

PLEASE ROUTE:

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BUILDING COMMUNITY FOUNDATIONS

Bulletin #25
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GRANTMAKING CONSULTING PROGRAM

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Building Community Foundations has been published for 4 1/2 years. The information in the Bulletin focuses on grantmaking concerns of community foundations and is based on 37 years of experience by the Editor in non profit and foundation work. The information is also based on insight gained from visiting over 130 community foundations in the United States and Canada over the past five years.

Readers are invited to contact the Editor if they have concerns about grantmaking that they would like to have addressed in the Bulletin. Fax Number (510) 645-1892.

Scholarships Revisited

It seems to be normal operating procedure for low income youth to have a loan as a part of their financial aid to attend college - up to \$4,000 a year. In the May, 1994 issue of Building Community Foundations, which was devoted to scholarships, we suggested the possibility of community foundations being last funder in giving scholarship support and using this stance to cancel part or all of the loan component of the student's financial aid package.

Unfortunately, colleges are reluctant to allow canceling such loans.

Recommendation:

Community foundations might want to consider creating a trust fund for students selected for scholarship support. For example, if a student is eligible for a \$4,000 scholarship from the Foundation, that amount is set aside with any additional amounts approved over the four year college tenure. After the student graduates, the Foundation can then negotiate with the bank to cancel all or part of the student's loan.

All of the above is based on the assumption that the student takes full academic loads, gets passing grades, and graduates. Otherwise he/she is not eligible for the scholarship.

Based on the above, the student's interactions are with the Foundation regarding this support, not with the financial aid office of the college. However, this financial arrangement with the foundation does not replace the colleges financial aid package. Since the student has not received cash support and will not unless he/she graduates, no reporting to third parties is necessary during the student's enrollment.

Grassroots Grantmaking & The Tipping Point

Community foundations are experts in grassroots grantmaking. They can be there when it counts. They are knowledgeable about their communities and can find outstanding people doing good work. They can make small grants that have impact but they are sometimes criticized for “band aid funding.”

In the June 3, 1996 issue of The New Yorker magazine is an article “The Tipping Point” by Malcolm Gladwell in which the author discusses criteria that can effect social behavior. He shows that small changes on a continuing basis can cause major reactions. Example: low income people moving into a middle income neighborhood and the neighborhood tipping because of flight, guns with youth spawning more guns with more youth, etc.

The author also makes the point that with effort and continuing work things can get better in different situations. Example: a “miraculous,” decrease in homicides in East New York due to increased response by the Seventy-fifth Precinct; reduction of crime in the New York subway system by cleaning up stations, removing graffiti and cracking down on people who don't pay. [These are “trivial” problems that become tipping points to more severe crime.]

The point to be made for community foundations and their grassroots grantmaking - band aid funding - is that things can tip for the positive. *Continued small grants for the improvement of a community can have the effect of tipping that community for the better.*

No excuses are needed for making small grants but one needs to remember that the smaller the grant the more thoughtful is the process by which it is done because all grants should have impact for a better community.

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Grantmaking Without Proposals?

It would have been revolutionary one year ago to suggest that airline passengers travel without tickets but it is routine today. Would it be possible for foundations to operate without proposals from applicants?

Assumption:

Good grantmaking requires foundation program staff to be out of the office a majority of the time. This is time spent finding and visiting creative people in the community; people in the human service sector who are undertaking programs that relate to the quality of life in a given area.

When meeting with such people, the foundation representative can hear ideas from program people, can assess possibilities for such ideas to be tried out, and can negotiate ways of proceeding with these ideas. Such negotiations are the basis for agreeing on a grant.

Either the foundation person or the program person can write up an agreement letter based on the negotiations that took place. This letter of agreement is the proposal and a grant can be given on the basis of what it says.

Thus, we have grantmaking without proposals; grantmaking which is creative, responsive, and which takes a minimum of paper work.

Community foundation grant committees are often concerned with conflict of interest possibilities by committee members. Below is a sample *Conflict of Interest Guideline*. It is simple, workable, and complete.

Conflict of Interest Statement

When a member of the Grants Committee feels that he or she has a conflict of interest, that person will offer to leave the room during consideration of the proposal which represents the conflict.

The Grants Committee will decide whether the member should leave or not. If the member remains in the meeting, he or she will remain silent during the discussion of the proposal, unless asked a direct question.

The member will abstain from voting on the proposal and the Minutes will so reflect.

For Development Officers

The Philanthropic Ventures Foundation now publishes a bulletin for development officers called Dialogue. Seven issues have been published and sent to over 470 persons in 25 states.

Dialogue was the idea of a development officer and the purpose of the publication is to create a give and take between funders and fund seekers. Each issue has questions and answers as well as special interest presentations by development and foundation persons.

Community foundation development officers might find Dialogue useful and they can get on the mailing list by calling (510) 645-1890.

Comments on Grantmaking Consulting

"I have found your publication Building Community Foundations to be one of the most helpful communications we receive in our office."

Pamela H. Siegenthaler
President
Richland County Foundation, Ohio

"Our new grants policy was greatly influenced by your philosophy and ideas which you so aptly shared with us during your visit."

Gordon M. Hayes, Jr.
Executive Director
The Community Foundation of Herkimer & Oneida Counties, New York

On-Site Grantmaking Consulting Visits

Three day on-site grantmaking consulting visits are available to community foundations. The only cost is the consultant's food and lodging if the foundation has assets below \$8 million; and his travel expenses if assets are over \$8 million. His time is funded by The David and Lucile Packard Foundation. Over 130 foundation have participated in this consulting program.

For further information call **Bill Somerville** at **(510 645-1890)**.

Building Community Foundations

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