

When Foundations Should Lead -- and When They Should Get Out of the Way

*Remarks of Gara LaMarche
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I appreciate the opportunity to come back to Wisconsin to speak with you this morning. The Open Society Institute has been pleased to support a number of initiatives in Wisconsin, and to work in partnership with many of the donors in this room:

- Discrimination against returning prisoners in employment is a serious impediment to their successful reintegration into society, particularly affecting African-American men, who constitute half of the two million incarcerated persons in the United States. With a grant from OSI, sociologists at the University of Wisconsin-Madison are conducting an audit of employers about hiring practices related to race and the criminal justice system.
- In an era of devolution, where critical decisions on the strength of the social safety net are made at the state and local level, we need strong organizations in each state capital to provide sound budget analysis and advocacy on behalf of human needs. The Wisconsin Council on Children and Families, one of the leading such groups, receives support from OSI as a member of the State Fiscal Analysis Network.
- Impartial justice is a bedrock of a fair and free society, but the way many state judicial elections are financed and run threatens the independence of judges and calls into question the fairness of the system. Wisconsin Citizen Action is a longtime grantee of the State Strategies Fund supported by OSI, and chaired by our Director of Policy and Research, Mark Schmitt, and our Program on Law and Society has supported its pioneering Impartial Justice Campaign work to achieve public financing for judicial elections.
- The Center on Wisconsin Strategy headed by Joel Rogers has pioneered national models on high-road economic development, child care, and workforce issues.
- All across the United States, there is a growing movement to require companies to pay a living wage to their workers. Just last week, the Madison Common Council voted 12 to 7 to enact a local ordinance

raising the minimum wage for an estimated 17,000 low-income workers in the community. According to the Brennan Center for Justice, a key OSI grantee which provides critical support for this campaign, Madison now joins Santa Fe, San Francisco and Washington D.C. as the fourth U.S. city to raise the minimum wage at the local level.

- The release of so many innocent people from prison in recent years, including many on death row in neighboring Illinois, has thrown a national spotlight on miscarriages of justice brought about by inadequate defense and sloppy or abusive investigative practices. OSI funded a conference on remedies for wrongful convictions last January, and the Wisconsin team that took part was the first to follow up in a serious way, with the Madison Police Department developing new protocols and procedures for police line-ups. Now the state's wrongful convictions task force is focusing broader attention on the problems of eyewitness identification.
- The growing power of health maintenance organizations poses challenges both for access to health care by consumers and for the autonomy and professionalism of doctors. OSI's Program on Medicine as a Profession supported an alliance between the Milwaukee County Medical Society and the Center for Public Representation, who worked together to develop public education materials to help individual consumers with claims pertaining to the major HMOs in Wisconsin.

And though it is a regional foundation working in a number of states besides Wisconsin, I want to acknowledge the Joyce Foundation of Chicago, which has been our partner on campaign finance reform, education, and many other issues. We've learned much from them and their influence is felt in better schools and stronger democracy all across the Midwest.

When I received the invitation to address you this morning, and thought about what I might want to say, I was inspired by the theme of this year's Council on Foundations Annual Conference, to take place a little over two weeks from now in Toronto. It's about "Leadership in Challenging Times." One could be tempted not to take too seriously the annual meeting themes of any large, broad-based professional association like the Council – they're almost always in the nature of motherhood statements. But I want to take this meeting theme at face value, as reflecting a shared sense in the field that leadership is wanting. So I took special care in reading the most recent issue of Foundation News and Commentary, the Council's magazine, which had several articles on the subject.

I came away disappointed, but much clearer about what I wanted to say to talk with you about this morning. With one brief exception, all of the contexts in which foundation leadership was discussed in the Council's publication were internal, and governance-related -- either to individual foundations or to the field of philanthropy. These included how to deal with shrinking portfolios, how to communicate philanthropy's good works, whether or not to compensate trustees, how to respond to government regulation like H.R. 7 and the CARE Act, how to be more transparent and accountable, and so on. I know these are important issues. Philanthropy is a public trust, and some have abused it, in a few cases possibly crossing the boundaries of the law, and in others the boundaries of common sense, forgetting that we are meant to serve others, not ourselves. But they are exceptions. In my view, the leadership gap in philanthropy has very little to do with professional ethics as they are normally construed. It has to do with what we might call public ethics -- with how foundations relate to societal challenges.

The one place where this larger frame was touched on was toward the end of the essay by Emmett Carson, President and CEO of the Minneapolis Foundation and one of the most thoughtful leaders in our field. "The Council on Foundations," Carson wrote, must encourage its members to devote some portion of their grantmaking to providing the social risk capital that provides the rationale for our existence." Noting that the Council had established the Paul Ylvisaker Award for Public Policy Engagement by Foundations -- an honor OSI was proud to receive last year -- Carson said it was a good start, but much more has to be done.

I couldn't agree more, and I'd like to build on that observation this morning. What I have to say won't be comprehensive, but it emerges from eight years of working in philanthropy and many before that relating to foundations as a grantseeker. Some of you may disagree with my biases, and I want to recognize at the outset that each foundation is the best judge of its own donor's intent and goals. But many, I fear, do not take full advantage of the full range of strategies legally available, as the Alliance for Justice has been pointing out for years. Finally, I may make some people uncomfortable, since I verge on criticism of colleague organizations, something rarely done in our field, where we don't really have "competitors." But since the press pays little attention to foundations except for mega-gifts and scandals, and our grantees rarely feel comfortable telling us what we could be doing better, someone has to do it.

The simple argument I would like to make grows out of the shared understanding that foundations exist, as creatures of our tax laws, for the betterment of society. That is, as Carson has noted, why we have a privileged status – in order to take risks. Not only do we have a moral obligation to use our funds to help society become more just and fair, we can more effectively pursue our mission by doing so.

I'm going to illustrate this argument with examples from OSI's own work, which of course I know best. But I want to start by using the example of one of the leading members of the Donors Forum of Wisconsin, the Harry and Lynde Bradley Foundation. One key goal of the foundation is to “encourage decentralization of power and accountability away from centralized, bureaucratic, national institutions back to the states, localities, and revitalized mediating structures in which citizenship is more fully realized.”

For Bradley, a critical aspect of carrying out this agenda is the support of faith-based institutions, particularly providing parents with public funds so their children can attend schools like the four sponsored by the Holy Redeemer Institutional Church of God in Milwaukee's central city, which won the praise of President Bush when the foundation sponsored his visit there last July. The Bradley Foundation has been a leading force in efforts to expand the use of vouchers as a vehicle for school choice.

Bradley not only supported a legal team to defend Wisconsin's school choice program in court, but has provided grants to the pro-voucher organization the Wisconsin Policy Research Institute, and similar groups in other states as well as national advocacy groups like the American Education Reform Council and the Center for Education Reform.

What Bradley has done with its work on vouchers and welfare reform in Wisconsin is part of a larger trend of recent years in which a relatively small number of politically conservative foundations have had an enormous impact on the policy landscape in which we all operate. The recent report by the National Committee for Responsive Philanthropy, "Axis of Ideology: Conservative Foundations and Public Policy," documents this impact in detail with grudging admiration. NCRP, which locates its values on the more progressive side of the political spectrum, like OSI, writes that "the success of these organizations is not something that the NCRP or its members would necessarily celebrate. But the manner in which foundations on the right support, fund, and relate to their grantees is certainly to be admired.”

NCRP goes on: “With resources that pale in comparison to centrist and liberal foundations, conservative funders have supported public policies that now impact the entire nation. Perhaps that is why foundations on the right tend to spend so little on evaluation – they can easily see their impact in the newspaper, on TV, in America's classrooms, and in the courts. And perhaps it is also why centrist and liberal foundations have to spend millions of dollars and work with multiple consultants to determine their impact.” Ouch.

No one familiar with my history or with the work of OSI would be surprised to know that I do not share the Bradley Foundation's enthusiasm for vouchers or certain aspects of welfare reform. But I applaud the foundation's direct engagement in public policy. It recognizes that demonstration projects are fine, but to paraphrase Field of Dreams, if you build them, they will not necessarily come. Models do not replicate themselves. They require someone's money. The only difference, and it is a significant one, between Bradley's work on vouchers and, say, OSI's large investment in afterschool programs in New York City and Baltimore is that we believe successful and necessary initiatives like afterschool should be public obligations, like roads and libraries. We believe that requires a progressive taxation system and democratically-determined public expenditures. Bradley would like a smaller government and to have public funds allocated more by individual than collective decision. That is indeed, a central debate of our time. But both of us realize that engagement in public policy debates is crucial to advancing our vision of society.

All of the examples I provided at the outset, of OSI- and locally-supported initiatives in Wisconsin, involve policy change. Charity and pro bono work can correct individual miscarriages of justice due to police ineptitude or misconduct. But only the passage of laws mandating minimum standards or providing more funding for indigent defense or better-equipped police labs will correct what is in fact a systemic problem, and reduce the number of miscarriages requiring correction. Corrupt judges can be exposed by investigative journalism and from time to time removed from office. But publicly-financed elections – something that by definition can only come about through engagement in the political process – can assure that judges are free to act impartially, without dependence on compromising contributions from the plaintiff or defense bars.

So far I have talked mainly about the need for foundations to pursue their mission – to exercise their leadership – through grantmaking that is focused at least in part on public policy goals. But I

also believe foundations must lead with more than their dollars. They and their key executives and board members must also lead with their voice.

This recommendation will be more controversial, I know, than what I suggest about where dollars should go. Even the large national foundations which are leaders in supporting organizations that engage in public policy activity often balk at speaking out in their own name. But I believe we live in times which call for this caution to yield to the imperatives of fairness and justice.

While many leading foundations have spoken out forcefully about Congressional review of the rules about payout rate and other issues primarily affecting foundations themselves, while they have largely remained silent about the efforts to repeal the estate tax, or indeed about a series of tax cuts that have steadily enriched the most wealthy among us and starved – deliberately, if you listen to influential conservatives like Grover Norquist and Steven Moore – the capacity of government at all levels to provide for the welfare of their citizens. Whether a foundation spends three, or five, or six percent of its assets on grants, or how much of its administrative expenses can be counted against that total, has an obvious relationship to its capacity to carry out a foundation’s mission, though reasonable people can and do differ about the right approach. But whether draconian tax and budget cuts leave arts organizations and youth programs reeling, threaten the prospects for welfare reform, or boost class sizes and cut teacher aides and social workers has a great deal more to do with the demands on scarce philanthropic dollars and whether they can possibly begin to fill the resulting needs -- which they can’t, not in a million years.

Some foundations are reticent to speak out about social justice or war and peace issues, even as they fund important work in those areas, for fear they may be seen as competing with, or drowning out the voices of their grantees. This concern deserves respect. Humility by foundations is still too rare, and it is appropriate to acknowledge that social movements should be led by those who are most directly affected. That's why, for example, OSI, Mott, Casey and other foundations supported the Campaign for Jobs and Income Support, and before it the State Welfare Redesign Grants Pool which strengthened the participation of low-income people and their advocates in state debates about the overhaul of welfare laws, resulting in improved child care, transportation and job training measures in a number of states. That's why so much of OSI's funding for civil liberties advocacy after September 11 was directed to the Tides Fund to enable Arab-American

and Islamic community groups to stand up for their own rights in the wake of the Patriot Act.

But in the interdependent ecosystem of advocacy and social change, elite voices play an important part, too, and they always have. Think of former Ambassador to France Felix Rohatyn's recent criticisms of the death penalty, or New York Episcopal Bishop Paul Moore's advocacy for the poor during New York's 1970's fiscal crisis, or former Secretary of State George Shultz's questioning of the so-called war on drugs. When George Soros spoke out against the discrimination against immigrants in the 1996 welfare bill, the frontline advocates we supported through the Emma Lazarus Fund did not feel overshadowed – they stood up and cheered, for it was a time when far too few voices of the powerful were being raised.

Another came more recently. In December 2001, when Attorney General Ashcroft, in his testimony before Congress on the PATRIOT Act, questioned the patriotism of those who opposed the administration's actions, we at OSI were stunned at the return of such McCarthyite intimidation tactics. We waited a day or two for prominent voices, such as Senators or former government officials, university presidents or religious leaders, to condemn the outrageous equation of dissent with disloyalty. Nothing came. We decided to take out a full-page ad in the New York Times, and asked a variety of prominent people to subscribe to a simple statement, not condemning any specific Administration policy – such as increased surveillance, military tribunals, mass questioning of Arab-Americans, detention on Guantanamo, and so on – even though each of these, in my opinion, is deserving of condemnation. We simply said that, whatever one thinks about the merits of these policies, the country is stronger for vigorous debate and questioning.

In those fearful days, we couldn't get a single signer. Many of the prominent people we asked, including former Republican leaders, agreed entirely with the statement. But they found one reason or another for not lending their names, and the more candid told us that the Administration would find a way to punish them for any public criticism along these lines.

So we took out the ad ourselves, and signed the names of our trustees and principal officers. I say this not in self-congratulation – in fact, it took little courage for those of us in such a privileged position to stick our necks out a little. But that is exactly my point. It would be nice to have more company in such matters, not because we are lonely, but because when the powerful speak out in solidarity with those who are

marginalized it provides cover and validation for them. I recently read an interview with the retiring President of a major foundation, someone I admire a great deal. He looks forward to stepping down, he said, so he can speak out more on social and global problems. Why on earth wait?

It's not only at the most senior level that more people must look for their voice. It's throughout the foundation world at every level. Some of you know that when I accepted the Ylvisaker Award for OSI at last year's Council on Foundations meeting, I challenged foundations -- particularly those on the Texas host committee -- to do more about the racism of the criminal justice system. When blacks constitute 13 percent of drug users and 74 percent of drug incarcerations, everyone should stand up and take notice. Perhaps we have not come as far toward a colorblind society as many would like to think. After I spoke, many dozens of people came up to me in the next day or two to thank me for speaking out, including virtually every person of color in attendance. If every one of those people who said they wished they could address the issues that OSI is trying to attend to, or wish their institutions were more receptive to social justice issues, resolved to work together to change those institutions, the status quo would change. None of us can escape personal responsibility.

A year or so after the Ashcroft ad, I spoke to a gathering of Presidents of small colleges meeting in New York. Few of these colleges are household words; many are religious or rural. After the plenary session, Geri Mannion of the Carnegie Corporation and I chaired some small discussion groups, and the question of dissent and debate on campus came up frequently. I was surprised and pleased to find that the Presidents had many doubts about the new "patriotic" fervor, the erosion of civil liberties, and the crackdown on immigrants. Were they speaking out about it, I asked? Remember, this was shortly after the editor of the Sacramento Bee, addressing a commencement at a college in California, was booed by students and parents and forced to end her remarks early because she raised some mild criticisms of civil liberties restraints. Each one of the college presidents said no -- they were worried about the impact on fundraising and community support. I don't condemn these decisions, since I am not walking in their shoes. But is it any surprise that college presidents in relatively obscure institutions low on the academic food chain would be reluctant to speak out when there is little but silence from the leaders of well-established, well-endowed, more prominent institutions? With few exceptions, like Lee Bollinger, the new President of Columbia University, who in his University of Michigan Presidency became a forceful voice for

affirmative action, organizing many others to join him in the Supreme Court case challenging the University's policies, it is hard to think of a major public or private university leader who has used that platform to call attention to global problems or injustice at home.

I've said a lot about how institutions can lead, by broadening the frame of their grantmaking beyond charity to systemic change. I've talked about how individuals should lead with their voice as well. But I also promised to talk about when foundations should get out of the way, and I want to conclude with some thoughts on that subject.

What do I mean when I say foundations should sometimes "get out of the way?" How is that consistent with my belief that we should set public policy goals in key areas of our mission, and raise our voices when we see injustice or unmet social problems?

I mean that for all the support foundations can give with their money and their voice, and for all the importance of elites in the ecosystem of change I referred to earlier, meaningful progress and effective solutions rarely emerge from the top and trickle down. Funding is more about an eye for movement, and a boost for the efforts of others, than about the "creation" of movements themselves. In his work to support civil society in Eastern Europe and other parts of the world, George Soros called this process "seizing the revolutionary moment."

In recent years, as foundations have been under pressure from consultants, their boards, and colleagues in philanthropy to become more "strategic," some have involved themselves too much in directing the fields they support, and the organizations which comprise them. It is one thing to have a vision of social change and a framework for making judgments about what initiatives and interventions will foster it, and how they all work together; this is something foundations working in public policy must do, in order to be effective. It is quite another to direct the field by designing rigid models that organizations must follow in order to receive grants, or to run foundation-created programs that in effect compete with others in the same field.

Finally, getting out of the way should mean, in most cases, identifying key groups which share a foundation's goals in an area of interest -- it could be civil rights, or health, or education -- and trusting them, in a supportive relationship, to set their own course and make their own decisions about programmatic priorities. That is best done with general support that gives organizations the flexibility they need, and multi-year grants that provide room to plan and give some relief from the endless cycle of fundraising and the paperwork that most

foundations seem to generate. That is what anyone running an organization wants, though many who cross over from tin-cup rattler to banker often forget it. And back to the earlier part of my talk, that kind of approach has been instrumental in the effectiveness of conservative philanthropy.

Paul Ylvisaker, who I mentioned earlier, was the Director of the Public Affairs Program at the Ford Foundation from 1955 to 1967, a critical period in American life when Ford was instrumental, along with some smaller foundations like the Taconic Fund, in providing support to the nascent civil rights movement. I'd like to close with remarks he made about foundations almost forty years ago: "What we represent," Ylvisaker said, "is the resilient margin of the industrial order, the most stretchable part of the world's status quo. The program question for us is whether we are stretching our resources and ourselves as far and fast as the situation demands. Not our own immediate situation, which is but a cozy corner in the walled castle of industrial affluence. But the universal circumstance, which is the growing discrepancy between those inside 'the system' and those without."

Still good questions today.

Thank you very much.