

PLEASE ROUTE:

EXECUTIVE DIRECTOR \_\_\_\_\_

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# BUILDING COMMUNITY FOUNDATIONS

GRANTMAKING CONSULTING PROGRAM

*Sponsored by:*

PHILANTHROPIC VENTURES FOUNDATION-  
BILL SOMERVILLE, PRESIDENT

*Funded by:*

DAVID AND LUCILE PACKARD FOUNDATION

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## Discretionary Grants

A discretionary grant is justified after it is spent. In other words, the recipient is given the money to be spent at his/her discretion and afterwards the person reports what it was used for.

There is no proposal or request for a discretionary grant since it is normally given on the initiative of the foundation. People are invited to accept discretionary grants. Examples of such grants are:

- \$10,000 to a new school superintendent in a low-income school district. Such a person usually has a line item budget. They arrive on the job in the middle of that budget and have no funds of their own to try new things.
- \$5,000 to an agency to meet the emergency needs of the low-income public they serve. The agency reports back with a log detailing how the funds were spent including date given, who to, what for, how much. This log depicts poverty very clearly.
- \$25,000 to a renowned artist who is active in public schools. She uses the money to start new arts education programs.

Discretionary grants are given to people who 'check out well'. They are people of accomplishment. These grants are high trust situations. That is why they are given to people with good reputations.

Discretionary grants can be very exiting because the recipients are delighted to have this measure of trust and latitude.

## Taking The Initiative

We know that the lower the income of a family, the worse the children read. For example, a middle-income child has been read to 1000 hours before starting school. The low-income child has been read to 40 hours.

Given this knowledge, we can make assumptions. One such assumption refers to 9<sup>th</sup> grade high school students in low-income areas. If the child is not reading well, he is not doing well in any of his subjects. As a consequence, the youth acts out to make up for his inadequacies and often this becomes violent behavior.

Is there a possibility here of literacy training becoming an anti-violence tool? If so, it probably will come about by the community foundation taking the initiative to create a new program. This happens by meeting with the school principal, ferreting out good teachers at the school, making suggestions, coming to agreement on ideas, and implementing them.

Community Foundations can consider setting aside a given amount of money per year for initiative funding i.e. it won't be given out unless the foundation comes up with ideas. This is an interesting way to test whether or not the foundation staff is on the cutting edge.

### **501(c)(3)**

The designation 501(C)(3) is given by the Internal Revenue Service to an organization to designate it as charitable and tax deductible for donors.

The law does not require that community foundations only give to 501(C)(3) agencies. The law states that the philanthropic dollar must be used only for charitable purposes. Thus, foundations can give to individuals such as artists; to ad hoc programs such as a group of mothers offering after school recreation; to newly formed agencies that either haven't yet received their 501(C)(3) or don't intend to apply although their purposes are charitable.

If a community foundation chooses to only give to 501(C)(3) programs, this is an in house ruling. It is not imposed on them by the IRS. Such a foundation has limited its scope, its outreach, and its effectiveness by adopting this stance.

One of the services a community foundation can offer to private foundations is the ability to reach out to individuals and programs regardless of incorporation status. This is a strong selling point in creating new donor advise funds.

### **Another Example of Initiative Funding**

All the children in the second grade classroom were Hispanic and the teacher didn't speak Spanish. One can assume that the parents are not involved in the education of their children – there is a barbwire fence called language barrier that holds the parents back. What to do?

Almost all low-income communities have English as a second language classes. The purpose of such classes is to prepare people for a job. One can call the ESL program to find people ready to go to work.

Why not hire such a person as a Parent Involvement Worker (PIW) i.e. a translator who works with a teacher. A special phone line and answering machine are put in the home of the parent involvement worker. At the beginning of the school semester the teacher and PIW visit the parents of every child in the class. Parents can call the PIW with their concerns. The PIW calls parents frequently to tell them how their children are doing. The teacher can relay any messages necessary to parents using the PIW.

Such a program has been tried and the teacher wrote a report on how it works. This report is available free by calling 510 645-1890.

**The Grantmaking Consulting Program offers three services:**

- ◆ Three day on-site visits with extensive review of foundation procedures, extended individual sessions with the foundation board, grants committee, and staff.
- ◆ Leading board retreats.
- ◆ Two day training session for program officers (5 or more persons) any location.

These services are available to foundations in Canada and the U.S.

**Comments on Program Officer Training**

I liked the time we took to hear from each other.... I had two light bulbs go off during the training.... Very practical training.... Excellent hands on – very usable material... Many ideas to take back and use .... Even though we are very small, the training has helped me to see how innovative we can become and how better granting can help with asset development.... I would strongly suggest this training to others, every staff and Board could benefit from this interactive learning... He kept our attention and he allowed us to brainstorm, talk on tangents, etc.... Excellent, it was an opportunity to open my mind, it made me aware of options that were unknown, it helps me picture where we need to go... I got validation for some of the decisions we've made and a plethora of ideas for things we could do..... Relevant to where our foundation is currently and direction we need to take as we grow.... Entertaining presentation – kept my interest.... It was really great to learn new philosophies and mechanics of grantmaking! Bill is inspiring!!... Wonderful notebook – information which is otherwise very difficult to find.

## ***Building Community Foundations***

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Past copies of ***Building Community Foundations***, Bulletin 1 (August 1992) to Bulletin 45 are available as a unit for \$25 to cover the cost of copying and mailing. (*Starting in March 2001, the back issues of BCF will be available to download from our website free of charge.*) Send check to:

**Philanthropic Ventures Foundation**  
**1212 Preservation Park Way**  
**Oakland CA 94612-1201 E-mail [pvf@lmi.net](mailto:pvf@lmi.net)**

### **Comments on The Grantmaking Consulting Program:**

"Very motivational indeed. Bill makes you feel even 'better than usual' about the world of philanthropy... fast paced is just what we wanted for the Board retreat.... Bill's feedback to Board questions was very helpful... he opened our minds to new ideas."

Lin Freer  
Program Manager  
Sonora Area Foundation, CA

"You opened our minds and started a great creative process."

Patricia Jones  
Board Member  
Sonora Area Foundation, CA

"I read ***Building Community Foundations*** with keen interest and promote some of the suggestions which I find stimulating and provocative."  
Van Dellen

Robert J.  
Executive Director  
Cadillac Area Community Foundation, MI

“Bill gave good advice – offered solutions and worked with each person with their different personalities well. He is an eclectic thinker and his passion easily comes through.”

Carol C. Thompson

Executive Director  
Chesapeake Community Foundation, MD