatives without these key ingredients do more harm than good, and could permanently damage the relationship between a cultural community and a foundation.

Third, foundations should beware of funding efforts to “solve the problems” of the immigrants and refugees in their communities unless potential grantees have made special effort to understand and respond to the specific needs and preferences of the cultural communities they seek to serve. Foundations should act cautiously if a grantee wants to use or adapt an existing model or best practice in a new cultural context, especially if the grantee's staff and leadership do not come from that cultural community. Foundations should ask who is informing the program design, how models are adapted and

who is doing the adaptation, and whether the target community would truly benefit. Several specific factors should be considered when adapting a program or service to a particular cultural community: language (oral, written, jargon); ethnic matches; values, customs, and traditions; concepts; goals; methods; and social and political context (Bernal, Bonilla, & Bellido, 1995).

When converting materials to other languages, foundations and their grantees should emphasize conceptualization of materials in each language and for each cultural community while maintaining the intent, salience, tone, and context of the original message or materials, rather than mere literal, word-for-word translation. This process of “transcreation” ensures all participants, even those for whom English is not the primary language, have access to the complete and culturally relevant program, service, or product.

As a public charity with an endowment, the Amherst H. Wilder Foundation delivers services in the same manner as an operating foundation. It has the financial flexibility that many smaller nonprofits do not have to take the time necessary to develop the expertise to create and implement innovative programs to serve our community's emerging needs. One of Wilder Foundation's model programs, the Social Healing Center, is a social-adjustment program that serves refugees from a variety of Southeast Asian cultural communities. The program helps refugees get basic services, make social and cultural connections, and connect to their new country, and is integrated with health and mental health services that are linguistically and culturally appropriate. Also, the program offers a space to garden and to celebrate holidays, such as the Cambodian New Year.

Through reflection and use of data, foundations can make an impact on the degree to which philanthropy improves the quality of life for immigrants and refugees. Foundations should assess their decision-making processes and assumptions, which may be based on dominant social and cultural norms that are not effective for immigrant and refugee communities. They should work toward increased transparency in

staffing, funding, and other critical activities. Grantee evaluation and reporting should include tracking and reporting data for specific cultural communities and disaggregating data to a degree that is useful and meaningful for the communities directly affected.

Ultimately, what funders don't know about immigrant and refugee communities can hurt them and the communities they are trying to help, resulting in failed initiatives that have no impact – or worse, negative impact. Learning more about immigration trends in communities, building capacity to work effectively with immigrants and refugees, and learning about the impacts of these efforts will ensure that foundations are using their resources effectively to improve the quality of life for our communities' newest arrivals.

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Following the Money: An Analysis of Foundation Grantmaking for Community and Economic Development

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Keywords: Geographic distribution of grants, community development, economic development, community development finance, community economic development, public-private partnership, economic distress

Key Points

- The article challenges the perception among some in the field of community and economic development that small and socioeconomically distressed metro areas do not attract a proportional share of grant capital from the nation's largest foundations.
- The analysis presented in this article reviewed nearly 169,000 community and economic development grants made by the largest foundations between 2008 and 2013 to identify metro- area characteristics that are associated with higher levels of grant receipt.
- The density of nonprofit organizations and the presence of large, local foundations are shown to be consistently significant predictors of grant receipt. After controlling for these and other factors, the analysis indicates that, compared with smaller metro areas, more populous ones receive a greater level of grant capital from the largest foundations. Contrary to expectations, the same is true for places with higher poverty rates.

local economy through the pursuit of better-paying jobs, infrastructure to support revitalization, affordable housing, or improved systems for education or health care, they rely on additional public and private funding sources. Transfers from federal and state governments, including grant programs like the Community Development Block Grant (CDBG), the HOME Investment Partnerships Program (HOME), and the Neighborhood Stabilization Program (NSP), have faced reductions.¹ In this context, philanthropy has become an important source of CED funding in metropolitan areas throughout the U.S.

Philanthropic contributions totaled \$358 billion in 2014, 72 percent of which came from individual donors. Grants from U.S. foundations,²

¹CDBG, HOME, and NSP are federal grant programs administered by the U.S. Department of Housing and Urban Development, which provides block grants to states and localities for a wide range of activities aimed at low-income populations and/or economically distressed communities. Between 2000 and 2014, the average grant amount allocated to CDBG entitlement communities (typically, metropolitan-based cities and counties) declined by 44 percent (not inflation adjusted) (Boyd, 2014). Similar trends have been noted in HOME funding. The NSP, a temporary stimulus grant program designed to combat the foreclosure crisis, has sunsetted.

²A foundation is "a non-governmental entity that is established as a nonprofit corporation or a charitable trust, with a principal purpose of making grants to unrelated organizations, institutions, or individuals for scientific, educational, cultural, religious, or other charitable purposes." There are two major types of foundations: private and public. Private foundations are organized as independent, corporate, or operating. Public foundations include community foundations. Information on foundation types can be found at <http://grantspace.org/tools/knowledge-base/Funding-Resources/Foundations/what-is-a-foundation>.

Introduction

Local community and economic development (CED) depends on a combination of public and private funding, from sources both inside and outside the community. In many localities, the city or county tax base is unable to provide sufficient funding to combat economic distress and maintain a thriving local economy. Therefore, when community leaders set out to develop the

This research seeks to answer the question, What are the characteristics of the metro areas that are most successful at attracting grants for CED from the largest domestic foundations?

which totaled \$54 billion, made up 15 percent of overall philanthropy in 2014, compared with only 6 percent in the late 1970s (Giving USA, 2015). Between 2003 and 2013, foundation grants increased 44 percent after adjusting for inflation (McKeever, 2015).

Grants from foundations, while a relatively small but growing slice of overall philanthropic giving, are an important source of support for CED. First, foundations are governed in a way that affords them a degree of nimbleness that most public entities lack. In theory, they can move quickly, take risks, seed innovations, and challenge traditional systems (Fleishman, 2007; Pender, 2015; and Porter & Kramer, 1999). Grants from foundations often serve as first-in or patient capital, independent from political and market forces (Martinez-Cosio & Bussell, 2012; Pender, 2015). Foundations have a long history of funding CED initiatives, and an increasing number of philanthropies focus resources on specific geographic areas or place-based initiatives, in collaboration with public and private partners (Martinez-Cosio & Bussell, 2012).

The research that follows is motivated by anecdotal observations from CED practitioners. One of these observations holds that more economically distressed metropolitan areas operate at a disadvantage, as compared with thriving metro areas, when competing for CED funding from large foundations. This is the first hypothesis our article aims to test. A second hypothesis is that the same is true for less populated metro areas, as compared with more populated ones. This

research seeks to answer the question, What are the characteristics of the metro areas that are most successful at attracting grants for CED from the largest domestic foundations?

Previous studies have explored the geographic distribution of foundation grants across rural-urban dimensions (Pender, 2015). Osili, Ackerman, Copple, and Li (2013) used the Indiana University Lilly Family School of Philanthropy's Million Dollar List — a database of charitable contributions — to explore philanthropic giving from a variety of sources across the 100 largest metropolitan areas. Little is known, however, about the relationship between particular factors present in metro areas — population size, economic distress, nonprofit capacity, and others — and the ability of its grant recipients to attract CED funding from large foundations. This analysis aims to fill that void by examining CED grants from the 1,000 largest foundations.

Research has consistently found that the relationship between government funding and private philanthropy plays an important role in U.S. society (Coutts Institute, 2015). While foundations are under no obligation to ensure that grant capital — from a single foundation or in total — is distributed evenly or equitably across metro areas, the distribution is nonetheless important because foundation grants interact with geographically targeted public funding from federal, state, or local government sources, either by increasing the effectiveness of public investments or by substituting for public funding (Pender, 2015). Therefore, understanding the distribution of grant funding could theoretically help policymakers shape public funding programs. Pender also notes that geographic distribution is important on equity grounds because foundations are tax-exempt organizations, and where they invest matters in terms of public accountability. Because little is known about the actual spatial distribution of grants from large foundations, this study seeks to first measure and then explain that distribution.

What We Already Know

At the metro level, foundation grants for CED purposes are deployed through a web of

nonprofit organizations and government entities. In terms of metro-level characteristics, previous studies have shown that several factors can influence a place's ability to attract grant funding. These include:

- *Nonprofit density.*³ In an exploration of million-dollar grants received by grantees in the 100 largest metropolitan areas, Osili, et al. (2013) find that the number of nonprofit organizations in a metro area is significant and positively associated with the number and value of million-dollar grants received. Similarly, Pender (2015) finds that the value of nonprofit assets on a per capita basis is positively associated with grant receipt in three of his four regression models.
- *Population size.* In an evaluation of million-dollar gifts, Osili, et al. (2013) find that metros with an adult population between 2 million and 7.5 million received a greater number and overall value of gifts than smaller metros. However, since the dependent variables are not calculated on a per capita basis, it is not surprising that larger places received more grants.
- *Geographic proximity to grantmakers.* In her analysis of economic development grantmaking in Ohio, Schnoke (2015) finds that although only 3 percent of grantmakers in her sample were located in Ohio, they issued 70 percent of the grants going to Ohio recipients, suggesting that geographic proximity between grantmakers and grant recipients is an important factor.
- *Poverty.* Osili, et al. (2013) find that the poverty rate is generally not significant in their aggregate models explaining the distribution of million-dollar gifts to metro areas, but where it is, the association with the receipt of these large gifts is negative (i.e., higher poverty leads to fewer gifts). The positive correlation that Pender (2015)

While foundations are under no obligation to ensure that grant capital — from a single foundation or in total — is distributed evenly or equitably across metro areas, the distribution is nonetheless important because foundation grants interact with geographically targeted public funding from federal, state, or local government sources, either by increasing the effectiveness of public investments or by substituting for public funding.

observes between poverty and foundation grantmaking in metropolitan counties — what he calls a “pro-poor emphasis” — is not found to be significant in subsequent regression models.

- *Per capita income.* Osili, et al. (2013) find that in most model specifications, metro areas with higher per capita incomes attract a greater number and value of million-dollar gifts.
- *Education.* Osili, et al. (2013) find that the share of the population with a bachelor's degree or higher is significantly and positively associated with the number and value of million-dollar gifts received in a metro area. Pender (2015) finds a similar positive (and significant) association between the share of adults with a college degree and the total real value of

³Another body of research examines what influences the likelihood that a nonprofit organization receives foundation grants. See Giving USA (2015) and Faulk (2015) for examples of this work.

foundation grants per capita in both non-metro and metro counties.

Grant-Level Data for Community and Economic Development

Data for this project are derived from the Foundation Center's FC 1000 database, which consists of grant-level information from the nation's 1,000 largest philanthropies in any given year (based on the level of giving) and includes grants of at least \$10,000. Grants made by independent, corporate, and operating foundations are captured in this data set, as is giving from community foundations' donor-advised and discretionary funds (when available). In total, the FC 1000 represented \$22.4 billion in grantmaking in 2012, or roughly 43 percent of the \$51.8 billion in total giving by the more than 86,000 foundations in the U.S. in that same year.⁴

Data in the FC 1000 are compiled from a variety of sources. In some cases, the information is submitted directly to the Foundation Center by the foundations themselves. In other instances, Foundation Center staff collects the data from foundation websites or from tax forms submitted by foundations to the IRS.

For this analysis, we focus on the subset of grants in the FC 1000 issued to further domestic CED. To account for the broad range of activities that fall within CED, the working definition guiding this study taken from Temali (2002) is inclusive of

actions taken by an organization to improve the economic situation of local residents (income and assets) and local businesses (profitability and growth); and enhance the community's quality of life as a whole (appearance, safety, gathering places); and sense of positive momentum. (p. 3)

To appropriately narrow the sample of grants to analyze, we first identified 212 of the 850 Philanthropy Classification System (PCS) codes that best align with our broad definition of

CED.⁵ These 212 codes include the 57 associated with CED in the PCS and others that fall within the broader subjects of education; environment; health; public safety; public affairs; information and communications; agriculture, fishing, and forestry; sports and recreation; and human services. Grants intended to address one of these issues or, where information on the subject of the grant is missing, to a recipient organization dedicated to one of these issues, are included in the original data set of 330,681 grants issued between 2008 and 2013.

After close examination of the text description of the grants and an analysis of the largest recipients, we further refined our data set to more closely align it with our definition of CED. We chose to include grants for which either the grant's or the recipient's primary subject was one of the 212 PCS codes that we used to define community and economic development, the recipient or the grant itself was dedicated to serving economically disadvantaged or unemployed populations, or the recipient was a local or tribal government.

Many of the grants that met these inclusion criteria were, upon review, nonetheless found to be inappropriate for the study, either due to the purpose of the grant (as spelled out in the text description) or because the recipient had an extra-local service area.⁶ Because we expect grants intended for policy and research purposes to have little effect on local community and economic development, we excluded those made to recipients working in the social sciences or public policy

⁵See <http://taxonomy.foundationcenter.org> for more information on the Philanthropy Classification System.

⁶We understand that national intermediaries play an important role in CED as aggregators of funding for redeployment across geographies. Eight large national intermediaries are grant recipients in our data set: Capital Impact Partners, Community Reinvestment Fund USA, Enterprise Community Partners, Local Initiatives Support Corp., Low Income Investment Fund, Neighborhood Reinvestment Corp. (NeighborWorks), Nonprofit Finance Fund, and Reinvestment Fund. During our study period, the aggregate grant volume to the national offices of these eight intermediaries totaled \$397 million (1 percent of total grant volume in our original data set). After applying our screening criteria, \$133 million (33 percent) was included in our study, while \$264 million (67 percent) was excluded based on either definitional or geographic considerations.

⁴See <http://data.foundationcenter.org> for more information on data available from the Foundation Center.

FIGURE 1 Distribution of Grant Volume by Primary Activity (based on 2013 dollars)

and to universities if the grant was intended for research and evaluation. We also excluded grants with the terms “research” or “policy” in the recipient’s name or in the grant’s text description.

To address the issue of a recipient’s service area extending beyond the borders of its metro area, we excluded grants for which the recipient name or the text description included terms such as “United States,” “U.S.,” “nation,” “America,” and “international.”

After applying these data-handling rules, we manually reviewed the largest grants and the recipients receiving the most grant capital (on a per capita basis) and excluded those that did not meet our definition of CED or that did not represent resources to improve local community conditions. The final sample includes 168,762 grants issued between 2008 and 2013, representing \$14.99 billion in grant volume.⁷

⁷Values are adjusted for inflation to 2013 dollars and include roughly 10,000 grants that were made to recipients in nonmetropolitan counties. These 10,000 grants are included in our description of the data set but are excluded from the analysis of grant receipt by metro area. Around 69 percent of the grants included in this study were paid fully in the year they were issued. Other grants were merely authorized in the year assigned in the data set, with payment occurring in subsequent years — generally no more than three years from the date authorized. Whether paid or authorized, we attribute the full grant amount to the year it was issued.

Activities Funded by Grants in the Sample

Grants included in the sample funded a variety of activities between 2008 and 2013. Education and more traditional CED activities (e.g., housing development) account for nearly 60 percent of the total grant volume. Human services and health also represent a significant share of the activities supported by grants in the sample. Significant contributors to the “other” category include public safety (3 percent), sports and recreation (2 percent), and information and communications (2 percent). (See Figure 1.)

Geographic Distribution of Grants

We constructed two dependent variables to measure a metro area’s ability to attract grant capital during the study period:

1. *Grant volume per capita.* We divided each grant by the population of the metro area in the year it was issued, inflated each figure to 2013 dollars, and summed the values for each metro area.
2. *Grants per 10,000 residents.* We calculated the total number of grants made

⁸We used the metropolitan statistical area definitions published by the Office of Management and Budget in 2009 (OMB Bulletin No. 10-02).

TABLE 1 Grant Volume Per Capita by Metro Area (2013 dollars)

Rank	Metro Area	Grant Volume Per Capita
1	Battle Creek, MI	\$392.59
2	San Francisco-Oakland-Fremont, CA	\$216.79
3	Omaha, NE-Council Bluffs, IA	\$214.78
4	Jonesboro, AR	\$157.80
5	Pittsburgh, PA	\$157.13
362	Sandusky, OH	\$0.31
363	Longview, TX	\$0.24
364	Williamsport, PA	\$0.18
365	Hattiesburg, MS	\$0.17
366	Lake Havasu City-Kingman, AZ	\$0.17

TABLE 2 Grants Per 10,000 Residents by Metro Area

Rank	Metro Area	Grants Per 10,000 Residents
1	San Francisco-Oakland-Fremont, CA	28.3
2	Minneapolis-St. Paul, MN-Bloomington, WI	20.7
3	Omaha, NE-Council Bluffs, IA	17.7
4	Kalamazoo-Portage, MI	15.9
5	Ithaca, NY	15.2
362	Williamsport, PA	0.2
363	Mansfield, OH	0.2
364	Longview, TX	0.1
365	Hattiesburg, MS	0.1
366	Lake Havasu City-Kingman, AZ	0.0

to recipients in a metro area adjusted for the average population of the metro area between 2008 and 2013.

Each of the 366 metro areas received at least one grant between 2008 and 2013. (See Table 1.) The Battle Creek, Michigan, metro area received grants totaling nearly \$393 for every resident during the study period, substantially more than second-place San Francisco (almost \$217 per resident) and much higher than the \$0.17 per resident in the Lake Havasu City-Kingman, Arizona, metro area at the bottom of the list. On this measure, 330 of the 366 metro areas fall between \$1 and \$100.

Whereas our first dependent variable — grant volume per capita — could be influenced by extraordinarily large grants or may capture differences in costs across metro areas, using a dependent variable that reflects the number of grants received avoids these potential issues. (See Table 2.) The San Francisco metro area received the greatest number of grants per 10,000

residents. Only 20 metro areas received as many as 10 grants per 10,000 residents over the study period, while 91 received fewer than one.

Controlling for Community Context

The primary goals in this study are to examine why some metro areas attract more grant capital than others and determine whether the size of the area or its level of distress has any explanatory power. To identify the factors that influence grant receipt, we use ordinary least squares (OLS) regression, which allows us to control for other metro-area characteristics and isolate any independent effects of both population size and socioeconomic indicators on the receipt of grant capital.

In our regression models, we control for these and other characteristics:⁹

⁹Where possible, we lag the independent variables by one year, as we assume that grantmaker decisions in a given year are influenced by conditions in the year prior.

Civic Capacity

- Large foundation in metro. This binary variable indicates the presence or absence of a foundation that issued one or more grants included in our sample. If a metro area was home to one of these foundations for at least three of the years between 2008 and 2013, we treated that metro area as if a large foundation was present. Of the 366 metro areas in our analysis, 135 include at least one of the foundations in our sample.¹⁰
- Nonprofit density. We used the Urban Institute's NCCS Core Trend File for public charities (1989-2013) to construct a variable to proxy for the strength of the local nonprofit sector. We selected nonprofit organizations with activities in one of six topical areas that are consistent with our definition of CED but excluded those classified as "supporting" organizations. We then calculated the annual average number of these nonprofit organizations operating in a metro area between 2007 and 2012 and adjusted for average population size.¹¹

Locational Characteristics

- Census region. This dummy variable reflects the census region of each metro

area's primary state. In the regression models that follow, the South is omitted.

- State capital in metro. Despite efforts to exclude recipients that operate extra-locally and grants intended for national or state-wide policy reform, metro areas that are the home to the state capital may outperform others due to the likely concentration of nonprofit organizations with statewide stakeholders. The state capital indicator was applied to 44 of the metro areas in our study, including Washington, D.C.
- Research university in metro. We used the basic Carnegie classification system from 2010 to identify universities with very high research activity. This information is available in the Integrated Postsecondary Education Data System data produced by the U.S. Department of Education's National Center for Education Statistics. Given the large number of sample grants that went to universities, even after excluding grants specifically for research, the presence of one or more research universities may positively affect a metro area's ability to attract grant dollars.

Fiscal Characteristics: General Revenue and Debt Outstanding

We measured the fiscal health of metro areas by using the general revenue and debt outstanding of all government entities (including school and special districts) operating in the region, adjusted for population size.¹² Regional fiscal health could affect grantmakers' decisions both directly, when the recipient is a local government, and indirectly, as an indication of the local fiscal conditions in which a nonprofit recipient operates.

The last set of variables gets to the heart of our research question by exploring whether population size or socioeconomic distress affects a metro area's ability to attract grant capital. (See Table 3.)

¹⁰Twenty additional metro areas are home to a sample foundation for either one or two years. A foundation may be included in the sample for a given metro area for fewer than the six study-period years for one of a few reasons: The foundation may have relocated, may have not been among the 1,000 largest foundations in one or more years during the study period, or may have made no grants that met our definition of CED in one or more years.

¹¹Specifically, we included nonprofit organizations with a major group code of B (education), E (health), K (food, agriculture, and nutrition), L (housing and shelter), P (human services — multipurpose and other), and S (community improvement/capacity building). Within these major groups, we excluded "supporting" organizations with National Taxonomy of Exempt Entities common codes (e.g., advocacy organizations, research institutes, monetary support) because they are less likely to provide direct, local services related to CED. We opted to include a count of nonprofit organizations rather than a measure of their capacity (e.g., expenses or assets) to avoid reverse causality. In other words, greater nonprofit expenditures or assets might be the result of greater philanthropic support rather than the cause of it. We believe that a count of nonprofit organizations is less vulnerable to this criticism.

¹²Revenue and debt figures are from the U.S. Census Bureau's 2007 Census of Governments as reported in Gaquin and Ryan (2013). Per capita calculations were made by the authors.

TABLE 3 Descriptive Statistics

	Mean	Median	Standard Deviation	Minimum	Maximum
Grant volume per capita (2013)	\$27.13	\$12.35	\$38.47	\$0.17	\$392.59
Grants per 10,000 residents	3.4	2.1	3.6	0.0	28.3
Average number of nonprofit organizations per 10,000 residents (2007–2012)	4.3	4.1	1.5	1.3	11.4
Average population (in thousands, 2007–2012)	703.8	249.5	1,577.0	55.1	18,876.7
Poverty rate (2008–2012)	15.7%	15.3%	4.1%	7.9%	35.0%
Unemployment rate (2007–2012)	7.7%	7.4%	2.3%	3.3%	25.8%
Population growth rate (2007–2012)	4.2%	4.0%	3.8%	-4.6%	18.1%
Share of adults with bachelor's degree or higher (2008–2012)	25.9%	25.1%	7.9%	12.2%	58.0%
General revenue per capita (2007)	\$3,910	\$3,708	\$1,065	\$1,624	\$7,657
Debt outstanding per capita (2007)	\$4,513	\$3,775	\$4,649	\$524	\$70,027

Population Size and Socioeconomic Characteristics

- **Population size.** For the metro areas in our analysis, we calculated the average population between 2007 and 2012 using county-level population estimates produced by the U.S. Census Bureau's Population Estimates Program. Metro areas were assigned to one of four population categories: small (population under 250,000); mid-size (between 250,000 and 499,999); large (between 500,000 and 999,999); and very large (1 million and above). In the regression models that follow, the small population category is omitted.
- **Poverty rate.** We used the poverty rate as our primary measure of metro-level socioeconomic distress. We relied on the 2008–2012 five-year American Community
- **Unemployment rate.** The unemployment rate for each metro area was calculated as the average of the annual rates observed between 2007 and 2012. Estimates were derived from county-level Local Area Unemployment Statistics data produced by the Bureau of Labor Statistics.
- **Population growth rate.** Using the same files on which the average population estimates were based, we calculated the percent change in the metro area population between 2007 and 2012.
- **Share of adults with a bachelor's degree or higher.** The share of adults age 25 and older with at least a bachelor's degree was used as a proxy for the level of educational

Survey estimates produced by the U.S. Census Bureau for this measure.

attainment in a metro area. As with the poverty rate, this value was derived from American Community Survey data covering the years 2008 through 2012.

Findings and Interpretations

As mentioned previously, the dependent variables for the OLS estimations are grant volume per capita and the number of grants per 10,000 residents. We conducted a Breusch-Pagan test, which indicated the presence of heteroscedasticity and led us to employ robust standard errors in our models. Additionally, we tested both models for the presence of multicollinearity, but this did not prove to be a concern.

For each of our dependent variables, results are shown for grants to all recipients and to nongovernmental recipients only. As the name implies, the latter group excludes grants to national, state, local, and tribal governments, as well as intergovernmental organizations. Roughly 63 percent of the \$3.1 billion received by government agencies and intergovernmental organizations funded educational activities because many of the recipients were universities, community colleges, and school districts. Although education funding forms a substantial share of the \$11.9 billion granted to nongovernmental recipients (22 percent), a greater share of grant money was directed toward traditional CED activities (35 percent).

Grant Volume Per Capita

We find that a metro area's grant volume per capita is significantly influenced by a number of its characteristics. (See Table 4.) These characteristics include:

- **Large foundation in metro.** Metro areas that include at least one of the foundations making grants in our sample see 331.5 percent greater grant volume per capita than areas that do not. This effect is slightly larger when the recipients of such grants are nongovernmental organizations (371.1 percent).
- **Nonprofit density.** Focusing on nonprofit organizations working in CED, we find that

We find that a metro area's grant volume per capita is significantly influenced by a number of its characteristics:

- *Large foundation in metro*
- *Nonprofit density*
- *Population size*
- *Poverty*
- *Census region*

each additional nonprofit organization per 10,000 residents increases a metro area's grant volume per capita by 23.9 percent overall, and by 28.7 percent for grants to nongovernmental organizations.

- **Population size.** Compared with metro areas with populations below 250,000, large metro areas receive, on average, 40.1 percent greater per capita grant funding. For very large metro areas, this effect is even more pronounced (102.4 percent). The benefits of size are greater when governmental recipients are excluded: 42.0 percent for midsize metro areas, 82.9 percent for large metro areas, and a 158.6 percent premium for very large metro areas.
- **Poverty.** Holding all other factors constant, every percentage point increase in a metro area's poverty rate leads to an average increase in grant volume per capita of 6.8 percent overall, and of 6.9 percent for nongovernmental recipients specifically.
- **Census region.** Compared with metro areas located in the South, metro areas in the West receive on average 111.1 percent greater philanthropic funding per capita. When examining grants to nongovernmental recipients only, this effect remains, albeit smaller, at 83.7 percent. Holding all other

TABLE 4 OLS Regression Results for Grant Volume Per Capita

	Log Grant Volume Per Capita (All Recipients)		Log Grant Volume Per Capita (Nongovernmental Recipients)	
Civic Capacity				
Large foundation in metro	1.462***	(0.140)	1.550***	(0.146)
Nonprofit density	0.214***	(0.071)	0.252***	(0.072)
Population Size				
Midsize: 250,000–499,999	0.183	(0.135)	0.351**	(0.136)
Large: 500,000–999,999	0.337**	(0.159)	0.604***	(0.163)
Very large: 1 million+	0.705***	(0.217)	0.950***	(0.227)
Socioeconomic Characteristics				
Poverty rate	0.066***	(0.015)	0.067***	(0.016)
Unemployment rate	-0.022	(0.027)	-0.005	(0.029)
Population growth rate	-0.000	(0.020)	-0.006	(0.021)
Share of adults with bachelor's degree or higher	0.018	(0.012)	0.020	(0.012)
Locational Characteristics				
Northeast	-0.036	(0.239)	-0.198	(0.248)
Midwest	0.191	(0.157)	0.057	(0.168)
West	0.747***	(0.147)	0.608***	(0.142)
State capital in metro	0.198	(0.137)	0.193	(0.151)
Research university in metro	-0.065	(0.167)	-0.105	(0.170)
Fiscal Characteristics				
Log general revenue per capita	0.087	(0.237)	0.304	(0.255)
Log debt outstanding per capita	-0.084	(0.101)	-0.168	(0.130)
Constant	-0.725	(1.842)	-2.654	(2.001)
Observations	366		363	
R-squared	0.535		0.553	

Robust standard errors in parentheses: ***p < 0.01, ** p< 0.05

factors constant, there is no noticeable difference between metro areas in the South and those in the Northeast or Midwest.

Grants Per 10,000 Residents

The same regression model was run against our second dependent variable: a metro area's number of grants per 10,000 residents. (See Table 5.) The following summarizes our findings:

- Large foundation in metro. The presence of one of the sample foundations in a metro area increases the number of grants per 10,000 residents by some 158.8 percent overall, and by 173.5 percent for grants to nongovernmental recipients.
- Nonprofit density. Every additional nonprofit per 10,000 residents is associated with a 22.8 percent increase in population-adjusted grant receipt in a metro area, and a 24.0 percent premium for grants to nongovernmental recipients.
- Population size. For this dependent variable, all population size categories are statistically significant. Compared with small metro areas, those falling into the midsize, large, and very large population categories receive 25.6 percent, 34.0 percent, and 64.4 percent additional grants per 10,000 residents, respectively. Similar to the findings for grant volume per capita, these premiums are higher for grants to nongovernmental recipients (42.6 percent, 59.4 percent, and 107.9 percent, respectively).
- Poverty. Overall, we find no relationship between a metro area's poverty rate and the number of grants it receives. However, when looking at CED grants to nongovernmental recipients, poverty is significant. For every percentage point increase in the poverty rate, a metro area receives an increase of 2.6 percent in CED grants directed to nongovernmental entities.
- Educational attainment. Contrary to the results for grant volume per capita, the educational attainment of a population is found

to be related to the number of CED grants received. A 1 percentage point increase in the share of the population with a bachelor's degree or higher is associated with a 2.2 percent increase in grant receipt overall, and a 2.7 percent premium for grants to nongovernmental entities.

- Census region. Both models indicate that metro areas in the West receive 58.7 percent more grants per 10,000 residents than do metro areas located in the South.
- General revenue per capita. Although not significant in predicting grant volume per capita, general revenue collected in a metro area emerges as significant for this dependent variable, albeit with a very small practical effect. For every 10 percent increase in general revenue per capita, a metro area receives 3.1 percent additional grants per 10,000 residents overall, and a 3.9 percent premium for grants to nongovernmental recipients.

Limitations

As with any research, this study is not without its limitations. First and foremost, the analysis excludes giving from all but the largest foundations in the U.S. and small grants (under \$10,000) from all foundations. With regards to community foundations, many of which do not rank among the 1,000 largest, Sacks (2014) notes that even where they are not the largest foundation in a market, "their local focus means they are frequently the foundations with the largest local impact" (p. 4). Grant dollars flowing to smaller metro areas are likely further underestimated as a result of our efforts to exclude grants to intermediary organizations that redistribute the funding to affiliated grantees in other markets. Thus, it is important to keep in mind that the results presented in this article pertain to the largest grants issued by the largest foundations for local CED purposes only.

Our models also do not control for certain qualities that surely affect a place's ability to attract grant capital. In particular, the ability of elected leaders to develop a transformative vision for a

TABLE 5 OLS Regression Results for Grants Per 10,000 Residents

	Log Grants Per 10,000 Residents (All Recipients)		Log Grants Per 10,000 Residents (Nongovernmental Recipients)	
Civic Capacity				
Large foundation in metro	0.951***	(0.088)	1.006***	(0.092)
Nonprofit density	0.205***	(0.048)	0.215***	(0.054)
Population Size				
Midsize: 250,000–499,999	0.228**	(0.088)	0.355***	(0.097)
Large: 500,000–999,999	0.293***	(0.105)	0.466***	(0.119)
Very large: 1 million+	0.497***	(0.134)	0.732***	(0.152)
Socioeconomic Characteristics				
Poverty rate	0.020	(0.010)	0.026**	(0.012)
Unemployment rate	0.003	(0.017)	0.007	(0.020)
Population growth rate	0.004	(0.014)	0.003	(0.015)
Share of adults with bachelor's degree or higher	0.022**	(0.009)	0.027***	(0.010)
Locational Characteristics				
Northeast	-0.163	(0.155)	-0.186	(0.193)
Midwest	0.107	(0.100)	-0.039	(0.118)
West	0.462***	(0.108)	0.462***	(0.108)
State capital in metro	0.132	(0.102)	0.115	(0.131)
Research university in metro	-0.088	(0.113)	-0.131	(0.122)
Fiscal Characteristics				
Log general revenue per capita	0.322**	(0.150)	0.405**	(0.181)
Log debt outstanding per capita	-0.059	(0.071)	-0.107	(0.085)
Constant	-3.864***	(1.188)	-4.761***	(1.450)
Observations	366		363	
R-squared	0.607		0.603	

Robust standard errors in parentheses: ***p < 0.01, ** p< 0.05

community is not captured in our model, and neither are the relationships and reputations that nonprofit executives have cultivated with the philanthropic community over time. Among other factors, Greco, Grieve, and Goldstein (2015) note the importance of organizational capacity, leadership commitment and flexibility, and community readiness and engagement for successfully using grant funds to revitalize a neighborhood — all issues that surely transcend the neighborhood and affect foundations' grantmaking decisions but that are difficult to quantify.

Lastly, this research does not distinguish between foundations that target specific geographic areas for their giving (including community foundations) and those that give with no geographic predetermination. Isolating grants from the latter camp, for which all metro areas are theoretically competitive, may have yielded different results.

Summary

Our research suggests that certain characteristics give some metro areas an advantage over others when it comes to attracting grant capital for CED purposes. For the full sample and for grants to nongovernmental recipients only, we find that both the grant volume per capita and the number of grants per 10,000 residents in a metro area are positively and significantly associated with civic capacity, as measured by the presence of large foundations and the density of the nonprofit sector. We also see evidence that metro areas with more highly educated populations and a greater ability to generate tax revenue are likely to receive a greater number of grants from the largest foundations, all else equal.

Our hypothesis regarding the effect of population size is supported by our findings: The most populous metro areas do operate at a competitive advantage relative to the least populous areas with regards to attracting grant capital from the largest foundations. However, contrary to expectations, more impoverished metro areas receive a greater degree of philanthropic funding than do less-poor metro areas when other characteristics are held constant.

Our research suggests that certain characteristics give some metro areas an advantage over others when it comes to attracting grant capital for CED purposes.

Implications

Of the factors that appear most significant in predicting grant receipt, the strength of the CED nonprofit sector may be the most obvious lever for philanthropically disadvantaged communities to pull. Increasing the number and capacity of these nonprofit organizations by investing in their growth would seem to offer one long-term strategy for attracting a greater level of philanthropic funding. Finding the resources for this investment, however, may be difficult. As Pender (2015) notes, since foundation support is often used for nonprofit capacity building, there is a certain degree of circularity in the notion that nonprofit capacity is both a prerequisite for — and an outcome of — philanthropic funding. Community foundations and local governments may have a role to play in developing the local nonprofit infrastructure, thus making prospective recipients more competitive on a national stage.

Moreover, this research could conceivably begin conversations within and among the philanthropic, nonprofit, and public sectors about how — for assuredly legitimate and rational reasons — grantmaking from the largest foundations tends to favor certain types of metro areas over others. These findings may be sufficient to motivate new strategies and partnerships in those metro areas identified by our research to be philanthropically disadvantaged. Combine a willingness to change strategy and engage new partners with an emerging body of qualitative research on the “capital absorption capacity of places,” and

Moreover, this research could conceivably begin conversations within and among the philanthropic, nonprofit, and public sectors about how — for assuredly legitimate and rational reasons — grantmaking from the largest foundations tends to favor certain types of metro areas over others. These findings may be sufficient to motivate new strategies and partnerships in those metro areas identified by our research to be philanthropically disadvantaged.

very tangible, community-based solutions could start to emerge.¹³

According to Hacke, Wood, and Urquilla (2015), the challenge is not so much the supply of grant money from large foundations, but rather organized and coordinated demand. Their research focuses on “how communities can develop a more coordinated, strategic approach to organizing demand for capital and ensuring it is deployed to achieve” (p. 5) CED outcomes. Through dozens of interviews and workshops in cities across the U.S., the researchers have identified three critical functions for increasing the capital absorption capacity of places of all sizes:

- shared priorities — reaching agreement on a set of strategic priorities for the community;
- pipeline — creating a pipeline of investable opportunities consistent with these priorities; and
- enabling environment — developing policies, processes, practices, and platforms to facilitate investment in these pipeline projects.

Evidence from our research, along with conscious and deliberate efforts to build nonprofit capacity and to organize the demand for grants from large foundations, may allow local leaders to attract new resources for CED.

Future Work

This research was motivated by a desire to better understand how community and economic development grants from the largest foundations are distributed across the nation’s metropolitan landscape. The approach used in this analysis is well suited to identifying metro-area characteristics that are associated with higher or lower levels of grant receipt. While our findings clarify the direction of CED grants, much remains unknown about the underlying mechanisms that produce these patterns.

Through this article and via other channels, we hope that the dissemination of these research findings will encourage a dialogue on this topic among the philanthropic, nonprofit, and research communities. Focus groups and interviews could add context to the quantitative findings presented in this article and deepen the field’s understanding of how metro-area characteristics influence the flow of grant capital. Conversations with leaders working in metro areas that either outperform or underperform “expected” levels of grant receipt would be particularly informative.

An analysis of grant applications received by the nation’s largest foundations additionally would be instructive in answering the questions posed in this article. Complemented by interviews with foundation staff, such an analysis would

¹³For a detailed discussion of capital absorption, please see Wood, Grace, and Hacke (2012) and Hacke, Wood, and Urquilla (2015).

shed light on the degree to which nonprofit capacity affects not only grant receipt, but also the likelihood of even applying for grants from large foundations.

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Knowledge as Leadership, Belonging as Community: How Canadian Community Foundations Are Using Vital Signs for Social Change

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Keywords: Community foundations, Canada; philanthropy, sense of belonging, Vital Signs

My definition of community is knowing and acting like we have a shared fate.

– Zita Cobb, Shorefast Foundation

Key Points

- The concept of “community” in community foundations is being reframed – less strictly tied to the specific locales that originally defined their boundaries and increasingly about a process of engagement and a resulting sense of belonging.
- The greatest asset of a community foundation is not the size of its endowment, but its knowledge of community and ability to use this knowledge for positive change.
- This article explores the Canadian network of community foundations’ use of the reporting tool Vital Signs to implement a knowledge-driven approach to leadership and how it is using this knowledge in more inclusive, engaged models of community to drive change agendas in their own communities and, collectively, at a national scale.
- In implementing knowledge as a leadership tool, there remains a vast difference between what is feasible for the large community foundations and the small and new ones, particularly those in more isolated places. In spite of these constraints, community knowledge can become a means of scaling attention to particular issues and give many community foundations the confidence to frame issues in new ways.

The long-standing value proposition of community foundations – as philanthropic institutions embedded in place that serve donors, match them to worthwhile community projects, and make grants in a responsive manner (Perry & Mazany, 2015; Graddy & Morgan, 2006) – is being questioned, and community foundations are being admonished to reinvent themselves (Carson, 2011). The challenge to their relevance arises in part from the need to succeed in a tough dual “race” (Oliphant, 2015, p. 61): one challenge focused on securing new donors who have more options than ever before, and the other on having impact when needs greatly outstrip resources and when donor satisfaction is closely linked to perceptions of impact (Buteau, Chaffin, & Buchanan, 2014; Millisen & Martin, 2014). The definition of “community” has also shifted, from one comfortably defined by geography to a more elastic one, shaped – and fragmented – by social identities, interests, and values (Yivisaker, 1989).

The proposed route to reinvention is through more effective roles in community leadership, to enhance their impact and donor appeal as well as generating a broader public benefit (Bernholz, Fulton, & Kasper, 2005; Auspos, Brown, Kubisch, & Sutton, 2009; Ranghelli, 2006). The extent to which community foundations are demonstrating such leadership and achieving greater impact

varies greatly (Daly, 2008; Graddy & Morgan, 2006; Guo & Brown, 2006; Jung, Harrow, & Phillips, 2013), and what constitutes “community leadership” is itself being remade. In this recasting, the greatest asset of a community foundation is not the size of its endowment, but its knowledge of community and ability to use this knowledge for community benefit and positive change.

As community foundations move into more active leadership roles, they have struggled between two competing approaches: to lead change by prescribing the type of change that should occur and implementing change-oriented measures, or to facilitate change by enabling others (Easterling, 2011). As Easterling observes, historically most foundations have favored allowing the community to “generate its own solutions” and using their grantmaking and convening powers to facilitate other organizations to execute change (p. 94). To reach for ambitious impacts, however, Easterling argues there is a natural progression toward more directive approaches. For example, many of the 34 U.S. community foundations that participated in Putnam’s Social Capital Benchmark survey – notably those that had the will and skill – assumed quite directive roles in attempting to reshape the civic culture of their communities, albeit with mixed results (Easterling, 2011; Easterling & Millesen, 2015).

Canadian community foundations are affecting a pivot in leadership that embraces an alternative to a directive versus facilitative style – that of a knowledge-driven approach. They are shifting from relying primarily on conventional grantmaking as their main leverage for impact, which tended to be facilitative, to using knowledge to catalyze community awareness and action. The success of Vital Signs, a reporting tool designed to improve their knowledge of community, has reoriented and equipped them to drive change agendas in their own communities and collectively at a national scale. When results of these annual “check-ups” undertaken by local community foundations revealed that many citizens do not feel connected to their communities, the national association took up the issue in 2015 to create a shared, countrywide strategy

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that aims to enhance a sense of belonging as a means of promoting more inclusive and engaged communities. Working with local community foundations, the strategy has established a collaborative, national-local small-grants program, supplemented by local microgranting initiatives, as vehicles to encourage participation by individuals and groups. Participation per se, rather than services produced by projects or programs, is the primary criterion of success. Still in its infancy, the complexities of implementing a national strategy for place-based institutions with their own priorities and differential capacities are significant, and yet to be fully resolved.

Although other foundations have effectively used data to engage conversations “on the facts” to transcend partisan divides and generate collaborative efforts at change,¹ several features distinguish the approach undertaken by Canadian community foundations. First, it is not an

¹See, e.g., the work of the Wallace Foundation in building support for arts education (Bodilly, Augustine, & Zaharas, 2008).

As a basis for community, place still matters, but so too does process and the reciprocity it generates.

“initiative,” akin to the comprehensive change projects led by private foundations in the 1990s (Kubisch et al., 2011), but a knowledge-based leadership style. Second, it links the national and local levels. A key lesson that emerged from five decades of place-based initiatives is the value of cross-site learning (Ferris & Hopkins, 2015), and this is integral to the Canadian model. Vital Signs has enabled ideas and innovations for change to percolate from a local to the national level, and then be diffused across locales. Third, the model does not treat knowledge as simply data-gathering, but instead as a conversation-starter among diverse stakeholders that may lead to differing means of moving forward, and in this way treats both community and change as “creative processes” (Follett, 1919).

We assess how knowledge is being used as a strategic change tool by community foundations in the Canadian context, and demonstrate the value, and challenges, of knowledge-led, coordinated leadership at a national scale to facilitate change at a local level. To appreciate the rationale for a sense of belonging as the goalpost of this strategy, we begin by exploring why a sense of belonging matters, and how it is both a locally relevant and scalable concept.

Belonging: More Than a Feeling

The concept of “community” in community foundations is being reframed. With suburban expansion and an increased interest by donors in funding internationally, it is less strictly tied to the specific locales that originally defined the boundaries of community foundations (Carson, 2015). In addition, it is increasingly seen to be about a process of engagement and a resulting sense of belonging. This process view of community is by no means new, but some old ideas have gained new currency. Almost a hundred years

ago, the American philosopher and local organizer Mary Parker Follett described community as a “creative process” of deliberation, participation, and integration (1919). Through a dynamic of mutual engagement, the differences among citizens are aired, understood, and integrated into something more encompassing, producing a “course of action that is a result of the interweaving of ideas, personalities, and the situation” (Feldheim, 2004, p. 346). As a basis for community, place still matters, but so too does process and the reciprocity it generates.

This reciprocity is captured by the concept of a sense of belonging, an idea that became popular in the late 1970s (often called a “sense of community”), then faded and has been reintroduced with the interest in social capital (Putnam, 2000; Easterling, 2011) and rise of well-being and happiness indices in recent years. Belonging is twofold: it involves “sharing a sense of personal relatedness” (MacMillan & Chavis, 1986, p. 9) – a sense of being part of a collective “we” – and investing oneself in a community, be it geographic or social. It thus embodies some degree of reciprocity – of the community imparting a sense of welcoming, so people thereby feel a fit with that community and a desire to contribute to making it a fit for others. For purposes of community building, belonging is seen as beyond an individual feeling or relationship, to a catalyst for creating healthier, more inclusive, and more resilient communities, given the benefits it can generate (Community Foundations of Canada, 2015a).

The benefits, at both an individual and community level, of a strong sense of belonging have been well documented. For individuals, a strong sense of belonging is correlated with high levels of social capital and trust of others (Helliwell, Layard, & Sachs, 2015); it predicts how meaningful one’s life is perceived to be (Lambeth, et al., 2013), and enhances a variety of health outcomes (Carpiano & Hystad, 2011). At a community level, a sense of belonging is related to positive perceptions of safety and tolerance of others, higher levels of donating and volunteering, better general and mental health, and overall resiliency, such as the ability to recover from natural

disasters and economic downturns (Carpiano & Hystad, 2011). As Berry and colleagues have shown, when citizens have higher levels of participation and a sense of belonging in their communities, they also believe that their governments are more responsive (Berry, Portney, & Thomson, 1993).

A sense of belonging has been shown to vary across ethnic population groups (Shields, 2015), but is not automatically higher for majority groups, nor a function of living in an homogeneous community. While immigrants initially have a lower sense of belonging to the local community, this difference decreases over time, and few differences have been found between minorities and nonminorities living in diverse neighborhoods, although groups experiencing discrimination are naturally negatively affected (Citizenship and Immigration Canada, 2016). A sense of belonging tends to be higher among married or common-law couples and those with children, but does not significantly correlate with gender and has only modest association with socio-economic status – lower-income groups being somewhat lower (Citizenship and Immigration Canada, 2016). In short, research suggests that a sense of belonging is not primarily a product of personal attributes or situational factors, but, instead, of relationship to and engagement in community, however defined.

Over the past five years, the Canadian network of community foundations has implemented a new approach to leadership that emanates from its mobilization of community knowledge and is centered on understanding the factors that promote belonging, and is using this knowledge to work toward more inclusive and engaged models of community.²

Knowledge as a Leadership Strategy

Canada was an early adopter of the community foundation model, establishing the first one

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in Winnipeg, Manitoba, seven years after the model was “invented” in Cleveland (Sacks, 2014). Canada’s community foundation sector is second in size only to the United States – although its coverage is more extensive than that of the U.S., with 85 percent of the population served by a community foundation (CFC, 2014) and only 10 centers of population greater than 50,000 without one. Collectively, Canada’s 191 community foundations manage about \$3.6 billion U.S. in assets and made grants of over \$164 million in 2015 (Community Foundations of Canada, 2015b), making them important actors in the philanthropic and civic landscape. A similar pattern of bifurcation to the U.S. is present in Canada, where the 10 largest community foundations, which are located in the major cities, hold more than 80 percent of the assets and have quite a different reality than the large number of newer, small foundations (Imagine Canada, Grant Connect, & Philanthropic Foundations of Canada, 2014).³

²This analysis is based on a review of primary documents of Canadian community foundations, a series of interviews with their CEOs, and the observations of the Community Foundations of Canada (CFC) president and CEO and senior staff who are co-authors of this article. The views expressed do not necessarily represent those of CFC.

³“Large” pales by U.S. standards, as even the Vancouver Foundation, by far the largest in Canada, ranks 15th among its American cousins (CF Insights, 2015; Imagine Canada, Grant Connect & Philanthropic Foundations of Canada, 2014). Most of the other established Canadian foundations would rank between about 30th and 100th in asset size among their U.S. counterparts, so that the nature of their work is roughly comparable, although as we argue, asset size has become a less meaningful way to describe their work. In addition, total asset size is a deceptive measure because community foundations in Canada, as in the U.S., hold a substantial amount – 50 percent to 70 percent – of the assets under management as donor-advised funds, thus reducing their discretion over total grantmaking.

In 2014, Community Foundations of Canada adopted a new strategic focus that was intended to refocus the network (connected organizations) into a movement (coordinated, collective action), shifting the metaphor from a music school teaching individual players to that of a symphony whose conductor more deliberately orchestrates collective action among its members.

What distinguishes the Canadian community foundation network is not its assets, but instead the presence of a strong national association. Established in 1992, Community Foundations of Canada (CFC) is dedicated to community foundations rather than being combined with private foundations in an omnibus association like the Council on Foundations in the U.S. From its inception, the effect of an active national association has been to generate among its members a sense of common purpose and identity as a network, rather than operating as individual, autonomous philanthropic institutions serving local communities. CFC plays an important role in network building by providing learning tools and safe spaces for peer-to-peer learning for the leaders, staff, and volunteers of community foundations. This has enabled successful local innovations to be emulated by others and serves to cultivate the development of small community foundations.

CFC President Ian Bird (2014) uses the analogy of a music school to describe how this networking

role has functioned: Individually, community foundations played their instruments of grant-making, community knowledge, good governance, and community leadership quite well, and CFC has acted as a music school to help them help each other become better players. In 2014, CFC adopted a new strategic focus that was intended to refocus the network (connected organizations) into a movement (coordinated, collective action), shifting the metaphor from a music school teaching individual players to that of a symphony whose conductor more deliberately orchestrates collective action among its members.

The opening of a policy window created conditions conducive to this shift. In 2010, CFC got both a symbolic and practical boost from the newly appointed governor general (the Queen's representative in Canada and patron of CFC), who made expanding philanthropy a priority for his term in office and called on the country to become a "smarter, more caring nation." CFC launched a national awareness campaign about community foundations, supported by more than 400 local and national media outlets, and committed to ensuring that every community has access to a foundation by 2017. At the local level, community foundations took up the challenge by establishing "smart and caring community funds" that not only generate new resources, but also bring new partners to the table. Canadian community foundations were also sensitive to a more competitive environment for donors in which, like their U.S. counterparts, they are under pressure to differentiate themselves from financial institutions that also manage donor-advised funds, although they remain very competitive against the commercial alternatives. Rather than being merely a response to opportunity or a protective stance, however, the main impetus for the leadership pivot was the initiative of one community foundation that in 2000 started using knowledge as a leadership tool.

Vital Signs as a Knowledge Tool

Vital Signs has its origins in the late 1990s, when a small group of civic leaders in Toronto sought to ensure that issues facing poorer populations and neighborhoods would not fall between the cracks as a result of the forced amalgamation

TABLE 1 Size Distribution of Community Foundations Participating in Vital Signs Since 2007

	Small CFs (Assets < \$1.5M U.S.)	Midsize CFs (Assets = \$1.5M-\$45M U.S.)	Large CFs (Assets >\$45 m)
Number	18	32	12
Percentage of Participating CFs	29%	52%	19%

of seven municipalities into a single city of 2.4 million, which occurred at the same time as provincial downloading of the costs of social and other services (Rose, 2014). How could citizens be engaged in understanding and monitoring the health and vitality of their newly amalgamated city? The community foundation was encouraged to take on the task of monitoring quality of life in the amalgamated city, collaborating with other organizations in data collection and involving residents in conversations about the results of an annual report card.

With assistance from CFC, Vital Signs began to be replicated (with modifications for local needs) in other Canadian cities so that, in 2015, 28 community foundations issued reports. Participation is by no means limited to large foundations; 29 percent of the community foundations that have produced reports since 2007 (not necessarily every year) are quite small, with total assets under \$1.5 million U.S. (See Table 1.)

The Vital Signs reports demonstrate both commonality of shared concerns and differences reflecting issues individual community foundations seek to highlight. Easy-to-read data are presented on key aspects of the community such as health and wellness, crime, education, the status of youth and families, and creativity. Some give actual “marks” as letter grades to the community’s performance on each, while others prefer to identify trends and issues; some commission surveys on citizens’ priorities and compare these against current policies. In several cities as well as at the national level, Vital Signs is strategically focused on a single issue rather than a report card on a broad range of social and

economic indicators. For example, the Vancouver Foundation, which has had a focus on homeless youth and those in foster care, has concentrated much of its reporting on youth and used it to inform granting in this area. The main role of the community foundation in the Vital Signs process is not to produce new, original data, but rather to curate and broker existing information, and thus serve as a convener and leveller of knowledge about the community (CFC, 2015b; McMillan, 2012; Pole, 2016). In this sense, the presentation and ease of access of the data are new, even if the information itself is not collected specifically for the report card.

Virtually all community foundations engage with other community-based organizations – including United Ways, social-planning councils, public health agencies, school boards, municipalities, and universities – to prepare the report, and these circles of collaborators tend to become larger and more diverse over time (Pole, 2016). A key challenge, then, is navigating the sense of ownership over the process, given that Vital Signs aims to contribute to a broader system of community knowledge but, as a proprietary program, is also intended to enhance the reputation of community foundations (Pole, 2016). Still the leading proponent, the Toronto Foundation has built an entire brand around Vital Signs, directing a substantial portion of its grantmaking toward high-impact “vital” ideas, organizations, and people, and establishing a Community Knowledge Centre in partnership with IBM (Bhardwaj, 2011). Other community foundations have similarly leveraged the annual report to situate themselves as community-knowledge resource centers, or hubs, by creating online platforms designed to inform

The value of Vital Signs is less about the report per se than its value as a conversation starter that engages different stakeholders and hears differing perspectives in a safe space that diffuses tension and generates innovative solutions – the practice of community as creative process that Follett advocated.

donors, fund-holders, and the public about local issues and how a wide range of nonprofits are working to address them.

Although there are some debates about the selectivity and quality of the data (Patten & Lyons, 2009), the value of Vital Signs is less about the report per se than its value as a conversation starter that engages different stakeholders and hears differing perspectives in a safe space that diffuses tension and generates innovative solutions – the practice of community as creative process that Follett advocated. The Toronto Foundation has routinized and labelled this process as Toronto Dialogues, which has been used to effectively connect issues identified in the report to new programming and partnerships.⁴ One illustration is the issue of youth dropout rates and unemployment, which emerged in the 2005 Vital Signs just before a summer of an unusually high incidence of gun violence among youth that generated widespread concerns about community safety. The September Toronto Dialogue linked these issues with the municipal government's

interest in a youth-sports program and its shortage of workers for recreational programming. The result was a partnership of the city, the community foundation, United Way, YMCA, school boards, and private donors to invest in a Sport Leadership program and coaching institute that provides youth who cannot afford the usual fees with free training to become lifeguards and coaches for a variety of sports. Of the more than 1,600 youth who have completed the certification, two-thirds have obtained jobs related to their training (City of Toronto, 2015), and the program has been replicated in several other cities.

The use of Vital Signs as a conversation starter has strengthened the sense of shared ownership and built broader networks. Importantly, municipalities, police, school boards, and United Ways also indicate that they use the Vital Signs results in their own strategic planning (Pole, 2016). The results are also used internally, by midsize more than large community foundations, to inform strategy and configure granting priorities; indeed, most report using it to shape some aspect of their discretionary grantmaking and a few are using it to influence donors' decisions over their advised funds.

The Vital Signs process is inherently place-based and place-differentiated – what is a priority and an asset or deficit to one community may be very different elsewhere – but the ability to share and learn across locales has strengthened the impetus for leadership on a wider scale. Some of the Vital Signs local reports have served as percolators for scaling attention to particular issues and innovating for solutions at a countrywide level. Issues are identified through local reports; they are picked up by CFC for closer examination through a national report and then flow back to the local level, but with attention now diffused across a number of places. This two-way flow of knowledge and ideas identified a sense of belonging as a concern in the changing dynamics of community and gave rise to a national strategy currently being implemented.

Belonging as a Focal Point

The importance of belonging as a community priority emerged as somewhat of a surprise

⁴The Toronto Dialogues process is described at https://torontofoundation.ca/sites/default/files/TCF_Collaboration_and_City_Building.pdf

from Vital Signs. Given that their city has the highest housing costs as well as the poorest neighborhood in the country, one would expect Vancouver residents to identify housing or poverty as their top concern; instead, in the 2011 report they ranked a growing sense of social isolation and retreat from community life as a priority issue (Vancouver Foundation, 2011, 2012). A declining sense of belonging similarly emerged from the 2012 report from Kitchener-Waterloo, a smaller city about an hour from Toronto and known as the Canada's high-tech center. Recognizing that the issue might resonate in many places and thus could be the common element for a more activist national strategy, CFC made belonging the subject of its 2015 Vital Signs report and declared a sense of belonging – as a means of promoting healthier, more inclusive communities – a major focus of its work for the next three years.

Belonging as a basis for a national agenda might seem a strange choice given that Canada fares well in global rankings of social inclusion and civic engagement (Organisation for Economic Co-Operation and Development, 2016). It is one of the few countries where public trust and tolerance do not decline as cultural, ethnic, and racial diversity increases (Banting, 2015; Soroka, Johnston, & Banting, 2007). Indeed, a sense of belonging has actually grown slightly over the past decade, with two-thirds of Canadians over age 12 saying in 2014 that they felt a somewhat or very strong sense of belonging to their local community, with teens and seniors feeling most strongly connected (CFC, 2015a).

While not a crisis of divisiveness, neither is belonging a manufactured issue – for several reasons. First, belonging is central to an emerging emphasis in the concept of community on participation and reciprocity. Second, it is tied to community resilience – giving and volunteering are linked to belonging – and it can come apart quite quickly. As one young woman said in the Vancouver Foundation's 2012 report, which took a deep dive into belonging, "getting people connected and engaged to their community underpins everything. Without that sense of responsibility, vast numbers of people will sit on

... the ability to orchestrate place-based philanthropic institutions of vastly different sizes, none of which are dependent on the national organization for financial support, offers few common instruments. Belonging as a basis for community is one that resonates across very different types of communities and organizations, and is a position from which all can play and interplay between the national and local levels.

the sidelines and we will not be able to tackle the serious problems facing our community" (p. 41). Third, the ability to orchestrate place-based philanthropic institutions of vastly different sizes, none of which are dependent on the national organization for financial support, offers few common instruments. Belonging as a basis for community is one that resonates across very different types of communities and organizations, and is a position from which all can play and interplay between the national and local levels.

The strategy for enhancing a sense of belonging has two main components: microgranting initiated by several community foundations, and a collaborative, national-local small-grants program hosted by CFC.

Microgrants for Participation

Community foundations have been criticized for treating their grantmaking like peanut butter (Tierney, 2007), spreading small amounts over a

Nonprofits of all sizes are under pressure to be more responsive and accountable to their members and constituencies, and small-grants programs could be directed to helping them reinforce these relationships, thereby increasing participation of individuals. Using grantmaking to these ends, however, requires an on-the-ground knowledge and capacity within the foundation that goes well beyond evaluating proposals; it necessitates solid working relationships with a wide range of nonprofits and local leaders, and a good understanding of grassroots and neighborhood dynamics.

large number of recipients. These amounts may be too small to make a significant difference to services or innovation, and require organizations to patch together a variety of other funding sources. Such a critique aligns with the current fashion of strategic philanthropy which prescribes striving for impact on selected priority issues through large grants to a limited number of nonprofits, while exercising significant control over them (Phillips & Jung, 2016).

The microgranting programs that several Canadian community foundations have initiated as a means of enhancing belonging – distinctive

from their primary grantmaking – operate with a different rationale. Rather than helping nonprofits, large or small, deliver programs, the aim is to promote participation by individuals at the grassroots. Both the Vancouver and Calgary foundations, for example, offer grants up to about \$450 U.S.⁵ to people who have ideas that will “connect and engage residents in their neighborhood.” Given the focus on participation, the requirements include that these small-scale initiatives be led by volunteers in their “ordinary active-citizen lives” (Calgary Foundation, 2016); that they share residents’ skills and knowledge; are free to all who wish to participate; build a sense of community ownership and pride; involve a diversity of people from the community; and encourage the emergence of new leadership. Examples of such initiatives include an intergenerational storytelling project, free yoga classes, community gardens, neighborhood cleanups, and street parties.

It is too early to tell how effective these micro-grants will be in encouraging participation by a diversity of residents, particularly those who have not engaged previously, and whether such engagement further broadens community and civic participation through a variety of other means, and thus increases the overall sense of belonging. What is evident, however, is that they need to be evaluated by criteria quite different from that for mainstream granting programs. It is also important to ensure that the focus on encouraging participation by individuals does not undermine the work of existing nonprofits, either by sidelining them or by giving rise to competing organizations, which would make sustainability of old and new more fragile. Nonprofits of all sizes are under pressure to be more responsive and accountable to their members and constituencies, and small-grants programs could be directed to helping them reinforce these relationships, thereby increasing participation of individuals. Using grantmaking to these ends, however, requires an on-the-ground knowledge and capacity within the foundation

⁵Under charity regulation, these grants must be administered through qualified organizations but are ultimately directed toward individuals or small teams.

that goes well beyond evaluating proposals; it necessitates solid working relationships with a wide range of nonprofits and local leaders, and a good understanding of grassroots and neighborhood dynamics (Aspen Institute, 2015). In terms of internal management, it entails some realignment toward being more operational, for which many community foundations lack the capacity or interest.

Collaborative Grantmaking for Inclusion

The goal of promoting broadly based participation and inclusion has been mirrored on a national scale with the creation in 2016 of a collaborative CFC-local granting program. Occasioned by Canada's 150th anniversary, which is being treated as what the governor general termed a "once in a lifetime" chance to "take a clear-eyed look" at what kind of country and communities citizens want (CFC, 2015a), the Canadian government seeded \$7.5 million U.S. in a Community Fund for Canada's 150th. This funding is to be matched at the local level by community foundations and private philanthropists have been invited to contribute; the goal is a total fund of more than \$30 million by 2017.

Led by community foundations at the local level, the Community Fund for Canada's 150th distributes grants of up to \$11,000 U.S. to qualifying nonprofits and municipal governments across the country, with a focus on the inclusive engagement of citizens in all regions and particularly those traditionally at the margins of society. The fund seeks to further leverage participation and support by requiring grantees to match the grants through private or in-kind support. The primary aim is to promote local leadership and belonging by funding new and unique projects that fit with its three pillars: encourage people to participate in community activities and events to mark the anniversary; inspire a deeper understanding about what shapes the country and its communities; and build community with the broadest possible engagement of citizens.

Three months in, the nearly 100 projects that have been approved involve the participation of a

wide range of community members, particularly engaging immigrants, refugees, youth, seniors, members of the LGBTQ community, Indigenous with non-Indigenous peoples, and individuals with physical or mental accessibility challenges. Recognizing very different specific objectives of the thousands of projects that are expected to align with its broad pillars, the fund's primary criterion of success is widespread distribution of participation – aimed at creating a "groundswell of local action" (CFC, 2016, p. 2) that "fosters a greater sense of belonging, inclusion, and reconciliation, leaving a lasting legacy for our communities and our country" (Bird, 2016).

From an operational perspective, the involvement of a national membership association in managing a granting program poses new challenges of balancing leadership with responsiveness to members. CFC and its members have never before collaborated on such a deeply operational granting effort, and CFC has had to communicate directly and work closely with each member to establish a new kind of relationship. Internally, CFC has had to develop a new operational capacity to oversee grantmaking and to do so as a collaborator, not the decision-maker. A related challenge has been to balance a national vision for the fund with space for community foundations to lead at the local level with their own knowledge about local priorities (Brown, 2012). In many cases, this involved convincing locally minded members of the potential for a national vision for granting without overstepping, as CFC has no authority – only credibility capital and a relatively small carrot of matching funds.

As Duan-Barnett and colleagues note in their analysis of Michigan community foundations in a large-scale change agenda, those managing such an agenda need to attend carefully to both these vertical (national to local) and horizontal (foundation to foundation) dimensions, and this is an ongoing process (Duan-Barnett, Wangelin, & Lamm, 2012). Further, this movement-wide initiative shines light on the significant diversity among community foundations in terms of organizational capacities, unrestricted funds available for matching, regional variations, and the densities of their organizational and donors networks.

This movement-wide initiative shines light on the significant diversity among community foundations in terms of organizational capacities, unrestricted funds available for matching, regional variations, and the densities of their organizational and donors networks. It also illuminates differences, and some tensions, between members that are running the traditional race of attracting donors and granting versus those willing and capable of being innovative and providing leadership beyond grantmaking.

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Such bite-size grantmaking is not a substitute for more audacious leadership on big societal issues demanding large-scale change, and many Canadian community foundations continue to lead and partner on efforts to reduce poverty and homelessness and to support LGBTQ communities, among other initiatives. The national association, too, is working with other philanthropic institutions on the complex, politically and culturally sensitive issue of “reconciliation” with Indigenous Peoples, as well as on welcoming and integrating Syrian refugees. The complementary

value of a strategy aimed at supporting belonging and participation stems from the recognition that communities themselves are complex and becoming more so, and that a sense of belonging is an essential aspect of individual and community well-being and may be a requisite step to mobilizing citizens in collective action for social change on a larger scale.

Conclusion

Community foundations are under increasing pressures to “up their game” of leadership as community-based philanthropy, and communities themselves, undergo significant change. The basis for their concept of “community” is no longer a strictly geographic one, but an increasingly diverse and potentially divisive one that entails a variety of social, cultural, interest-based, and virtual communities. How do place-based foundations stay relevant in a world less bounded by place?

This Canadian case study illustrates how knowledge of community – particularly of the multiple communities within a specific locale – is a new value-added and an important tool for community leadership. Such knowledge can be applied in two ways. The first is using Vital Signs reporting, now an international phenomenon, to influence policy and social change by levelling knowledge – making it more accessible – across the community. This does not necessarily entail direct advocacy by community foundations, which many resist, but creates a process from which advocacy by others can emerge and encourages the media to focus attention on certain issues. More importantly, when the report is used to convene conversations that are safe spaces for different stakeholders, including business and government, to share differing perspectives and interests, the agendas of various actors can find common ground that may result in coordinated action – sometimes with no advocacy needed and sometimes as a forceful coalition for policy change. One benefit of Vital Signs as a means of taking the pulse of communities is that it is inherently adaptable to local circumstance, which accounts for its adoption by more than 70 communities in eight countries as widely dispersed as Australia, Bosnia, Brazil,

Ireland, New Zealand, the United Kingdom, and the United States (Jung & Harrow, 2016).

The other use of knowledge is to identify how communities feel about themselves, particularly the extent to which residents have a sense of belonging. Place may not have an exclusive claim on a sense belonging and participation, but it remains a primary one, and the opportunity is for community foundations to use their ability to reach a very local – neighborhood – level where they can assist individuals to participate with others in projects and events for collective benefit. Microgrants and small-grants programs are one means of achieving this, although these may require community foundations to develop new internal management capacities to support this kind of hands-on granting. Citizen participation through the grassroots is déjà vu in terms of ideas about community building, but the shift from grants for projects to grants for participation entails a reorientation for most community foundations.

In implementing knowledge as a leadership tool, the challenge remains of a vast difference between what is feasible for the large community foundations and the small and new ones, particularly those in more isolated places. In spite of these constraints, community knowledge can become a means of scaling attention to particular issues and give many community foundations the confidence to frame issues in new ways so as to attract visibility, start conversations, and create collaborations. Ultimately, the success of the national agenda depends on being both shared and distinctively local, of accommodating diversity and size differentials, and of the national association being able to both lead and follow.

To some, a focus on participation and belonging, and using microgrants to facilitate it, might seem like a scaling back of leadership – of a retreat to a comfortably small scale rather than working for reform on big issues. We argue the opposite: that cultivating a sense of belonging through participation can – and should be – a complement to other forms of audacious leadership for social change. For small community foundations, it might be all they can manage, but still puts them on a leadership-oriented path. For larger ones,

Place may not have an exclusive claim on a sense belonging and participation, but it remains a primary one, and the opportunity is for community foundations to use their ability to reach a very local – neighborhood – level where they can assist individuals to participate with others in projects and events for collective benefit. Microgrants and small-grants programs are one means of achieving this, although these may require community foundations to develop new internal management capacities to support this kind of hands-on granting.

it is a means to building community from the inside out, of reinforcing residents' connections to community that can serve as building blocks of individual leadership and collective action over the long term.

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Partnering for Impact: Developing The McKnight Foundation's Carbon Efficiency Strategy

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Keywords: Impact investing, deliberate leadership, Wicked Problems

Key Points

- This case study challenges us to redefine our definitions of community and philanthropic practice as we tackle global climate change — one of the most Wicked Problems facing our planet and our people. Driven by a deep commitment to “walk the talk,” CEO Kate Wolford and McKnight Foundation leadership committed \$100M of the foundation’s endowment to find solutions to global warming. This bold step required building a new type of partnership with McKnight’s team of financial advisors — Mellon Capital Management, Mercer, and Imprint Capital (now Goldman Sachs). McKnight and Mellon Capital had to build a new cross sector partnership that would change the roles of philanthropy and the private sector to develop new market-driven solutions — specifically, a Carbon Efficiency Strategy.
- Using a Deliberate Leadership framework, the case follows the partners’ journey as they seek to build community and find collaborative solutions. We witness their tensions and evolution in their thinking and relationships.
- While the case seems unusual, it represents future trends in which impact investing is a drawing a new pool of funders — beyond traditional grantmakers — into innovative social change solutions to address global Wicked Problems. In addition, next-generation family funders are moving away from geography-based communities to issue-based communities.

Introduction

Opportunity Meets Urgency

In late October 2014, Gabriela (Gabby) Franco Parcella, chairman, president, and CEO of Mellon Capital Management (MCM), and Kate Wolford, president of The McKnight Foundation, spoke to Bloomberg Business about the launch of an exciting new social investment product they believed would add another option for investors concerned about climate change. The joint venture was the Carbon Efficiency Strategy (CES), a portfolio in lower-carbon investments seeded by The McKnight Foundation that was the culmination of 10 months of intensive discussion and co-creation. It represented a landmark product for MCM and offered McKnight and other carbon-conscious investors a more proactive way to shift institutional investments towards companies whose practices could reduce carbon emissions exposure in investment portfolios.

Parcella and Wolford share a commitment to innovation, and both are known and respected as open, collaborative, and risk-taking leaders. Working together to push the financial envelope and develop an investment product that could potentially yield social and environmental returns without sacrificing strong financial performance came as no surprise.

For Parcella and MCM, the CES developed for McKnight is consistent with the firm’s 20-year history of meeting responsible investment mandates. Parcella describes MCM as a systematic manager “skilled in taking an idea and building a model that expresses it quantitatively.” About the CES, Parcella comments, “We place our values

When considering how changing communities impact the future of philanthropy, it is worth rethinking how communities are defined. The four organizations in this case came together, not just as partners in business but as allies working to change the financial sector, the community in which they work.

into three broad categories: global, insightful, engaged. The CES cuts across all three.”

For Wolford and The McKnight Foundation, the CES represents another milestone in the Foundation’s journey to, as Wolford says, “walk the talk” by aligning its programmatic and endowment investments with its mission to “improve the quality of life for present and future generations and...to use our resources to attend, unite, and empower those we serve” (McKnight Foundation). Wolford believes that the CES “helps fill a gap in the universe of investment products by demonstrating responsiveness to the demand by an institutional investor and sends a signal to the market about carbon emissions.” The CES is expected to reduce the Foundation’s emissions intensity profile in this particular investment account by more than 50 percent relative to investments with a more standard index exposure.

But getting to this launch was not easy. Wolford and Parcella and their colleagues had to resolve a number of questions individually and together: How can diverse partners collaborate to develop a successful social investment product while managing internal trade-offs and competing partner objectives? How does a financial services company with little expertise in climate change develop

products that are well informed and will support a client’s social and environmental mission? How does an institutional investment manager participate in such an effort while maintaining its core mandates and fiduciary responsibilities?

This case study examines the challenges and lessons learned during the 10 months of development of the CES, offering these experiences to other innovators as they consider undertaking unexpected partnerships or building professional communities to create new financial tools or products that balance financial returns and social outcomes. When considering how changing communities impact the future of philanthropy, it is worth rethinking how communities are defined. The four organizations in this case came together, not just as partners in business but as allies working to change the financial sector, the community in which they work. As future funders continue to shift the investment priorities of corporations and foundations towards promoting social and environmental wellbeing as well as profit, impact investing can serve as a valuable tool for financial communities wanting to address large, complex issues like climate change.

It exemplifies how shifting priorities in philanthropy and the increasing focus on investment which promotes social and environmental wellbeing will shape collaborations between partner organizations working to address new challenges across the sector.

The case explores these issues by looking at how the value chain of relationships¹ across the unique communities of BNY Mellon, MCM, and McKnight merged to develop and take to market a new product: a US\$100 million Carbon Efficiency Strategy designed to promote the reduction of carbon emissions exposures in

¹For the purposes of this case, the concept of the value chain analysis used is one based on Michael Porter’s discussion of how value is created by an organization in his book *Competitive Advantage: Creating and Sustaining Superior Performance* (New York, NY: The Free Press, 1985). According to Porter, competitive advantage is created when the value of a product exceeds the cost of developing and providing it. Analysis of the contributing components of an organization helps it understand how to improve value creation and, thus, competitive advantage.

investment products, while providing a financial return to the satisfaction of all the partners and those to whom they are accountable.

Deliberate Leadership and Climate Change

Climate change is, without a doubt, a Wicked Problem. A concept first proposed in 1973 by Berkeley professors Horst W.J. Rittel and Melvin Webber to describe social problems without simple answers, Wicked Problems are large, messy, complex, and systemic (Rittel & Webber, 1973). The concept includes many of the most challenging issues we face today, from global issues of poverty and climate change to local issues of failing education systems and lack of financial security and stability. There are no easy solutions to Wicked Problems, and though enormous progress can be made in alleviating them, they will remain with us. As John Fitzgibbon and Kenneth O. Mensah point out in *Climate Change as a Wicked Problem*, there is a “deficiency in our technical and social capabilities to be able to deal with a phenomenon with multiple sources, actors, stakeholders, cross-scale influences (externalities), and linkages” (Fitzgibbon & Mensah, 2012).

Deliberate Leadership is a response to the challenges posed by Wicked Problems. It is a framework for leaders to use in tackling problems with no easy or consensus solutions. Each characteristic of Deliberate Leadership is based on proven business and social sector theories and practices. They are recognized leadership strategies used in creating lasting positive change within companies and organizations and in the lives of people most affected by the consequences of Wicked Problems. The Deliberate Leadership framework describes three phases of the process by which an organization learns and adapts in order to deal successfully with Wicked Problems. Moreover, learning is important at both the program and the operational levels; the reflection process must apply to both. The three phases of organizational learning and change are: Phase 1 — Partner and plan; Phase 2 — Act and assess; and, Phase 3 — Reflect and recalibrate. (See Figure 1.) They can be clearly identified in the story of the Carbon Efficiency Strategy.

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Phase 1: Partner and Plan

When The McKnight Foundation first started thinking about a low-carbon investment strategy, Wolford reflects, “We didn’t know what we didn’t know.” Still, McKnight had set the stage for the CES portfolio through an evolving commitment to impact and responsible investing paired with a long-standing programmatic commitment to the environment and addressing climate change through its longstanding support for environmental projects.

During a recent period when the McKnight climate program was modifying its focus, the Foundation’s board was beginning to consider how to do more with its investments. The Foundation is intended to work in perpetuity, so investment returns are needed to support its grantmaking activity, which is at least 5 percent of assets annually. However, the younger generation of family board members wanted to leverage the rest of the endowment to address Foundation goals. Board chair Ted Staryk suggested that the financial team meet with Imprint Capital (Imprint²), an impact investment advisory firm that had worked on social investment

²During the writing of this case study, Imprint Capital entered into an agreement to be acquired by Goldman Sachs Asset Management. At this time no change in name has been issued, so the case will refer to this firm as Imprint throughout.

FIGURE 1 Phases of Organizational Learning and Change

issues with several large foundations across the US, including the W.K. Kellogg Foundation of Michigan and the David and Lucile Packard Foundation of California.

After initial discussions between McKnight’s investment team and Imprint regarding the potential of social investment at the end of 2012, Imprint advised McKnight in developing an impact investing program that was approved by the Foundation’s board in late 2013. This decision, says Rick Scott, McKnight’s vice president of finance and compliance, was “very, very important” in helping set the stage for board involvement in discussion, debate, and the eventual launch of the CES.

Forming the Partnership

While the early stages of McKnight’s impact investment strategy planning were largely

directed by the Foundation and Imprint, creating the actual model for investment required including a variety of stakeholders in the process. In December 2013, McKnight’s investment committee met with staff from MCM, a subsidiary of BNY Mellon which manages a portion of McKnight’s investments, and from Mercer, a global consulting leader in talent, health, retirement, and investments, which advises McKnight on its investments. Mercer provides annual reviews of investment policy and asset allocation and quarterly reviews of the Foundation’s investment performance. It is responsible for reviewing investments with each of McKnight’s 22 managers, including MCM. The McKnight team shared the Foundation’s decision to implement an impact investing strategy and their engagement of Imprint Capital to support the process. During the meeting, the McKnight board members also raised the issue of the Foundation’s carbon

exposure, leaving open the question of what might be done to bring the investments closer to mission and values.

Laura Kunkemueller, then a principal at Mercer, had already been thinking about the Foundation's exposure in the climate and energy space. In a Foundation investment committee meeting earlier that year, McKnight's leadership had raised the topic of aligning investments with initiatives. At that time, Kunkemueller had returned to her office and asked her team to analyze the carbon footprint of McKnight's entire portfolio. These early findings had been presented to McKnight when the team visited Mercer for its annual manager-monitoring trip. The report showed each investment manager's exposure to companies named in the Carbon Tracker 200 (CT200) and Filthy 15 (F15) lists, which detail companies with high carbon emissions, as well as additional energy exposure. While there were significant gaps in the data, the analysis indicated that the investments in the Russell 3000 Index® held by MCM (then valued at US\$58.5 million) had the highest exposure to companies on those two lists.

Soon after the December meeting, Kunkemueller invited Kristen Fontaine, vice president for global consultant relations at MCM, to talk about socially responsible investing options for McKnight. In particular, Kunkemueller asked what MCM could do about the carbon exposure in the Russell 3000 Index®. Fontaine agreed to have a sample portfolio of Mellon's Broad Market Index run, removing the companies listed in the Carbon Tracker 200 and Filthy 15. Kunkemueller wanted to understand the differential in fees, returns, and tracking error.

This started a series of carbon exposure conversations between McKnight and MCM, with Mercer working as intermediary. MCM indicated that other clients and potential clients had asked similar questions, so perhaps now was the time to look into developing a product that would meet their needs for reduced carbon exposure.

McKnight gave MCM the first chance at building an investment product. If it came up with a

good model with a fee structure in the range of the existing one, McKnight would consider seeding a fund. Kunkemueller shared with MCM that she had begun working with the environmental, social, and governance (ESG) investment research team at Mercer and that they believed a potential collective fund in the low-carbon space would have a lot of traction. This got the ball rolling.

While the partners in this scenario were all interested in working toward the same result and had built a trusted relationship over decades, the partnership was not without its tensions. One of these tensions was McKnight's inclusion of Imprint in the project in April 2014, after MCM and Mercer had already begun developing the model. Imprint had become a trusted partner to McKnight, but was less familiar to Mercer and not very well known by MCM. This shifted the dynamic, especially given the experience Imprint had in responsible investing and in social and environmental issues.

In addition, it quickly became clear to MCM and Mercer that they were not fully aware of McKnight's goals and priorities for the model, which resulted in revisions of the model that may not have occurred if these goals had been known from the start.

Phase 2: Act and Assess

Innovation Through Iteration

In early 2014, conversations to move product development forward began in earnest. Initial conversations in January 2014 between MCM and Mercer focused on processing the implications of the sample portfolio MCM had run excluding the CT200 and F15 companies. This led to discussions about the potential for a collective fund, something that could also be attractive to an audience beyond McKnight.

Initially, there were concerns about the data in the F15 and CT200, which were already three years old and relatively static. In addition, the product development team found both lists contained too much ambiguity with regard to company selection criteria, were potentially

politically motivated, and included companies that had gone out of business. Karen Wong, managing director and head of equity portfolio management at MCM, suggested using MSCI, with which MCM had a strong relationship, rather than the F15 and CT200. However, MSCI only had data for a limited number of companies, which raised questions about the usefulness of the index for this project.

The process of developing the model was not always smooth, and the product development team's first two attempts at a model, which they called the Carbon Emission Reduction Strategy (CERS), turned out not to be quite what McKnight was looking for. Kate Wolford said, "It wasn't as robust as we had hoped, which was disheartening. It was simply a negative [investment] screen with weak data ... Our investment committee, foundation staff, and Imprint were disappointed. I didn't think we were going to go forward."

When the team presented the second version of the model, McKnight also brought up the idea of taking coal companies out of the strategy entirely if it would not impact the tracking error. This was new and created a bit of frustration within the development team, and some tension among the consultants in terms of wanting to emphasize an executable investment model and also wanting a product with better data and a clearer investment thesis.

However, despite the additional work revamping the model would require of the development team and the existence of some confusion about what McKnight wanted from the model, MCM agreed to push forward.

As Wolford recalls, "To MCM's credit, they stepped up and said 'let's take another shot.' There was a good chance the CES would have ended there — but MCM staff believed they could iterate the right product for us. We agreed to go forward."

Wolford continues, "The first thing we did was for each of us to begin by describing our needs and goals with the fund. In hindsight we should have set up a meeting with all involved,

including Imprint, at the outset of the project. Fortunately, the relationship with MCM was strong enough that McKnight staff and board could voice their concerns, and Mercer and MCM were supportive about going back to the drawing board."

McKnight sent a memo to the team via Mercer on July 21st. For the first time, this memo put to paper McKnight's goals for the strategy (R. Scott, 2014):

1. Overweight strong greenhouse gas performers and underweight weak ones using apples-to-apples industry sectors, based on relative performance not size.
2. Include strong integrated proxy voting and shareholder engagement.
3. Exclude coal.

The Carbon Efficiency Strategy

In August 2014, the development team presented version 2.0, the Carbon Efficiency Strategy. The strategy took two main approaches. First, it recognized strong climate performers through a reward and penalty system that assessed a company's environmental performance within its peer sector rather than by its size. For instance, financial companies would not be compared to energy companies because they are in different sectors. In this way, the strategy would address poor environmental behavior across the size spectrum on a relative basis using carbon intensity.

Second, it encouraged engagement through proxy voting on relevant issues and also promoted better company reporting through the weighting process. Underweighted companies would appear less attractive to investors, and, in theory, would be motivated to improve their reporting and other climate-relevant practices.

This time, the group agreed that the model was much stronger and clearly described its objectives and methodology. The McKnight participants discussed the model with the Foundation's full board and the McKnight group agreed that the investment in the index fund should be

increased from US\$70 million (initially proposed internally) to US\$100 million. They wanted to give MCM a strong start. After final approval from the McKnight investment committee, the Carbon Efficiency Strategy received its first investment from McKnight on October 31, 2014.

Phase 3: Reflect and Recalibrate

When the product launched in late 2014, it was soon joined by two other firms with comparable products. State Street Global Advisors released its SPDR MSCI ACWI Low Carbon Target ETF (LOWC) in late November 2014 (State Street Corporation, 2014). BlackRock's iShares also announced its MSCI ACWI Low Carbon Target ETF in early December 2014 (Businesswire, 2014). To the McKnight group, this meant they were in line with and able to respond to a growing demand from investors wanting to blend their financial and social interests.

The index has now had its one year anniversary and there is one year's worth of data to indicate that that, yes, the CES does follow the index and does indeed serve the same purpose in the portfolio. Over time, Elizabeth McGeeveran, McKnight's impact investing program director, expects to see the CES hew to the index, with no wild over- or under-performance. More broadly, McGeeveran also wants to see interest in the product drive a demand for better data, which will lead to better information for decision-makers. But she also cautioned against a single interest in linear measures, "This is an ecosystem. We are making a contribution to an ecosystem."

All parties agreed that the product was a good start, but not perfect. Wong commented that, as the world evolved and the data improved, this product would change with it.

While it is too soon to tell if the CES will be successful in the long-term, the stakeholders are pleased with the product they developed and continue to receive positive feedback and interest from funders, investors, and investment firms.

First, while any new partnership will face challenges, communication and shared priorities go a long way in helping the partners to reach their goals. Second, it is important to have an understanding of differences between the organizational cultures of the various partners, as well as an understanding of the culture created by the partnership itself.

Forging a New Path

This case offers valuable lessons for forming and sustaining diverse partnerships to address complex, Wicked Problems like climate change. First, while any new partnership will face challenges, communication and shared priorities go a long way in helping the partners to reach their goals. Second, it is important to have an understanding of differences between the organizational cultures of the various partners, as well as an understanding of the culture created by the partnership itself.

How Do Partners Learn to Work Together?

The MCM team faced internal skepticism when they began to develop the CES with McKnight and its other advisors. This may have reflected the natural circumspection and conservative outlook present in several areas of the financial sector. It may also have been a product of the field at that time, which was moving slowly into impact investing, an area considered by many to be high on hype, but lacking in quantitative outcomes (Ruttman, 2012).

At the same time, BNY Mellon boutiques had the freedom to design and develop their own strategies and act upon them. While they pursue their goals within the broader leadership and mission of BNY Mellon, they also contribute a special brand of entrepreneurship to BNY Mellon as a whole, and MCM, especially under Parcella's leadership, is no exception to this dynamism.

With any new project, striking a balance between minimizing investment risk and fulfilling the social and environmental goals of the client can be tricky. MCM viewed McKnight (and foundation clients in general) as having a conservative risk profile. MCM at the time managed some of McKnight's most conservative investments. This meant finding the right nexus between a conservative investment perspective and the risk-tolerance needed to launch a new venture like the CES.

The work among partners was collaborative, even though there were many perspectives and organizational objectives in the mix. Partners had bi-weekly check-ins or spoke more often if the research and changes in the approach demanded it. Some strains were inevitable; Fontaine recalls the tensions when Imprint became more involved a few months after the work between Mercer and MCM had begun. Imprint was new to this table and brought more direct experience in carbon emissions investment strategies for foundations than did the other players. Imprint asked questions and played devil's advocate, which was difficult at first. At times the different partners weren't sure where their responsibilities ended and another partner's began. Eventually, the group worked through its "growing pains" and came together as a team. As Fontaine states,

... there were times when tones were strained, and then there were times when the light came on, and everyone connected and came to an understanding, and we had new appreciation for each other.

The history between McKnight and MCM (as well as Mercer) helped frame this process as one of discussion and debate, not division.

With the CES launched, the concept now has strong support from across the BNY Mellon network and active interest from internal resources in helping the CES make a mark in the carbon efficiency space. It doesn't hurt that the other products from BlackRock and State Street came out soon on the heels of the CES. With more competition, BNY Mellon and MCM can see the expanding market for carbon efficiency and new opportunities for CES.

Does Culture Matter?

In addition to the market and mission drivers, there were other conditions that facilitated the development and launch of the CES. These were grounded in culture, leadership, and organization on the part of all partners. McKnight's Wolford explained it this way,

First, was trust. We had worked with MCM for more than 28 years. We respected their capabilities and felt very comfortable telling them clearly what we needed to make this work.

Second, we had buy-in and commitment from our board, staff, and investment consultants—Mercer and Imprint Capital. Collaboration is an important part of our culture, we are inclusive, and we ensured that we were listening to concerns along the way. This included program staff and our investment committee.

Third was openness. We wanted a low-cost product that wasn't simply a negative screen. As the process progressed, we were able to share our concerns candidly, listen to the unique perspectives of others, and iterate to the best solution. We wanted to get it right because we believe that by our actions, the Foundation can signal to the market that an appetite exists for products that are more carbon efficient.

This culture of values and collaboration was mirrored at BNY Mellon and MCM, whose staff members wanted to ensure thoroughness and quality throughout the process. Wong touched on the importance of bringing products quickly to market, but also emphasized,

... it's important to do something that is of high quality. This was McKnight entrusting us. This

was many years of relationship, trust, and a lot of money ... We saw products coming out, there was an urge to race, but we stepped back and talked about the right strategy. ... We took the right approach. We were not the first to come out with this ..., but the feedback so far from consultants, clients, and prospects from the US, Canada, Australia, Sweden, and Hong Kong...is so positive. That it [CES] is thoughtful and meaningful helps us know we did the right thing.

The CES also created transformations within MCM at the personal and professional level. Parcella remarked on the influence the project had on the organization:

It's been great to see the engagement of employees and the firm in the push behind doing this. Now, people want to know what's next. What other strategies can we be thinking about?

Wong had similar comments,

This plane has taken off. ... We may get turbulence, we may need to refuel, but I feel personally very good about this strategy, especially thinking about my young family and will they enjoy the nice weather we have now? Will there be energy for them? This is a product people can really invest in.

Lessons for Smaller Funders

While the organizations included in this case are large and have significant financial resources at their disposal to develop an innovative investing model, impact investing is not just for the big funders. McKnight, MCM, and the others were focused on changing the tools available to financial sector as a whole; however, smaller or more locally focused funders can use impact investing to have a more immediate impact, to invest in small businesses and grow their local economy, or to prioritize investments that have a positive social or environmental outcome as well as being financially viable (CGAP, 2013).

On the other hand, an increase in impact investing may also reframe the way community grantees, such as nonprofits or small businesses, think about how they raise funds and the broader impact of their work, in particular, by considering not just how the money they

... an increase in impact investing may also reframe the way community grantees, such as nonprofits or small businesses, think about how they raise funds and the broader impact of their work—in particular, by considering not just how the money they receive is distributed throughout their budget but the social and environmental value they create through their work.

receive is distributed throughout their budget but the social and environmental value they create through their work (The Bridgespan Group, n.d.). This is not to suggest that impact investing will ever replace philanthropy entirely, especially considering how new impact investing is as a concept. Rather, it offers a new source of funding for social and environmental programs, as well as providing private funders and corporations a way to engage in social change, from global efforts to small-scale community projects (Flower, 2012).

Conclusion

With the CES, McKnight's Wolford sought to "to fill a gap in the universe of investment products." This was no easy task, and the partners knew from the beginning that this was a unique project that would be difficult to undertake. The process involved multiple partners, divergent interests, strong opinions, conflicting values, confusion about responsibilities, and a context that was both urgent (climate change) and reluctant (the traditional financial sector and the traditional philanthropic sector).

Yet, the CES process allowed the partners to reach their stated goals and open up new opportunities for their work. For McKnight, working on CES helped enhance the Foundation's commitment to converging around common goals. The CES itself will allow the Foundation to exert more fully its leverage in the financial world by applying new tactics as a consumer of financial services, as an asset owner, as a shareholder of public companies, and as a leader in the foundation community. As McGeeveran comments,

CES ... means we were looking for a way to reflect our thinking about what needs to be happening in the economy today in order to move towards a low-carbon economy tomorrow.

For MCM and BNY Mellon, the CES is a new product placed in a dynamic and expanding market. It also means new skills and abilities in ESG and social finance for the team and greater depth of experience working with nontraditional partners and communicating with clients about the future of responsible investing.

For Imprint, it demonstrates the value of specialized knowledge and the importance of exchanging ideas with others, perhaps even competitors, in order to create a new market-based solution for one of our most daunting social challenges.

For Mercer, the CES was an extension of its strong history in responsible investing. The development of the CES allowed the firm to further demonstrate its ability to help clients articulate their specific objectives, partner effectively with solution providers, and facilitate the process of honing an investment strategy to a mutually beneficial outcome.

While the final story about the impact of the CES is not yet known, the partners have already begun to benefit from what they have learned about collaboration, managing team conflicts, navigating internal resistance to change,

exploring ways to blend financial and social returns, and mapping out a process for taking a new idea and shaping it into a market-ready product. The partners can now begin to ponder what's next?

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A New Domain for Place-Rooted Foundations: Economic Development Philanthropy

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Keywords: Rural philanthropy, rural economic development, economic prosperity, community prosperity, social entrepreneur, system actor, place-rooted foundation

Key Points

- This article suggests that economic development philanthropy is a new domain for place-rooted foundations, and highlights the important system-actor role that these foundations can and are playing to advance economic development that produces better outcomes for families and communities.
- Economic development philanthropy requires foundations to play integrating or missing roles to advance regional economic development – that they act to fill gaps that other organizations and agencies in the community or region are not addressing. To ensure that a foundation is playing this value-added role requires identifying what others are doing and the outcomes they are seeking or achieving – thereby clarifying the gaps and leverage points in the system.
- This article also offers some initial insights into what it will take to build a movement of place-rooted foundations embracing social entrepreneurship to advance an economy that works well for all, and encourages continued discussion of the role that place-rooted foundations can play in that movement.

Introduction

Most place-rooted foundations¹ want to see their investments lead to a stronger set of outcomes for their communities. Foundations too often find themselves repeatedly dealing with the symptoms or products of an economy that is not working well for all – hunger, homelessness, lack of basic skills, schools without books and computers – which show up as collateral damage to people, businesses, and communities. Some foundations want to address deeper root causes. They see how their local economy can create a better set of outcomes, and they have begun to act on it. Others lack the will to lead the way toward transformational change, or use only a few of the tools and practices they could apply to the task. This reflective practice article suggests a new domain for place-rooted foundations – economic development philanthropy – and highlights the important system-actor role that these foundations can and are playing to advance economic development that produces better outcomes for families and communities.

The reflections shared in this article come from the collective field experience of the Aspen Institute Community Strategies Group (CSG) and the Center for Rural Entrepreneurship.

¹We define place-rooted foundations as those with a mission to improve a particular community or place in which they are located, often holding assets developed by and from the community for this purpose, and often governed by boards and advisors representative of the community. This definition could also apply, in some cases, to other organizations, such as a United Way.

These two organizations have formed a strategic partnership to advance the practice of economic development philanthropy described in this article. Since 1993, CSG has immersed itself in what it takes for community foundations to use and strengthen their leadership, strategic, and financial assets to take on tough and critical issues in their communities, and to stretch their reach into underserved areas and populations. The CSG has worked one-on-one with dozens of community foundations; facilitated multiple multiyear, multifoundation peer-learning clusters; created, with CFLeads and the National Task Force on Community Leadership, the *Framework for Community Leadership by a Community Foundation* (CFLeads & Aspen Institute, 2013); managed the peer-exchange of the 40-foundation national Social Capital Community Benchmark Initiative;² conducted the original research documenting the dramatic growth of community foundation geographic affiliates; and led scores of foundation workshops and retreats. Likewise, the Center for Rural Entrepreneurship has more than two decades of experience working with and learning from community foundations, beginning with the establishment in 1993 of the Nebraska Community Foundation by a group of leaders including the center's co-founder, Don Macke, and continuing with the rural-focused Transfer of Wealth opportunity analysis that the center has now completed for about 60 percent of U.S. counties. The center has worked with a wide range of community foundations to help them design and implement affiliate and community engagement strategies as well as with foundations and their economic development partners to tap into community-based philanthropy as a way to create locally controlled development resources for the future.

Economic Development Toward What End?

The commonly perceived goals of economic development are articulated as more jobs, more tax revenue, “growth,” and profit for shareholders. Taken alone, these goals are not enough

The commonly perceived goals of economic development are articulated as more jobs, more tax revenue, “growth,” and profit for shareholders. Taken alone, these goals are not enough to ensure that more people on the economic margins are doing better, and that the resulting economy has the resilience, creativity, and resources to endure and help even more to prosper.

to ensure that more people on the economic margins are doing better, and that the resulting economy has the resilience, creativity, and resources to endure and help even more to prosper. A more equitable and sustainable approach to economic development:

- builds multiple forms of capital, such as a skilled workforce, strong networks, solid and effective infrastructure, responsive government, healthy and valued natural resources that are stewarded for enduring use;
- creates pathways for local ownership, control, and influence over economic drivers and the many forms of capital those drivers generate; and
- strengthens and improves livelihoods, with an intentional focus on advancing the economic stability of lower-income families, thus enabling all residents to reach their full potential.

Economic development that achieves these “prosperity outcomes” contributes to what we

²More information about the Social Capital Community Benchmark Initiative is available at <https://www.hks.harvard.edu/saguaro/communitysurvey>.

A workforce development crisis has emerged – a mismatch between many jobs that are available and the skills that job seekers have. Too few people are prepared for the high-skill jobs that do exist. For many teetering on the economic margins, a lack of basic skills and limited access to services like reliable transportation or dependent care makes it difficult to land and hold entry-level jobs.

define as a prosperous economy. Today, a confluence of factors creates an urgency to transform economic development practice towards these ends. The leading factors are:

1. *Growing inequality.* The shares of income and wealth held by the top 3 percent of American families have reached historic highs (Bricker, et al., 2014). The wealth gap in particular has widened significantly in the years since the Great Recession. Living standards are stagnant or declining for more than half of American families despite some economic growth (Meltzer, Steven, & Langley, 2013). This growing gap means that those at the bottom are neither benefiting from nor afforded enough opportunity to contribute to the current economy.
2. *A new economic reality.* The Great Recession and ensuing recovery, along with global economic restructuring, have exposed fundamental weaknesses in a U.S. economy that is struggling to create enough “good” jobs. A workforce development crisis has emerged – a mismatch between many jobs that are available and the skills that job seekers have. Too few people are prepared for the high-skill jobs that do exist. For many teetering on the economic margins, a lack of basic skills and limited access to services like reliable transportation or dependent care makes it difficult to land and hold entry-level jobs. Real median earnings are lower than they were 40 years ago, especially for those with less education and fewer skills (Meltzer, et al., 2013).
3. *Resources for the future.* The planet’s capacity to handle the impacts of economic development defined solely in terms of financial returns is hitting real and increasingly obvious limits. The U.N. Secretary-General’s High-Level Panel on Global Sustainability (2012) argues that “integrating environmental and social issues into economic decisions is vital to success” (p. 12). This raises a pressing need for effective leadership to design and measure the outcomes of economic development in terms of bottom lines that ensure sufficient and healthy natural and human resources that will allow future economies and generations to thrive.
4. *Overinvestment in the leading development strategy.* For decades, attraction of a major factory or business headquarters – an automobile plant, high-tech call center, or food-processing facility – through the use of public subsidies has been viewed as the best way to bring jobs and economic opportunities into a community. The evidence, however, does not support this overreliance on industrial recruitment as a primary strategy. Data show that “the vast majority of jobs are created by businesses that start up or are already present in a state – not by the relocation or branching into a state by out-of-state firms” (Mazero & Leachman, 2016, p. 1). Community prosperity requires a strong community ecosystem that enables private and social entrepreneurs to turn ideas into enterprises that create private and social value.

5. *Regional self-reliance.* Increasingly, economic development is the responsibility of communities and regions. In response to diminished state and federal leadership and funding, communities and their regions must consider how best to connect their existing assets to real market opportunities, and to do so in ways that decrease their dependence and increase their resilience. That means being able to bring more of their underutilized assets into productive use and requires more fully engaging all residents, regardless of income or background, as active participants in co-creating an economy that works for all.

New Domain for Place-Rooted Foundations

Redesigning economic development to (1) build wealth, broadly defined as multiple forms of capital; (2) advance livelihoods in ways that also intentionally reduce some inequality; and (3) keep wealth rooted in place requires a local actor who understands the economy as a system and sees how action on one part of the system (e.g., support for sector development) has ripple effects on the other parts (e.g., workforce development and who gets the jobs). These system actors need to focus beyond the one part of the system most visible from their vantage point. According to Senge, Hamilton, and Kania (2015), these system actors need to help

build a shared understanding of complex problems. This enables collaborating organizations to jointly develop solutions not evident to any of them individually and to work together for the health of the whole system rather than just pursue symptomatic fixes to individual pieces. (Senge, et al., 2015, p. 28)

This is the type of leadership that “social entrepreneurs” most often provide.

Social entrepreneurs, according to Martin and Osberg (2015), follow a predictable pattern in tackling issues related to community change: they understand the system, envision a new future, build a model for change, and scale the solution. They also bring an enhanced ability to

Among regional institutions that could hold the vision of a prosperous economy for all, place-rooted foundations – community, regional, family, health-conversion, or private – are ideally situated to take on the role of social entrepreneur or system actor. Most have in their mission a focus on building the livelihoods of low-income people – which means that more than most economic development actors, they care that development efforts are measured by that bottom line.

build bridges and forge collaboration across sectors, stakeholders, and geographies by articulating value propositions for the individual actors in the system, identifying gaps that prevent the system from working most effectively and achieving desired outcomes, and leveraging resources to address the most critical gaps. The deeper analysis and accompanying entrepreneurial behavior work together to identify local assets, including those that are not being fully utilized, and to connect those assets to market opportunities that exist both within and outside the local community and region.

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focus on building the livelihoods of low-income people – which means that more than most economic development actors, they care that development efforts are measured by that bottom line. These foundations naturally hold a long-term perspective on and commitment to their regions. Many cross numerous political jurisdictions and may be one of the few institutions that span a region’s “system” and can bring it together. They know many of the actors and are often comfortable working in blurred-line spaces between multiple partners. Close to the ground, they see the intricate connections among people, place, and business, and how they affect one another. They are well positioned to support asset-based, entrepreneurial development efforts that often offer the most promise for economically marginalized neighborhoods, populations, smaller communities, or regions. In short, these place-rooted philanthropic institutions are in a unique position to become social entrepreneurs working to “do economic development differently.”

Foundation partners also bring a more diverse set of tools and resources to this role than do other community and economic development organizations. In addition to grant dollars, place-rooted foundations bring convening and relationship power – the ability to connect with and bring together people across racial, geographic, political, power, class, profession, sector, and other divides. Foundations are in a position to bring unbiased research and analysis to community conversations, and to engage residents in analyzing the local economy and designing strategies to achieve prosperity goals. When needed, foundation leaders provide coordinating “backbone” to a collaborative, or they can assume an advocacy role to ensure that policy advances and does not hinder a fuller range of economic development outcomes. Foundations can engage donors in advancing innovative or proven approaches to economic development, and they can use their fund-building skills to help build financial capital pools that can be invested to create ongoing community prosperity. And they can directly invest in local enterprise and placemaking from their own portfolio.

Beyond some notable early adopters, there is growing energy among place-rooted foundations to direct their resources toward advancing an economy that works well for all families, businesses, and communities. One step toward this new strategy has been the growing number of place-rooted community foundations, since the publication of *On the Brink of New Promise* (Bernholz, Fulton, & Kasper, 2005), committed to “community leadership” – that is, foundations seeking to pursue the greatest opportunities and address the most critical challenges in their communities and regions. More recently, there is evidence that some foundations are applying their community leadership energy toward economic development – what we call “economic development philanthropy.” Directing the foundation’s energy and resources toward improving economic outcomes is viewed as a way to address root causes rather than repeatedly treating the symptoms of a desultory economy.

As one example that illustrates this change in thinking and action, consider the Fremont Area Community Foundation in rural Michigan. After a concentrated and ambitious effort to eliminate hunger in its Newaygo County base several years ago, foundation leaders realized that they had statistically eliminated hunger with their range of supported services. Still, some people remained hungry, and the conditions that made them hungry had not changed. Foundation leaders pivoted from simply treating the hunger “symptom” to focusing on “curing and preventing the disease” through strategies to develop the local economy and build assets for those families.

A two-day convening in 2015, Advancing Economic Success, organized by the Aspen Institute Community Strategies Group and the Center for Rural Entrepreneurship, highlighted 21 stories of foundations and other partner organizations taking the lead on strategies to improve family, business, and community economic success.³ *A New Anchor Mission for a New Century* (Kelly & Duncan, 2014) described the work of 30 community foundations and new roles they are

³To learn more about this convening and these foundation stories, see www.advancingcdp.org.

playing in their communities and regions. Many of these examples demonstrate how well-considered foundation action is bringing underutilized assets – land, people, and buildings – into productive use while addressing conditions that contribute to inequality.

As our team works across the country with place-rooted foundations, we see more and more foundations that want to use their resources to improve economic outcomes in their communities and regions. But many are not sure what their best role might be. They need a way to assess the opportunities, highlight the gaps, and identify the key intervention points that they are best suited to address and leverage. They need to see themselves as social entrepreneurs and embrace the new domain of economic development philanthropy. This requires a framework for action that is, we have learned, often about asking the right questions.

Economic Development Philanthropy Action Framework

Practicing economic development philanthropy – acting as a social entrepreneur – requires a set of specific steps or decision points. Like many frameworks, these steps appear linear but are, in fact, most likely to be iterative and integrative. Decisions made at one point may force reconsideration of past decisions and thereby create an opportunity for course corrections and strategy adjustments. With this caveat, this section outlines the key steps in an economic development philanthropy action framework organized around a set of critical questions for the foundation. (See Table 1.)

Is There a Commitment to Practice Economic Development Philanthropy?

Economic development philanthropy is practiced when a place-rooted philanthropic organization mobilizes its full range of assets to achieve the broader set of economic development outcomes that result in a more prosperous region. The critical first step in this action framework is making the commitment to this practice. While the initial energy and leadership may come from a committed staff member, a decision to change

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the way the foundation thinks and acts requires broad and deep support from the board and from the community. It requires an examination of the organization's mission to understand its connection to economic prosperity and, if needed, a restatement of the mission and values to encompass an expanded goal.

The Incourage Community Foundation (formerly the Community Foundation of Greater South Wood County) exemplifies this commitment. Located in a region in Wisconsin that suffered dramatic job loss and leadership transition due to changes in the paper and other local industries, Incourage's board and staff committed to realize "a community that works well for all people" (Incourage Community Foundation, 2016, para. 3). That commitment shows up daily in Incourage's intensive engagement of residents to drive its work, and in its valiant and consistent efforts to be publicly transparent about its mission and values as it works to nurture adaptive resident leaders who will both demand and create a more collaborative economic development culture.

How Is the Economy Working for Families, Businesses, and the Community?

With the commitment in place, the foundation must really understand the local community or region, with a specific focus on the outcomes the local economy and development approaches

TABLE 1 Economic Development Philanthropy Action Framework

REFLECTIVE PRACTICE	Commit to a Vision That Advances Regional Economic Prosperity	Explore and Understand the Local Community and Its Economic System	Take a Deeper Look at Specific Economic Challenges and Opportunities	Map the Gaps and Identify Promising Economic Development Strategies	Select a Strategy	Implement Foundation Strategy and Track Progress
	What do our current vision, mission, and/or goals statements say about economic prosperity? How might we update or revise the foundation's guiding statements to support a vision for regional economic prosperity? Is there strong staff and board support for this vision? If not, how will we build this support? Is there support in the community for a foundation role in economic development? If not, how will we build this support?	Who lives in our community? How are residents of our community doing? How is our economy doing? What sectors are strong or emergent? How is our place doing (e.g., environment, infrastructure, community tensions)? What two to three system issues have we identified that we want to explore further?	How do these issues break down by income, race, age, and other characteristics? What are the underlying or root causes of these issues? What additional insights can we gain about these issues by engaging the broader community? What does this information suggest should be a regional priority for action over the next five years? Which issue, if addressed, offers the greatest promise to advance our goals?	What local organizations and agencies are engaged in addressing this system issue? What are they doing? What outcomes do they seek? Where are the gaps? What is not being addressed? What strategies, if implemented, have the greatest potential to build prosperity for local families, businesses, and communities?	What strategy makes the most sense for us to implement? What outcomes do we seek? How will we mobilize our full range of assets to advance this strategy? What technical knowledge do we need to develop if we are to pursue this strategy? What partnerships do we need to build to pursue this strategy? What types of organizational development should we undertake to advance this strategy?	How will the foundation sustain this effort? And for how long? How will we measure our progress? Who can we learn from who has knowledge or experience with this strategy?

are – and are not – producing. This analysis can reveal outcomes or conditions that are not contributing to broadly shared prosperity: high labor-force participation rates coupled with high and persistent poverty, for example, might translate into large numbers of working poor in the community. At the same time, the analysis can lift up unrealized opportunities to make changes in the system to generate stronger outcomes – entrepreneurial ventures in an emergent sector, for example, that could be expanded through

coordination and stronger connections to market demand. The purpose of this assessment is to identify issues within the current economic system, and the outcomes it produces, that merit deeper analysis and investigation.

The Greater New Orleans Foundation is playing a key role in the economic revitalization of its region. Significant public and private investment in New Orleans' BioDistrict is spurring new economic opportunities, including a new health

center and Veterans Affairs hospital. A critical question, however, is whether these new investments are generating opportunities for all residents. The foundation, along with other partners, saw an opportunity to ensure that low- and middle-skill job seekers and incumbent workers were connected to these new economic drivers through employer-driven workforce development. A respected convener, the foundation serves as the hub for New Orleans Works (NOW), a collaborative partnership focused on connecting those in need of new or better jobs with jobs created by an expanding health care sector. NOW works to engage employers to understand their needs; link employers with training partners, primarily community colleges, to design customized training programs; and connect employers with community partners to provide outreach to job seekers and ensure that wraparound services (e.g., financial planning, tax assistance) are available. While NOW is changing lives – the medical assistant program alone graduated 70 trained workers in its first year, all of whom continued to be employed one year later – the foundation continues to question whether the outcomes produced are enough. Right now, most of NOW’s participants are women, yet New Orleans has about 30,000 unemployed men. The next challenge for the foundation is to extend the benefits of NOW to this significant population.

What Is Really Preventing the Economy From Producing Stronger Outcomes for All?

A foundation is now poised for deeper analysis of the system issues and consideration of the root causes that are keeping the economy from generating broadly shared prosperity. For example, high rates of working poor may be due to the prevalence of low-wage jobs in a sector that has become less competitive in the face of global competition. High rates of long-term unemployment may be traced to a skills mismatch between the jobs that exist in the local economy and unemployed residents. High rates of absenteeism – and less competitive businesses, as a result – may stem from lower-income employees with no financial cushion facing a series of ongoing “small” crises brought on by unreliable private

transportation options or dependent care, or a relative’s urgent health condition.

This system analysis helps the foundation identify opportunities for action that must be further explored with intentional and committed resident engagement. The process of resident engagement ensures that those most affected by the failures of economic development have an opportunity to weigh in on both the barriers and the solutions. It is an essential design element and a critically important way in which this economic development philanthropy framework is applied by place-rooted foundations.

Pennies from Heaven, a family foundation in Mason County, Michigan, learned by talking with employers that they were having difficulty finding and keeping good employees, with negative impacts on productivity and turnover. At the same time, the foundation’s engagements with residents who were or could be those workers helped the foundation better understand the barriers workers faced. Adapting a model used in other Michigan communities and in Vermont, the foundation helped establish the Lakeshore Employer Resource Network of Mason County. Training for employers helps them understand that absenteeism, for example, may be the result of unreliable transportation, inadequate child or elder care, or other family emergencies that could be addressed through stronger links between the workplace and service providers. The employers now jointly fund circuit-riding coaches who provide assistance to workers in the workplace. Coaches help workers navigate government services and systems, create financial goals and plans, and even connect them to short-term loans to handle financial emergencies. The program has produced a win-win return on employers’ investment in just two years through reduced turnover, lower health care costs, and higher productivity – as workers are more financially stable and staying on the job.

Where Can Action Trigger Stronger Development Outcomes?

Economic development philanthropy requires that foundations play integrating or missing roles

Economic development philanthropy requires that foundations play integrating or missing roles to advance regional economic development; they act to fill gaps that other organizations and agencies in the community or region are not addressing or do not have the capacity to address. To ensure that the foundation is playing this value-added role requires mapping the landscape and learning who is already working on the issues identified.

to advance regional economic development; they act to fill gaps that other organizations and agencies in the community or region are not addressing or do not have the capacity to address. To ensure that the foundation is playing this value-added role requires mapping the landscape and learning who is already working on the issues identified. By identifying what others are doing – and the outcomes they are seeking or achieving – the gaps and leverage points in the system become clearer.

Every gap, however, is not necessarily an opportunity for action. The foundation, community residents, and other partners should consider how addressing a gap will build prosperity for local families, businesses, and the community. Given limited resources, targeting foundation action toward filling the gap that generates the greatest prosperity impacts makes sense.

The Minnesota Initiative Foundations – six independent regional foundations that were

launched by the McKnight Foundation in the mid-1980s – have become adept at finding the right gaps. Amid a failing 1980s economy in its nine-county region, the West Central Initiative (WCI) saw many small, locally owned manufacturers struggling to compete with Asia, its largest manufacturing firms closing at the cost of 500 jobs, and the foreclosure of thousands of the region's farms. The WCI staff knew that those small manufacturers had the highest wealth-producing potential for the region. Over two years of careful research and consultation, it learned that local firm owners saw opportunities to grow if they could get the right kind of capital – not all of which was available from local banks – to upgrade their technology, infrastructure, and processes. The WCI also learned that the existing workforce lacked the skills to use that new technology or implement the processes. Pulling together local and statewide partners, the WCI did three things. It created and implemented an economic development revolving-loan fund to fill the capital gaps that risk-averse local banks would not. It created a regional manufacturers association that could partner with the state's Manufacturing Extension Partnership to introduce productivity and quality systems, and to seek expanded markets. And it created and coordinated a Workforce 2020 program to increase worker skills that matched available jobs. Over the ensuing 25 years, the number of manufacturing jobs in the region grew from 4,345 to over 10,000, even as national manufacturing employment was declining; the region also saw wage increases that outpaced inflation and significant population upticks.

A nearby region, served by the Southwest Initiative Foundation (SWIF), is largely agricultural and the future of its economy is intimately tied to the future of that sector. As is the case in much of the nation, however, the region's farmers are aging and often forced to sell their primary asset – farmland – to retire comfortably. Often, that farmland is sold to outsiders, and the loss of locally owned farmland and the opportunity for a new generation of farmers to expand the sector created a gap that the foundation sought to fill. The SWIF developed the Keep It Growing farmland-giving program to keep land

locally owned and in production and to offer young farm families a start, while offering charitable benefits and income opportunities to the land donors and producing rental income that the foundation uses to do even more good. Through analysis and engagement with the community, the SWIF identified the right gap in the right sector as the target for their action.

What Strategy Makes the Most Sense for the Foundation?

Place-rooted foundations bring a wide range of assets to the work of economic development. In some cases, they are uniquely positioned to convene other partners and facilitate collaboration to address a particular challenge or opportunity. Foundations are also positioned to help a community make a controversial issue less so, as the Napa Valley Community Foundation did with the issue of immigration. After commissioning research that demonstrated the significant positive economic impact of local immigrants on the region's economy, the foundation's board identified a particular strategy that would help it take a next step toward building a stronger economy for the region and the immigrant families. It organized the One Napa Valley Initiative, which is helping scores of legal permanent residents to become citizens – a transition that correlates with higher family income, higher educational attainment for the immigrants' children, and more active engagement in community affairs.

In northeast Mississippi, the Create Foundation regularly heard from area business leaders about the difficulty of finding local people equipped to fill available jobs. Foundation leaders also saw the connection between a lack of educational attainment and low family incomes in its 17-county region. Create began partnering with each of its county affiliates to engage businesses, community colleges, planning and development districts, and other foundations and units of local government to address this gap with a tuition guarantee program. The program pays the difference between available financial aid and the cost of tuition for every student who graduates from a county

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high school and pursues a two-year degree at a community college in the region. From 2000 to 2012, the share of the region's population with at least some college education increased from 38 percent to 47 percent. And, as expected, income is following suit, increasing by over 50 percent during the same period. The foundation and its collaborative partners are now working to erase the low educational expectations in the local culture. Starting in grade school, they are working to help all local children believe that they can go to college through this program and that exciting local career paths await them.

What Organizational Development Is Needed to Practice Economic Development Philanthropy?

Any new initiative or strategic direction for a foundation requires skill building and organizational development. Economic development philanthropy is no exception. It requires deeper resident engagement, especially with those on the economic margins, in identifying barriers and solutions. And it requires better understanding of how to deploy all the tools available to a place-rooted foundation, including different ways of grantmaking, endowment building from all classes of donors, impact investing, advocacy, convening, operating programs from the foundation, affiliate development, and research and measurement.

Among the potential foundation tools meriting recent buzz is how a foundation's portfolio-investment policy does or does not advance community prosperity outcomes. Incourage Community Foundation has more than taken this to heart – it passed what is likely the boldest portfolio-investment policy to date in its ongoing effort to devote 100 percent of foundation's resources to creating a community that works well for all people.

The Vermont Community Foundation has been intentionally deploying a wider range of its assets to build the food sector as an employer and economic development base in the state while increasing access to healthy foods. In 2012, the foundation launched the Food & Farm Initiative, a five-year campaign working at the nexus of hunger, health, and the state's agricultural tradition. Through research, partnerships, grants, and investments, the initiative aims to empower all Vermonters – regardless of where they live or what they earn – to feed their families with nutritious local food, and to do so in a way that sustains local farmers and builds healthy communities. In just two and a half years, the foundation has invested \$1 million through grants to collaborative projects, convened grantees to build a community of learning and elevate the local food conversation across the state, identified stronger partnerships between food security and local food organizations, increased organizational capacity among its related grantees, and leveraged investment in projects that help build

the state's agricultural sector. The economic impact showed: From 2009 to 2013, food-system employment increased by 7.2 percent and the number of food-system establishments increased by 5.9 percent.

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From Energy to Movement

As we reflect on the emergent energy around economic development philanthropy, we ask ourselves what it will take to build a movement of place-rooted foundations embracing social entrepreneurship to advance an economy that works well for all. We offer these initial insights and encourage continued discussion and dialogue

around the role that place-rooted foundations can play in supporting development that contributes to prosperity for all in their communities and regions.

- *Story sharing.* Peer exchange is a powerful tool to help foundations explore innovations and new practices. We have seen early practitioners of economic development philanthropy, some highlighted here, provide inspiration and a sense of what is possible to colleagues in live peer-exchange settings. Capturing and sharing these stories more broadly and in settings dedicated to economic development philanthropy could build understanding and momentum for foundations to engage actively in economic development. As part of that story capture, we need deeper analysis of what is working (or not), why, and where the practice can be improved.
- *Deeper understanding of economic development.* “We don’t do economic development.” This not uncommon statement is heard because most foundations do not view economic development as core to their mission or role in the community. In general, that stems from the too-narrow view of economic development and its outcomes. It fails to notice the breadth of strategies that economic development really encompasses, and how the foundation can fill holes in the system that no one can or will fill. In particular, we need to better articulate the continuum of investments needed to create a more prosperous community that reduces inequality – moving from meeting basic needs (e.g., food, clothing, shelter, and social services) to strategies that advance family economic success (e.g., education, asset building, dependent care, transportation, and skill development) and that advance business/regional economic success (e.g., entrepreneurship, market research, business assistance, sector convening, and access to the right kinds of capital). These investments are mutually supportive and create opportunities for foundations to match their assets with the most appropriate opportunities for action.

The practice of economic development philanthropy places a premium on such skills as system thinking and analysis, resident engagement, adaptive leadership, collaborative project planning and implementation, and measurement across multiple bottom lines. It moves the relationship between grantees, other organizations, and the foundation toward one of partnership.

- *Understanding the full range of foundation tools.* “We cannot do economic development.” This repeated refrain suggests the need for foundation staff and boards to better understand the tools at their disposal. For example, even though the West Central Initiative requested and received an IRS ruling more than two decades ago that it can conduct business lending as a charitable activity in certain circumstances (and has shared it widely), the fact that foundations can lend to businesses is still news to many. The field is similarly in an emergent state of understanding on impact investing and collective-action initiatives – which can be done in many ways, but must be done with care. There is a pressing need to identify the full range of foundation tools that can be applied to economic development philanthropy, articulate the rationale for using these tools, and then share that information more broadly with the field.
- *Skill building for foundation staff and partners.* The practice of economic development philanthropy places a premium on such

skills as system thinking and analysis, resident engagement, adaptive leadership, collaborative project planning and implementation, and measurement across multiple bottom lines. It moves the relationship between grantees, other organizations, and the foundation toward one of partnership. And it requires a commitment to acting on articulated values that connect directly to building an economy that works for all. For many foundation staff and partners, these skills need further development and/or refinement. The creation of skill-building opportunities and peer-learning networks is a requirement for building a broader movement or community of practice.

- *Bridge building.* In most places, a local foundation is unlikely to be the only organization with an interest in community or economic development. However, the place-rooted foundation may be the only organization acting in economic development with a mission mandate to achieve a prosperous economy for all. It is incumbent upon these foundations, with their long-term view that includes a clear focus on improving livelihoods for all, to build bridges to traditional economic development organizations, traditional community and family service organizations, and residents themselves. These bridges and the relationships they support will serve to create a deeper, shared analysis of what stands in the way of achieving more broadly shared prosperity and a stronger commitment to working collaboratively to achieve a stronger, more equitable set of outcomes by doing economic development differently.
- *Managing risk and expectations.* It will take a change in thinking for many place-rooted foundations to step into the role of social entrepreneur. And they must make a truly long-term commitment to the type of system change that this work requires. There is risk involved – as with many entrepreneurs, the possibility of failure is real. At the same time, economic development as

it is practiced in most communities today often “fails” even when it does not focus on creating more broadly shared prosperity. Accepting this role requires a new type of fiduciary responsibility. Foundations need ways to both identify the risks inherent in this work and mitigate or share that risk through collaboration and partnerships.

- *Extending an invitation to national philanthropic partners.* Place-rooted foundations represent important partners for national philanthropic organizations that share a commitment to achieving more equitable and sustainable outcomes from economic development. Effective place-rooted foundations can offer valuable guidance to national and regional entities about what works, and what might be needed to scale impact from a community to a regional or national level. At the same time, national foundations can support peer-exchange and tool development, and supply long-term investment resources (e.g., mission- or program-related investments) that could enable more place-rooted foundations to make the organizational changes needed to deepen their economic development philanthropy practice.

The economy is producing too few opportunities for people of color, immigrants, young people, people isolated in neglected neighborhoods or rural communities, or those without the skills to compete in today’s economy. This is not a call for place-rooted foundations to replace economic development agencies; rather, it is a call for them to take their place in economic development. We want to open the potential for foundations to wield more fully their unique range of assets and tools to change the culture of how economic development proceeds in a community, and to help define a new set of economic outcomes that reflect an economy that works better for all. This is a courageous path where foundations can increasingly find their voice and take leadership for the good of the community – and the foundation. As Randy Maiers, president and chief executive officer of the Community Foundation of St. Clair County (Michigan),

which is fully embracing its “prosperity” mission, recently reflected, “[It is] ... hard to calculate the spinoff impact to our foundation when people can tangibly see us making a difference on projects no one else was brave enough to try” (Maiers, 2015).

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RESULTS

9

Strengthening Youth Leadership in a Metropolitan Region: Examining Lessons From a Multiyear Community Foundation Initiative

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Foundations have invested in youth leadership in local and regional decision-making over the past 20 years. In Michigan in particular, investing in youth leadership has been an important part of philanthropic practices. This article examines the Community Foundation of Southeast Michigan's launch of a broad-based strategy to promote youth leadership in the region. Six key insights emerged - the essential voice of youth, partnerships with subject-matter experts, buy-in from organizational and initiative leadership, capacity building, creating sustainable networks and wide-ranging impact of youth leadership.

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Community Innovation Network Framework: A Model for Reshaping Community Identity

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Limited access to health care has produced rural communities whose residents are older, poorer, sicker, and have a life expectancy that is two years shorter than their urban counterparts. The REACH Healthcare Foundation created its Rural Health Initiative to encourage the development of innovative strategies to improve access to health care and reduce health inequities in three rural counties in Missouri and Kansas. This article discusses the foundation's original approach to the initiative and how it adjusted that approach in response to its rural partners' experiences. It reflects on the challenges encountered in rooting the four conditions and capacities of community change and innovation – supports for implementation; foundational structures; skills and processes; and community engagement – into the work of community health improvement.

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SECTOR

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Foundation Support of Immigrant Communities: Insights From a Survey of Immigrants in Minnesota's Twin Cities

Nicole MartinRogers, Ph.D., Ryan Evans, B.A., and Paul Mattessich, Ph.D., Wilder Research

Worldwide trends suggest that immigration will continue on a major scale, with implications for nations and for their constituent regions and communities. Immigration brings both challenges and benefits to communities. This article provides insight into the needs of these communities and offers suggestions for how foundations can consider immigrant and refugee communities in their work. This article combines information from Minnesota Compass, a foundation-governed social-indicators initiative, and *Speaking for Ourselves*, a study of immigrants and refugees in Minnesota's Twin Cities metropolitan area that identifies the needs and strengths immigrants bring to our communities. The results can help guide foundations and their grantees on how to improve a community's quality of life for immigrants and refugees – to the benefit of all residents.

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Following the Money: An Analysis of Foundation Grantmaking for Community and Economic Development

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Grants from foundations, while a relatively small but growing slice of overall philanthropic giving, are an important source of support for local community and economic development. The primary goals in this study were to examine why some metro areas attract more grant capital than others and determine whether the size of the area or its level of distress has any explanatory power. The density of nonprofit organizations and the presence of large, local foundations are shown to be consistently significant predictors of grant receipt. After controlling for these and other factors, analysis indicates that, compared with smaller metro areas, more populous ones receive a greater level of grant capital from the largest foundations. Contrary to expectations, the same is true for places with higher poverty rates.

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Knowledge as Leadership, Belonging as Community: How Canadian Community Foundations Are Using Vital Signs for Social Change

Susan D. Phillips, Ph.D., Carleton University; Ian Bird, Laurel Carlton, M.P.A., and Lee Rose, GradD, Community Foundations of Canada

The concept of “community” in community foundations is being reframed – less strictly tied to the specific locales that originally defined their boundaries and increasingly about a process of engagement and a resulting sense of belonging. The greatest asset of a community foundation is not the size of its endowment, but rather its knowledge of community and ability to use this knowledge for positive change. This article explores the Canadian network of community foundations’ use of the reporting tool Vital Signs to implement a knowledge-driven approach to leadership, and how it is using this knowledge in more inclusive, engaged models of community to drive change agendas in their own communities and, collectively, at a national scale. In implementing knowledge as a leadership tool, there remains a vast difference between what is feasible for the large community foundations and the small and new ones, particularly those in more isolated places.

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Partnering for Impact: Developing The McKnight Foundation’s Carbon Efficiency Strategy

Gayle Peterson, M.A., M.Sc., pfc Social Impact Advisors

This case study challenges us to redefine our definitions of community and philanthropic practice as we tackle global climate change — one of the most Wicked Problems facing our planet and our people. Driven by a deep commitment to “walk the talk,” CEO Kate Wolford and McKnight Foundation leadership committed \$100M of the foundation’s endowment to find solutions to global warming. This bold step required building a new type of partnership with McKnight’s team of financial advisors — Mellon Capital Management, Mercer, and Imprint Capital (now Goldman Sachs). McKnight and Mellon Capital had to build a new cross sector partnership that would change the role of philanthropy and financial sector to develop new market-driven solutions — specifically, a Carbon Efficiency Strategy. Using a Deliberate Leadership framework, the case follows the partners’ journey as they seek to build community and find collaborative solutions. We witness their tensions and evolution in their thinking and relationships. While the case seems unusual, it represents future trends in which impact investing is drawing a new pool of funders — beyond traditional grantmakers — into innovative social change solutions to address global Wicked Problems.

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REFLECTIVE PRACTICE

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A New Domain for Place-Rooted Foundations: Economic Development Philanthropy

Deborah Markley, Ph.D., and Don Macke, M.A., Center for Rural Entrepreneurship, and Janet Topolsky, M.P.P., Travis Green, M.C.R.P., and Kristin Feierabend, M.A., Aspen Institute Community Strategies Group

This reflective practice article suggests a new domain for place-rooted foundations – economic development philanthropy – and highlights the important system-actor role that these foundations can and are playing to advance economic development that produces better outcomes for families and communities. Economic development philanthropy requires foundations to play integrating or missing roles to advance regional economic development – that they act to fill gaps that other organizations and agencies in the community or region are not addressing. The reflections shared in this article come from the collective field experience of the Aspen Institute Community Strategies Group and the Center for Rural Entrepreneurship. This article also offers some initial insights into what it will take to build a movement of place-rooted foundations embracing social entrepreneurship to advance an economy that works well for all.

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