



national committee for
responsive philanthropy

Axis of Ideology

Conservative Foundations and Public Policy

By Jeff Krehely, Meaghan House and Emily Kernan

March 2004

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Axis of Ideology: Conservative Foundations and Public Policy

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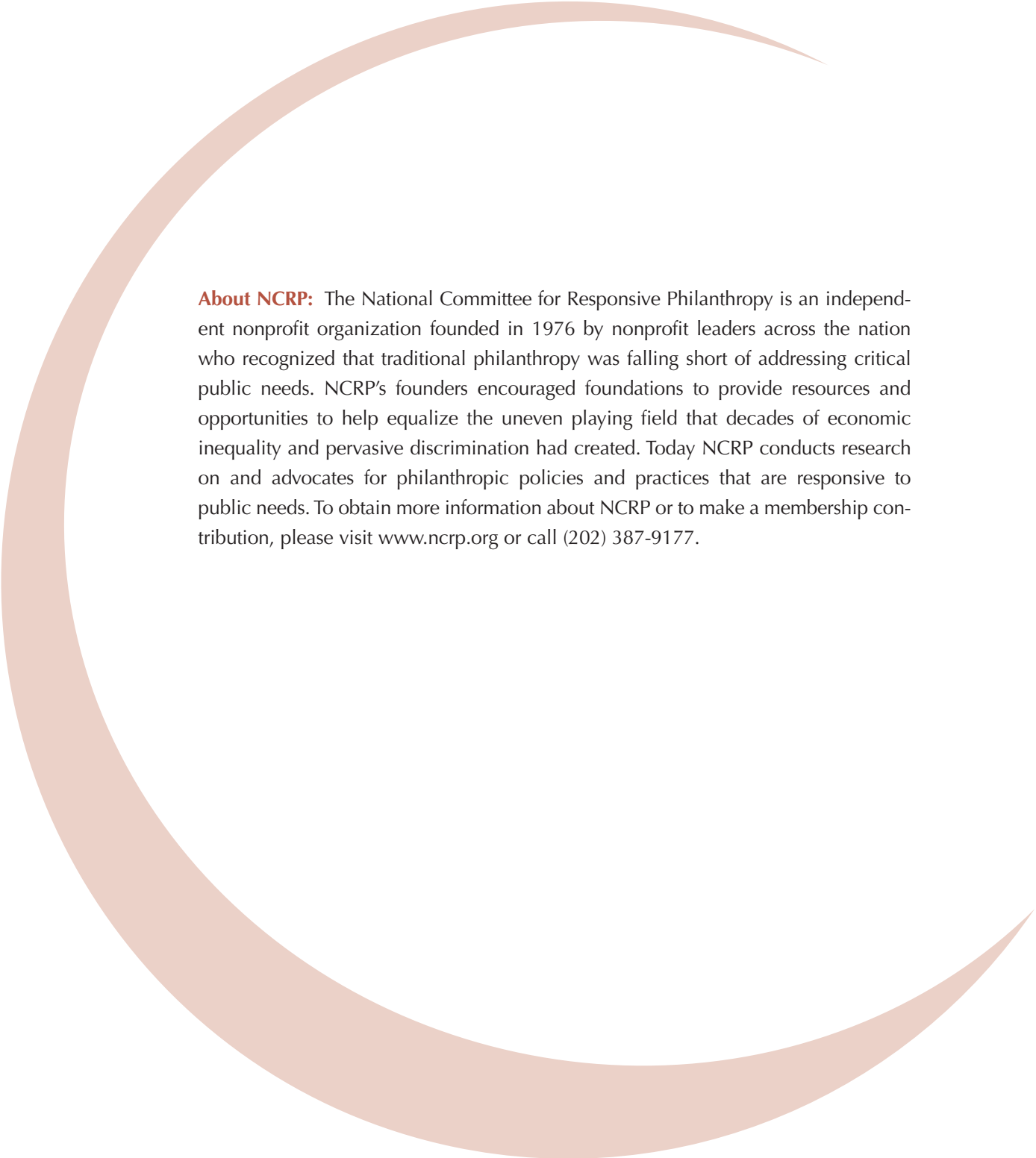
National Committee for Responsive Philanthropy

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TABLE OF CONTENTS

1. Introduction	5
2. Methodology	7
3. Literature Review	10
4. Conservative Foundations Overview	12
5. Grants Analysis	15
6. Top 25 Grant Recipients.....	35
7. Networks and Political Connections.....	37
8. Conclusion.....	42
Appendices	
Appendix A — Foundation Sample	44
Appendix B — Nonprofit Recipients of Conservative Public Policy Grants	46
Appendix C — Interview Findings.....	54
Appendix D — Foundation Profiles.....	57
Notes	70



About NCRP: The National Committee for Responsive Philanthropy is an independent nonprofit organization founded in 1976 by nonprofit leaders across the nation who recognized that traditional philanthropy was falling short of addressing critical public needs. NCRP's founders encouraged foundations to provide resources and opportunities to help equalize the uneven playing field that decades of economic inequality and pervasive discrimination had created. Today NCRP conducts research on and advocates for philanthropic policies and practices that are responsive to public needs. To obtain more information about NCRP or to make a membership contribution, please visit www.ncrp.org or call (202) 387-9177.

Executive Summary

In 1997, NCRP produced *Moving a Public Policy Agenda: The Strategic Philanthropy of Conservative Foundations*, which documented the grantmaking activities and strategies of 12 of the nation's largest and most visible conservative foundations.¹ In particular, the study examined grants made to public policy nonprofits from 1992 through 1994, and also profiled the major grant recipients, reviewing their history, leadership, strategies and policy achievements. It was the first major attempt to document the impact that these philanthropic institutions had on politics and society. In addition to analyzing the grants these foundations made, the report also reviewed materials directly from these foundations and their grantees, as well as relevant media reports and literature reviews.

The 1997 study concluded that conservative foundations and their grantees had achieved a respectable and enviable level of effectiveness because of seven factors:

- The foundations bring a clarity of vision and strong political intention to their grantmaking programs;
- Conservative grantmaking has focused on building strong institutions by providing general operating support, rather than project-specific grants;
- The foundations realized that the state, local, and neighborhood policy environments could not be ignored in favor of focusing solely on the federal level;
- The foundations invested in institutions and projects geared toward the marketing of conservative policy ideas;
- The foundations supported the development of conservative public intellectuals and policy leaders;
- The foundations supported a wide range of policy institutions, recognizing that a variety of strategies and approaches is needed to advance a policy agenda; and
- The foundations funded their grantees for the long term, in some cases for two decades or more.

Moving a Public Policy Agenda was well received in the philanthropic community as well as in more mainstream publications and venues. The research was presented in a number of forums, including the annual meeting of Council on Foundations, and was featured in media outlets such as *The Nation*, National Public Radio's "Morning Edition," and *The Washington Post*, to name a few. Due to the success of the 1997 report, NCRP followed up the study in 1999 with *\$1 Billion for*

Ideas: Conservative Think Tanks in the 1990s. This report provided an in-depth analysis of the top 20 conservative think tanks in existence at the time. It assessed their operations, areas of policy interest, marketing and communications strategies, governance structure and types of financial support, including foundations, corporations and individuals. Both of these publications had a significant impact on the philanthropic community and continue to be influential today. NCRP has often received inquiries from the press, researchers, and nonprofit organizations about updating this research.

From a political perspective, NCRP's earlier work on conservative philanthropy was relevant and well timed. The data analyzed in the first report reflected grantmaking activity in the years immediately preceding the Republican takeover of Congress in the 1994 elections. The second report came out as the Democratic and Republican parties were gearing up for what would prove to be the most contentious presidential election in U.S. history. The information that conservative public policy institutions—thanks in large part to funding from conservative foundations—were providing to candidates for public office had a substantial impact on the issues that were debated during election years in the mid-to late 1990s.

Since the 2000 elections, conservative lawmakers have expanded their power, controlling essentially all three branches of the federal government. According to William Greider, George W. Bush represents the third and most powerful wave in the right's attack on liberalism. The first wave of the attack came from Ronald Reagan, who organized the right around many ideological slogans for reform and proved the viability of regressive tax cuts. Newt Gingrich represented the second wave and gave Republicans control of Congress for the first time in two generations. This imbalance of power

has allowed President George W. Bush to govern without having to compromise his domestic or foreign agendas.² Widespread Republican control of state governorships and legislatures provides the right with more opportunities to implement and solidify its agenda. With the strong presence of the right behind him, President Bush is a far more formidable challenger to Democrats than any of his predecessors.

Of concern to many in the nonprofit sector—both on the left and the right—Bush promotes using faith-based organizations as a solution to myriad social problems and has fought for government grants to be opened to religious organizations through the Charity, Aid, Recovery and Empowerment (CARE) Act. As part of this general plan, he has created the White House Office of Faith-Based and Community Initiatives, as well as faith-based liaison offices in the Departments of Health and Human Services, Housing and Urban Development, Justice, Education, and Labor. Bush has also worked to permanently repeal the estate tax by 2009, which would be devastating to the public interest, since the tax generates \$45 billion in revenue for public and charitable needs, and its repeal would only benefit the few wealthiest Americans. Bush has also proposed other legislation that would further shrink the tax base while fattening the pockets of the already wealthy, such as the proposed elimination of taxes on stock dividends and the establishment of tax-sheltered personal savings accounts. While these further attempts to eliminate the taxation of capital have failed, the groundwork has been set for future attempts.

The terrorist attacks of September 11, 2001 provided conservatives with even more opportunities to expand their power, pushing the Patriot Act through Congress in the days following the attacks, as well as orchestrating and launching military invasions of Afghanistan and Iraq, all in the name of national security. Similarly, the economic downturn—which began before September 11—has provided the Bush administration and its congressional allies with many opportunities to drastically reduce taxes and slash spending for social services, all in the name of economic security. But as chaos and bloodshed persist in Afghanistan and Iraq and the economy continues to sag at home, public opinion of President Bush and the Republican Party is shifting from glowing to glowering.

Regardless of presidential approval ratings and the outcomes of the 2004 elections, it is undeniable that conservative public policy institutions and their philanthropic supporters have had a tremendous impact on Congress's and the administration's

pendant for waging war, curtailing civil liberties, and slashing taxes and social spending. It is critical, then, to revisit NCRP's past work on conservative philanthropy, expanding the number of foundations that were originally studied, as well as consider the influence of other sources of private capital that have brought the United States to its current state of record budget deficits at home and imperialistic militarism abroad.

This report represents a step forward in advancing knowledge of conservative philanthropy, and to some extent the overall conservative agenda, and we hope that future projects will allow for even more progress in understanding this incredibly influential and effective subsector of American philanthropy.

SAMPLE AND ANALYSIS

The research for this report began by finding the most recent IRS 990-PF forms of the foundations studied in NCRP's first report.³ Using their grants list, Web searches were conducted on the conservative public policy grantees funded in an attempt to uncover their other major funders by looking at their board members and organizational affiliations, such as coalition memberships.⁴ LexisNexis searches were also used for this purpose. Other foundations were discovered through examining the Philanthropy Roundtable's Web site (www.philanthropyroundtable.org), which is a national association representing individuals, corporations and foundations that have an interest in funding projects and programs with a libertarian or "traditional" values perspective.

After searching the Internet and press clippings, a database was established containing 79 grantmaking institutions. This database includes key financial variables from 1999, 2000 and 2001 IRS Form 990-PF filings.⁵ A database was then created of the 331 public policy-oriented nonprofit organizations that received funding from the identified foundations. A third database was also created of the 4,812 public policy-related grants made by the 77 grantmaking organizations to the 350 nonprofit organizations, which were then coded for the issue area that the grant covered and the type of grant awarded.⁶ The total amount of conservative public policy grants made from 1999-2001 was \$254 million.

In particular, 13 different issue areas were established, based on reviewing information about the grant provided on foundation IRS 990-PFs as well as on recipient organizations' Websites. These issue areas include the following broad categories:

- General policy (Including Think Tanks)

- Education
- Legal
- University scholarship and research
- Social
- Business
- Religious
- Military/defense
- Media
- Nonprofit infrastructure
- Civil rights
- Environment
- Other

Within many of these categories, the classification was further broken down into an even more specific category. However, this was not always possible to do, due to the lack of information available for many grants.

To categorize the type of grant awarded, five categories were developed, and the grants were then placed into one of them, when enough information was provided (due to inconsistencies in reporting, not all foundations report their grants list in the same way). These categories include:

- **Operating support**—unrestricted support to be used for day-to-day expenses such as rent, salaries or utilities, or research and advocacy of the organization's choosing.
- **Program support**—restricted support to be used only to support a specific program or initiative.
- **Operating and program support**
- **Endowment**—Support that is to be used to build a source of income for a foundation where the principal must remain intact.
- **N/A.**

Finally, a fourth database was created that contained the names of key staff and board members of both conservative foundations and grantee organizations. Then a search was conducted for names that were listed repeatedly, indicating that these individuals operated in a network between grantor and grantee, raising the probability of some type of formal coordination or collaboration among the conservative cadre in the nonprofit sector.

In addition to the data that was collected, confidential telephone interviews with officials from five conservative foundations were conducted. Interviews were requested with 20 foundations, but most declined our request. The individuals who were interviewed, however, were very willing to share their experiences and insights. The questions asked related to staff and board structures and functions, the grantmaking process, payout rates and perpetuity,

evaluation, donor intent, and the broader conservative agenda. The data collected from these interviews helped to draw more relevant and realistic conclusions about the nature and extent of conservative philanthropy.

Press reports and past research showed that many of the leaders of conservative foundations had close ties with the Republican Party. Therefore, an estimate of the amount of money these individuals made to Republican political action committees (PACs) and individual candidates was made. Although the money provided to these committees and candidates was not being channeled through a foundation—doing so would violate election laws and IRS tax law—this information was useful in providing a more complete picture of how the conservative community advanced its agenda.

This report, while trying to cover the broad spectrum of conservative philanthropy, does not present the complete picture of the political right's financial base and political strategies. For example, even though anecdotal evidence suggests that many for-profit companies are supporters of conservative causes, corporate support of right-wing policy organizations is not included in this report because disclosure requirements for corporate grantmaking are essentially nonexistent. Also, this report includes only grants to organizations specifically working to shape public policy, and therefore grants to conservative service providers were not included, even though these programs add to the conservative power base. It was also decided not to include grants to religious organizations because while these organizations may be rooted in traditionally conservative views, it was not clear if these funds were going to support conservative policymaking. Government support provided to conservative organizations is also not included in this report, although many of the organizations that provide some type of social services and do advocacy are probably receiving government funds. Finally, giving by individuals to conservative policy nonprofits is also not included in this research, since nonprofits do not have to disclose this information.

Undoubtedly, conservative values, goals, ideas and ideals have become the norm in United States politics. It would be difficult to argue that the political right is not winning in this country, as it dominates at all levels and branches of government. The many foundations and nonprofit organizations analyzed in this report have undoubtedly helped advance, market and strengthen the conservative agenda in all policy realms, including international affairs, defense, social policy, tax policy, education and civil rights.

Through expanded research, which included foundation and nonprofit organization data collection and analyses, first-hand interviews, literature and media reviews, and a Federal Election Commission data analysis, this report has both verified and advanced the findings of previous research on the strategies and successes of conservative philanthropy, including the following:

- **Flexible Funds**—Conservative foundations are more likely to provide their grantees with general operating funds, allowing them to use the money as they see fit, often not requiring arduous evaluations of how the funds have been used. This flexibility allows organizations to respond in a timely manner to current issues and events allowing the organizations to remain at the forefront of the policy process without having to wait months for a program-specific grant.
- **Long-term Funds**—Conservative foundations are more likely to create new organizations and fund them for the long-haul, sometimes for decades, not just years, allowing the organizations to focus on their program work, rather than having to worry about where next year's (or month's) budget will come from.
- **Focus**—Related to long-term funding, conservative foundations generally concentrate on funding a small group of grantees including individuals, that are all working toward a common goal. Sustaining existing grantees—not trying to find new ones—is their primary goal.
- **Public Policy Process Expertise**—Conservative foundations and their grantees understand that policymaking is not just one activity that happens in Washington, D.C. or even state capitals. Investing in organizations that help set the policy agenda, inform and mobilize the public, lobby lawmakers, broadcast conservative ideas, challenge existing regulations and laws in

the courts, and monitor policy implementation is a priority for conservative funders, as is making sure that this full spectrum of activity is happening in cities, counties, and states, as well as in Washington, DC.

- **Alignment**—Remarkably, there is considerable organic alignment and cohesion on the right. Based on interview findings, conservative funders and nonprofits are all naturally committed to the broader goals of the political right; deliberate coordination is not necessary. Many foundation board members come from the business sector and therefore naturally support the free-market and minimal government and regulations that grantees are working for. Not surprisingly, then, there is generally agreement about priorities and goals among foundation board and staff members; grantee board and staff members; and foundations and grantees.

This report provides insight into the foundations and nonprofit organizations that have played a critical role in helping the Republican Party to dominate state, local, and national politics. The success of these organizations is not something that 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. 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 very 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.

¹ The foundations included The Lynde and Harry Bradley Foundation, the Carthage Foundation, the Earhart Foundation, the Charles G. Koch, David H. Koch and Claude R. Lambe charitable foundations, the Phillip M. McKenna Foundation, the J. M. Foundation, the John M. Olin Foundation, the Henry Salvatori Foundation, the Sarah Scaife Foundation, and the Smith Richardson Foundation.

² Greider, William. "The Right's G and Ambition: Rolling Back the 20th Century." *The Nation*. May 12, 2003.

³ Each year, private foundations are required to report financial data to the IRS, using the Form 990-PF. The Henry Salvatori Foundation from the original report is no longer in existence.

⁴ Charitable nonprofit organizations are not required to disclose to the public the specific foundations, corporations, or individuals providing financial support. They are, however, required to submit a Form 990 to the IRS annually, which provides other financial data.

⁵ For this project, we collected IRS Form 990-PFs for 1999, 2000, and 2001, as most 2002 forms were not available when the research began. Most of these were obtained from www.guidestar.org. In cases where forms were missing from Guidestar, we wrote to each foundation and requested the year(s) needed.

⁶ Two of the 79 foundations originally identified are operating foundations, which only made grants to support their own in-house programs.

1. Introduction

In 1997, NCRP produced *Moving a Public Policy Agenda: The Strategic Philanthropy of Conservative Foundations*, which documented the grantmaking activities and strategies of 12 of the nation's largest and most visible conservative foundations.⁷ In particular, the study examined grants made to public policy nonprofits from 1992 through 1994, and also profiled the major grant recipients, reviewing their history, leadership, strategies and policy achievements. It was the first major attempt to document the impact these philanthropic institutions had on politics and society. In addition to analyzing the grants these foundations made, the report also reviewed materials directly from these foundations and their grantees, as well as relevant media reports and literature reviews.

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Radio's "Morning Edition," and *The Washington Post*, to name a few. Due to the success of the 1997 report, NCRP followed up the study in 1999 with *\$1 Billion for Ideas: Conservative Think Tanks in the 1990s*. This report provided an in-depth analysis of the top 20 conservative think tanks in existence at the time. It assessed their operations, areas of policy interest, marketing and communications strategies, governance structure and types of financial support, including foundations, corporations and individuals. Both of these publications had a significant impact on the philanthropic community and continue to be influential today. NCRP has often received inquiries from the press, researchers, foundations and nonprofit organizations about updating this research.

From a political perspective, NCRP's earlier work on conservative philanthropy was relevant and well timed. The data analyzed in the first report reflected grantmaking activity in the years immediately preceding the Republican takeover of Congress in the 1994 elections. The second report came out as the Democratic and Republican parties were gearing up for what would prove to be the most contentious presidential election in U.S. history. The information that conservative public policy institutions—thanks in large part to funding from conservative foundations—were providing to candidates for public office had a substantial impact on the issues that were debated during election years in the mid- to late 1990s.

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Greider, President George W. Bush represents the third and most powerful wave in the right's attack on liberalism. The first wave of the attack came from Ronald Reagan, who organized the right around many ideological slogans for reform and proved the viability of regressive tax cuts. Newt Gingrich represented the second wave and gave Republicans control of Congress for the first time in two generations. This imbalance of power has allowed President Bush to govern without having to compromise his domestic or foreign agendas.⁸ Widespread Republican control of state governorships and legislatures provides the right with more opportunities to implement and solidify its agenda. With this strong presence of the right behind him, President Bush is a far more formidable challenger to Democrats than any of his predecessors.

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Of concern to many in the non-profit sector—both on the left and the right—Bush promotes using faith-based organizations as a solution to myriad social problems and has fought for government grants to be opened to religious organizations through the Charity, Aid, Recovery and E m p o w e r m e n t (CARE) Act. As part of this general plan, he has created the White House Office of Faith-Based and C o m m u n i t y

Initiatives, as well as faith-based liaison offices in the Departments of Health and Human Services, Housing and Urban Development, Justice, Education, and Labor. Bush has also worked to permanently repeal the estate tax by 2009, which would be devastating to the public interest, since the tax generates \$45 billion in revenue for public and charitable needs, and its repeal would only benefit the few wealthiest Americans. Bush has also proposed other legislation that would further shrink the tax base while fattening the pockets of the already wealthy, such as the proposed elimination of taxes on stock dividends and the establishment of tax-sheltered personal savings accounts. While these further attempts to eliminate the taxation of capital have failed, the groundwork has been set for future attempts.

The terrorist attacks of September 11, 2001, provided conservatives with even more opportunities to expand their power, pushing the Patriot Act through Congress in the days following the attacks, as well as orchestrating and launching military invasions of Afghanistan and Iraq, all in the name of national security. Similarly, the economic downturn—which began before September 11—has provided the Bush administration and its congressional allies with many opportunities to drastically reduce taxes and slash spending for social services, all in the name of economic security. But as chaos and bloodshed persist in Afghanistan and Iraq and the economy continues to sag at home, public opinion of President Bush and the Republican Party is shifting from glowing to glowering.

Regardless of presidential approval ratings and the outcomes of the 2004 elections, it is undeniable that conservative public policy institutions and their philanthropic supporters have had a tremendous impact on Congress's and the administration's penchant for waging war, curtailing civil liberties, and slashing taxes and social spending. It is critical, then, to revisit NCRP's past work on conservative philanthropy, expanding the number of foundations that were originally studied, as well as to consider the influence of other sources of private capital that have brought the United States to its current state of record budget deficits at home and imperialistic militarism abroad.

This report represents a step forward in advancing knowledge of conservative philanthropy, and to some extent the overall conservative agenda, and we hope that future projects will allow for even more progress in understanding this incredibly influential and effective subsector of American philanthropy.

2. Methodology

Researching any aspect of the nonprofit sector is fraught with hurdles and hindrances. Among other challenges, the sector is huge, amorphous and not easily defined. It is also regulated with a rather light touch, which prevents the establishment of a reliable, timely way of compiling data on the sector.

With this project in particular, other obstacles presented themselves. For example, there is no ready-made database of identified “conservative” foundations. Further, it would be rare to find a foundation that can be considered to devote all of its grantmaking to conservative public policy organizations; reviewing individual foundation grants is a necessary first step in the research process. Therefore, it was necessary for the first stage of research to define what “conservative” means and what exactly conservative policy looks like. For the purpose of this study, conservative policy is defined as policy that shrinks the federal government’s powers and increases state autonomy; strengthens the hand of businesses and free enterprise, by promoting a deregulatory ethos; or fights for individual private property rights. Also included in this definition are the socially conservative policies that seek to advance so-called “traditional values,” by promoting, for example, an anti-choice or anti-gay rights agenda.

Once the definition of conservative policy was established, it was used to determine which grants could be classified as conservative. In some cases, the decision was easy to make; in others, some judgment calls had to be made. In general, grants made to organizations or programs that promoted some type of free market, small government, and/or conservative religious ideology, with a focus on policy research or advocacy, were included in the study. After the decision to include a grant had been made, its purpose had to be classified, which sometimes was difficult, since foundations of all political stripes do not report their grants information in a consistent—and sometimes even coherent—manner.

The research for this report began by finding the most recent IRS 990-PF forms of the foundations studied in NCRP’s first report.⁹ Using their grants list, Web searches were conducted on the conservative public policy grantees funded in an attempt to uncover their other major funders by looking at their board members and organizational affiliations, such as coalition member-

ships.¹⁰ LexisNexis searches were also used for this purpose. Other foundations were discovered through examining the Philanthropy Roundtable’s Web site (www.philanthropyroundtable.org), which is a national association representing individuals, corporations and foundations that have an interest in funding projects and programs with a libertarian or “traditional” values perspective.

After searching the Internet and press clippings, a database was established containing 79 “foundations,” most of which are private foundations.¹¹ This database includes key financial variables from 1999, 2000 and 2001 IRS Form 990-PF filings.¹² **Appendix A** includes the full list of grantmaking organizations that were identified. A database was then created of the 331 public policy-oriented nonprofit organizations that received funding from the identified foundations. **Appendix B** includes the full list of grant recipients. A third database was also created of the 4,812 public policy-related grants made by the 79 grantmaking organizations to the 331 nonprofit organizations, which were then coded for the issue area that the grant covered and the type of grant awarded.¹³ The total amount of conservative public policy grants made from 1999-2001 was more than \$254 million.

In particular, 13 different issue areas were established, based on reviewing information about the grants provided on foundation IRS 990-PF forms as well as on recipient organizations’ Web sites. These issue areas include the following broad categories:

- General policy (including think tanks),
- Education,
- Legal,
- University scholarship and research,
- Social,
- Business,
- Religious,
- Military/defense,
- Media,

- Nonprofit infrastructure,
- Civil rights,
- Environment, and
- Other.

Within many of these categories, the classification was further broken down into an even more specific category. However, this was not always possible to do, due to the lack of information available for many grants.

To categorize the type of grant awarded, five categories were developed, and the grants were then placed into one of them, when enough information was provided (due to inconsistencies in reporting, not all foundations report their grants list in the same way). These categories include:

- **Operating support**—unrestricted support to be used for day-to-day expenses such as rent, salaries or utilities, or research and advocacy of the organization's choosing;
- **Program support**—restricted support to be used only to support a specific program or initiative;
- **Operating and program support;**
- **Endowment**—support to be used to build a source of income for a foundation where the principal must remain intact; and
- **N/A.**

Finally, a fourth database was created that contained the names of key staff and board members of both conservative foundations and grantee organizations. Then a search was conducted for names that were listed repeatedly, indicating that these individuals operated in a network between grantor and grantee, raising the probability of some type of formal coordination or collaboration among the conservative cadre in the nonprofit sector.

In addition to the data that were collected, confidential telephone interviews with officials from five conservative foundations were conducted. Interviews were requested with 20 foundations, but most declined our request. The individuals who were interviewed, however, were very willing to share their experiences and insights. The questions asked related to staff and board structures and functions, the grantmaking process, payout rates and perpetuity, evaluation, donor intent and the broader conservative agenda. The data collected from these interviews helped to draw more relevant and realistic conclusions about the nature and extent of conservative philanthropy. The interview findings can be found in **Appendix C**.

Press reports and past research showed that many of the leaders of conservative foundations had close ties

with the Republican Party. Therefore, an estimate of the amount of money these individuals made to Republican political action committees (PACs) and individual candidates was made. Although the money provided to these committees and candidates was not being channeled through a foundation—doing so would violate election laws and IRS tax law—this information would be useful in providing a more complete picture of how the conservative community advanced its agenda. Using www.opensecrets.org, the political donations of the leaders of conservative foundations, as well as of the leaders of their nonprofit recipients in each election cycle since 1998, were compiled. The search engine provided all political donations made by each individual, and in some cases it was difficult to determine the political affiliation of the recipient. However, care was taken to exclude contributions to known Democratic candidates and PACs in the final calculation. Typically, the donations made by the spouses of conservative leaders were included, as well.

This report, while trying to cover the broad spectrum of conservative philanthropy, does not present the complete picture of the political right's financial base and political strategies. For example, even though anecdotal evidence suggests that many for-profit companies are supporters of conservative causes, corporate support of right-wing policy organizations is not included in this report because disclosure requirements for corporate grantmaking are essentially nonexistent. Also, this report includes only grants to organizations specifically working to shape public policy. Therefore grants to conservative service providers were not included, even though these programs add to the conservative power base. It was also decided not to include grants to religious organizations because while these organizations may be rooted in traditionally conservative views, it was not clear if these funds were going to support con-

[Powell] saw the biggest threat not coming from what he termed the Communists or New Leftists, but rather from college campuses, the media, intellectual and literary journals, and the arts and sciences—what he deemed “the respectable elements of society.”

servative policymaking. Government support provided to conservative organizations is also not included in this report, although many of the organizations that provide some type of social services and do advocacy are probably receiving government funds. Finally, giving by individuals to conservative policy nonprofits is also not included in this research, since nonprofits do not have to disclose this information.

This full spectrum of the conservative movement was described in a memo written in 1971—from Lewis Powell, just before he was appointed to the Supreme Court—to Eugene B. Sydnor Jr., at the U.S. Chamber of Commerce. Powell outlined what he saw as the liberal attack on the American free-enterprise system and how all sectors, both public and private, needed to fight back.¹⁴ He saw the biggest threat not coming from what he termed the Communists or New Leftists, but rather from college campuses, the media, intellectual and literary journals, and the arts and sciences—what he deemed “the respectable elements of society.” He called upon American business to fight back against these dissenting voices and to fund an organized, coordinated, long-range plan against the left that would be amply financed and implemented through united action and national organizations.

Powell envisioned this assault on the left to be conducted through a multitude of venues. Among his suggestions included:

- Placing conservative scholars within universities;
- Creating a speakers bureau that should include advocates of America’s businesses;
- Evaluating textbooks to ensure that America and its enterprise system were being portrayed in a positive light;
- Implementing pro-right programs in secondary school;
- Increasing rapport with schools of business, and monitoring the media and using it to advance conservative ideology;
- Publishing both popular and scholarly journals espousing traditional views; and
- Becoming active in the local, state, and federal courts.

He encouraged the right not to hesitate to attack liberals and to push politicians for the support of the free-enterprise system. He saw this attack as something that would have to be heavily funded to be effective and to recruit professionals with great skill in working in all of these areas.

3. Literature Review

As NCRP documented in the 1997 report *Moving a Public Policy Agenda*, conservative foundations have been instrumental in shaping the public policy debate around a variety of issues, including, but not limited to, school choice, welfare reform, decentralization of government, the privatization of Social Security, and pro-family and marriage programs. According to the Foundation Center in 2001, based upon a sample of the 1,007 larger foundations, total grantmaking for public affairs and societal benefit programs by

these foundations reached \$1.8 billion.¹⁵ Although the current political state of the nation suggests that conservative foundations have had a greater impact on influencing public policy than liberal or centrist foundations, the entire foundation sector's ability to shape national debate around policy issues through grantmaking is a powerful tool for creating social change, valued at several billion dollars.

FOUNDATIONS AND THE PUBLIC POLICY PROCESS¹⁶

Laws and Regulations

The laws governing foundation involvement in the public policy process became clarified under the Tax Reform Act of 1969. Under the act, it was determined that foundations could neither directly lobby nor directly fund their grantees' lobbying activities.¹⁷ Public charities could lobby, as long as lobbying constituted only an "insubstantial" portion of their activities. Since the term "lobbying" was narrowly defined—as communicating with legislators about specific pieces of legislation—and did not prohibit other strategies that can influence legislation, foundations are able to fund organizations working on public policy without fear of government reprimand. This legislation gives foundations the power to set policy agendas by funding advocacy and policy organizations. And although foundations cannot fund projects dedicated solely to lobbying, they can fund projects that contain a lobbying element as long as the foundation's total grants for the project are not greater than the amount that the nonprofit has budgeted for nonlobbying aspects of the project.

It is important to note that conservative foundations have gotten around anti-lobbying regulations by giving operating support rather than program designated grants.

The flexibility of operating support allows a grantee to use those funds for lobbying without threatening the charitable status of the foundation.

Foundation Strategies

Once a foundation makes the explicit decision to become involved in the policy process, it must examine its mission, financial assets and governance and determine how these will impact the role it can play in the policy arena. Some foundations have in fact been created for the sole purpose of impacting policy, such as the Carthage Foundation, which confines its grants to "programs that will address public policy questions concerned with national and international issues."¹⁸ Even if a foundation is not created for the sole purpose of influencing public policy, it might find that engaging in the policy arena will further its programmatic work and expand its impact. For example, a foundation that is working to eradicate child hunger could give to food shelters and other direct service organizations, but may find that its grant money goes further to address its mission by trying to implement government policies that increase eligibility for the receipt of food stamps.

Foundations also must decide at which level of government they want to impact policy—the national, state and/or local levels. Conservative foundations have been especially effective at impacting all levels, while it seems the left-leaning and centrist foundations generally only focus on the national level.¹⁹ For example, while the Bradley and Scaife foundations have typically funded larger national think tanks, the Roe Foundation has been central in the founding of the State Policy Network, the professional service organization for America's state-level free-market think tank movement, and the direct funding of smaller state-based think tanks that are becoming just as powerful as any national think tank.²⁰

This two-pronged approach to the funding of policy ideas at both the state and national levels has allowed issues such as school choice and welfare reform to move from being considered radical ideas in a few states to mainstream, viable policy options debated and considered in Washington, D.C.

Once a foundation has determined what role they will take in influencing policy, they must then decide where they will engage in the policy process. Do they want to work on defining the problem as they see it, proposing policy options, implementing policy or evaluating policy? Many foundations work toward more than one of these goals. In the example of school choice, not only have conservative foundations been central in advocating for school vouchers but they also have funded school choice programs at the state level.

When a foundation begins to engage in the policy process, it must be willing to do so for the long term. Far too often, foundations only invest in specific organizations or programs for a short period of time and, as a result, no real impact is achieved. A good example of the impact long-term funding can have in the policy arena is the Olin Foundation's support of the Federalist Society, which started in the early 1980s as a small group of law students that brought conservative speakers to their campuses. Over the past 20 years, they received more than \$2 million from the Olin Foundation to encourage a limited government, individual freedom and the rule of law.²¹

Today the Federalist Society has more than 25,000 members, 150 student chapters at law schools around the nation, and 60 chapters for practicing attorneys. It has become the antithesis of the American Bar Association and has been recognized by many leaders, including Vice President Dick Cheney, who stated, "This organization has become one of the most influential in the world of law and public policy."²² It took decades of support by the Olin Foundation to make the Federalist Society into what it is today, but it has clearly paid off: There are numerous members of the society in the current Bush administration, and many federal judges support the group's members and their views.

Foundations that enter into the public policy arena must understand the implications of what they are undertaking. They must be comfortable with taking risks, mak-

ing their values clear, giving grantees a high level of autonomy, and standing firmly beside their grantees even when their views may be unpopular. Typically, more mainstream and liberal foundations have not been comfortable taking an ideological stance, while their conservative counterparts have been comfortable in this role.²³ It takes a leap of faith for funders to enter into the public policy arena and truly commit themselves and their resources to achieve results that may not occur for decades. But it is this type of risk-taking, hands-off approach that has made the conservative foundation involvement in public policy so effective and far reaching.

4. Conservative Foundations Overview

Among the 79 foundations that had asset data available in 2001, the average asset size was \$89.5 million. In 1999, the average asset size was \$100.8 million, and in 2000 it was \$103.7 million. The drop in average asset size reflects both the stock market declines in 2001, as well as the fact that several large foundations in the sample are spending down their assets and are, therefore, spending much more on grantmaking than they are earning in investment returns.

Geographically, the identified conservative foundations are based in 22 states and Washington, D.C. (see Table 1). Ten states, in fact, hold 91.3 percent of all assets in our sample. Notably, the top 10 states are not necessarily states where one would expect to see large concentrations of foundation dollars. In this study, for example, Arkansas and Oklahoma top the list. According to the *Foundation Yearbook*, in 2001 Arkansas and Oklahoma held 0.4 percent and 1 percent of foundation assets, respectively, when considering all types of grantmaking foundations, regardless of ideology.²⁴ It is important to keep in mind, however, that Arkansas and Oklahoma are home to two of the largest foundations in our study, the Walton Family Foundation and the Samuel Roberts Noble Foundation.

As noted in the methodology section, not every grant made by the foundations in the NCRP sample is devoted to a conservative public policy organization. Consequently, examining assets only tells part of the conservative foundation story. For example, the geographic distribution of the states from which conservative public policy grants originate varies considerably from the geographic distribution of the assets of conservative foundations. This variance suggests that public policy-related grantmaking is not always the top priority of conservative foundations. The geographic distribution of conservative public policy grantmaking is displayed in Table 2.

Table 2 shows that nearly 60 percent of conservative public policy grants come from foundations located in just three states: Pennsylvania, New York and Wisconsin. This concentration suggests that only a handful of foundations are driving the push to support conservative public policy grantmaking. The next section of this report will examine where the conservative public policy grant dol-

TABLE 1: Geographic Distribution of Conservative Grantmaker Assets, 2001

State	Foundation Assets, 2001	Percentage of Total
Arkansas	\$948,658,074	12.93%
Oklahoma	\$945,463,420	12.89%
Colorado	\$838,646,720	11.43%
Pennsylvania	\$805,389,532	10.98%
New York	\$707,567,210	9.65%
Wisconsin	\$597,888,680	8.15%
North Carolina	\$534,733,911	7.29%
New Jersey	\$480,600,279	6.55%
Texas	\$434,435,126	5.92%
Indiana	\$404,310,087	5.51%
Michigan	\$279,290,345	3.81%
Illinois	\$79,449,853	1.08%
Kansas	\$61,061,467	0.83%
Washington, D.C.	\$47,627,995	0.65%
California	\$35,211,053	0.48%
South Carolina	\$30,536,736	0.42%
Missouri	\$25,444,468	0.35%
Massachusetts	\$22,028,587	0.30%
Nebraska	\$13,615,483	0.19%
Virginia	\$10,641,343	0.15%
Georgia	\$4,946,913	0.07%
Delaware	\$2,944,492	0.04%
Wyoming	\$1,931,495	0.03%
Ohio	\$85,005	0.00%
Total	\$7,312,508,274	100%

Source: NCRP data collection and analysis from IRS Form 990s and 990-PFs, 2003.

lars are actually going (i.e., how much of these grant dollars is allocated in each state and to what organizations).

Moving beyond the aggregate statistics to the individual foundations in the sample (see Appendix A for a complete listing), one can see that the range of total conservative public policy grantmaking for 1999, 2000 and 2001 among the entire sample varies from a low of \$15,900 to a high of \$44,800,500. In total, these foundations made 4,812 conservative public policy-related

grants worth slightly more than \$250 million. The current age of the institutions in the sample ranges from 73 years to 3 years. Assets for 2001 range from just under \$1 billion to just under \$15,000. While most of the foundations have a national focus, some concentrate their grantmaking in one particular state, while a few others fund on an international level.

Most of the foundations have very small staffs and boards. A little more than half (53 percent) accept unsolicited proposals, while the remaining 47 percent prefer to find grantees on their own. The highest chief executive officer salary and benefits package in the sample totaled \$1.3 million in 2001, while a substantial number of CEOs were not compensated for their service. The highest total staff and board compensation was just under \$13 million, while many foundations had no paid staff or board members.

Looking at the largest 25 conservative public policy grantmakers, excluding operating foundations, there is a difference of approximately \$40 million between the top foundation, the Sarah Scaife Foundation, and the bottom, the Earhart Foundation (see Table 3). In fact, the top five foundations—Sarah Scaife, the Lynde and Harry Bradley Foundation, the John M. Olin Foundation, the Shelby Cullom Davis Foundation, and the Richard and Helen DeVos Foundation—make up just over 50 percent of total conservative public policy grantmaking for the three years studied, yet they accounted for only 27 percent of the number of grants made. This discrepancy reflects the fact that many of these grants were worth several million dollars. The next section of this report will provide more information on the recipients of these grants, as well as on the grants themselves.

Several of the top 25 foundations have direct relationships with one another. For example, the Sarah Scaife Foundation is one of several Scaife Mellon family foundations, including the Carthage Foundation (10th largest) and the Scaife Family Foundation (19th largest), as well as the Allegheny Foundation (46th largest). Similarly, the Charles G. Koch Foundation (seventh largest) is one of several of the Koch family's foundations, which also include the David H. Koch Foundation (eighth largest) and the Claude R. Lambe Charitable Foundation (13th largest).²⁵

TABLE 2: Geographic Distribution of Conservative Grantmaking, 1999–2001

State	Policy Grants	Percentage
Total	1999–2001	of Total
Pennsylvania	\$59,982,749	23.61%
New York	\$48,247,015	18.99%
Wisconsin	\$40,179,742	15.82%
Kansas	\$20,130,750	7.92%
Michigan	\$18,894,532	7.44%
California	\$10,291,309	4.05%
North Carolina	\$8,991,618	3.54%
Illinois	\$8,402,032	3.31%
Texas	\$6,332,956	2.49%
New Jersey	\$5,262,050	2.07%
Colorado	\$4,826,932	1.90%
Nebraska	\$4,773,000	1.88%
Oklahoma	\$4,474,000	1.76%
Massachusetts	\$3,542,436	1.39%
Arkansas	\$3,262,250	1.28%
South Carolina	\$2,491,500	0.98%
District of Columbia	\$1,115,400	0.44%
Virginia	\$833,500	0.33%
Indiana	\$788,300	0.31%
Missouri	\$687,450	0.27%
Delaware	\$337,500	0.13%
Wyoming	\$63,325	0.02%
Florida	\$62,500	0.02%
Ohio	\$31,000	0.01%
Georgia	\$15,900	0.01%

Source: NCRP data collection and analysis from IRS Form 990s and 990-PFs, 2003.

TABLE 3: Top 25 Foundations, 1999–2001

Foundation	State	2001 Assets	Conservative Policy Giving, 1999-2001
Sarah Scaife Foundation	PA	\$323,029,669	\$44,800,500
Lynde and Harry Bradley Foundation	WI	\$584,752,379	\$38,858,118
John M. Olin Foundation	NY	\$71,196,916	\$17,403,240
Shelby Cullom Davis Foundation	NY	\$78,314,656	\$13,013,125
Richard and Helen DeVos Foundation	MI	\$97,048,407	\$12,159,101
Jaquelin Hume Foundation	CA	\$26,000,854	\$8,929,189
Charles G. Koch Charitable Foundation	KS	\$31,787,776	\$8,703,250
David H. Koch Charitable Foundation	KS	\$36,093	\$6,870,000
Smith Richardson Foundation	NC	\$494,308,578	\$6,798,217
The Carthage Foundation	PA	\$23,705,949	\$5,865,700
William H. Donner Foundation Inc.	NY	\$135,032,057	\$4,792,826
Bill and Bernice Grewcock Foundation	NE	\$13,615,483	\$4,773,000
Claude R. Lambe Charitable Foundation	KS	\$29,237,598	\$4,557,500
Samuel Roberts Noble Foundation	OK	\$945,463,420	\$4,474,000
Randolph Foundation	NY	\$57,417,260	\$3,836,260
F.M. Kirby Foundation	NJ	\$465,996,621	\$3,542,500
Gordon and Mary Cain Foundation	TX	\$133,275,328	\$3,495,500
Walton Family Foundation	AR	\$948,658,074	\$3,262,250
Scaife Family Foundation	PA	\$91,422,569	\$3,201,000
Earhart Foundation	MI	\$84,121,969	\$3,168,461
Philip M. McKenna Foundation.	PA	\$17,429,656	\$2,915,385
Barre Seid Foundation	IL	\$3,323,994	\$2,888,332
D&D Foundation	IL	\$22,276,281	\$2,745,000
Castle Rock Foundation	CO	\$50,862,306	\$2,693,450
The Roe Foundation	SC	\$30,536,736	\$2,491,500

Source: NCRP data collection and analysis from IRS Form 990s and 990-PFs, 2003.

5. Grants Analysis

In order to analyze where conservative foundations are giving their money, the following 13 broad issue areas for the grant recipients were established based upon the type of organization being supported. The issue areas are:

- General policy (including think tanks),
- Education,
- Legal,
- University scholarship and research,
- Social,
- Business,
- Religious,
- Military/defense,
- Media,
- Nonprofit infrastructure,
- Civil rights,
- Environment, and
- Other.

It is important to note that some issues falling within these categories, such as a funding for school choice or pro-business policies, are not necessarily limited to conservative interests. Some of these issues also receive support from mainstream foundations and from moderate Democrats. These moderate foundations, while they may support some conservative causes, are not included in this report because they also support liberal causes as well and do not promote an inherently conservative mission with their grantmaking.

Figure 1 shows the amount of money that each of these areas receives from the foundations in our sample. Figure 2 shows the percentage distribution of conservative grant dollars across issue areas.

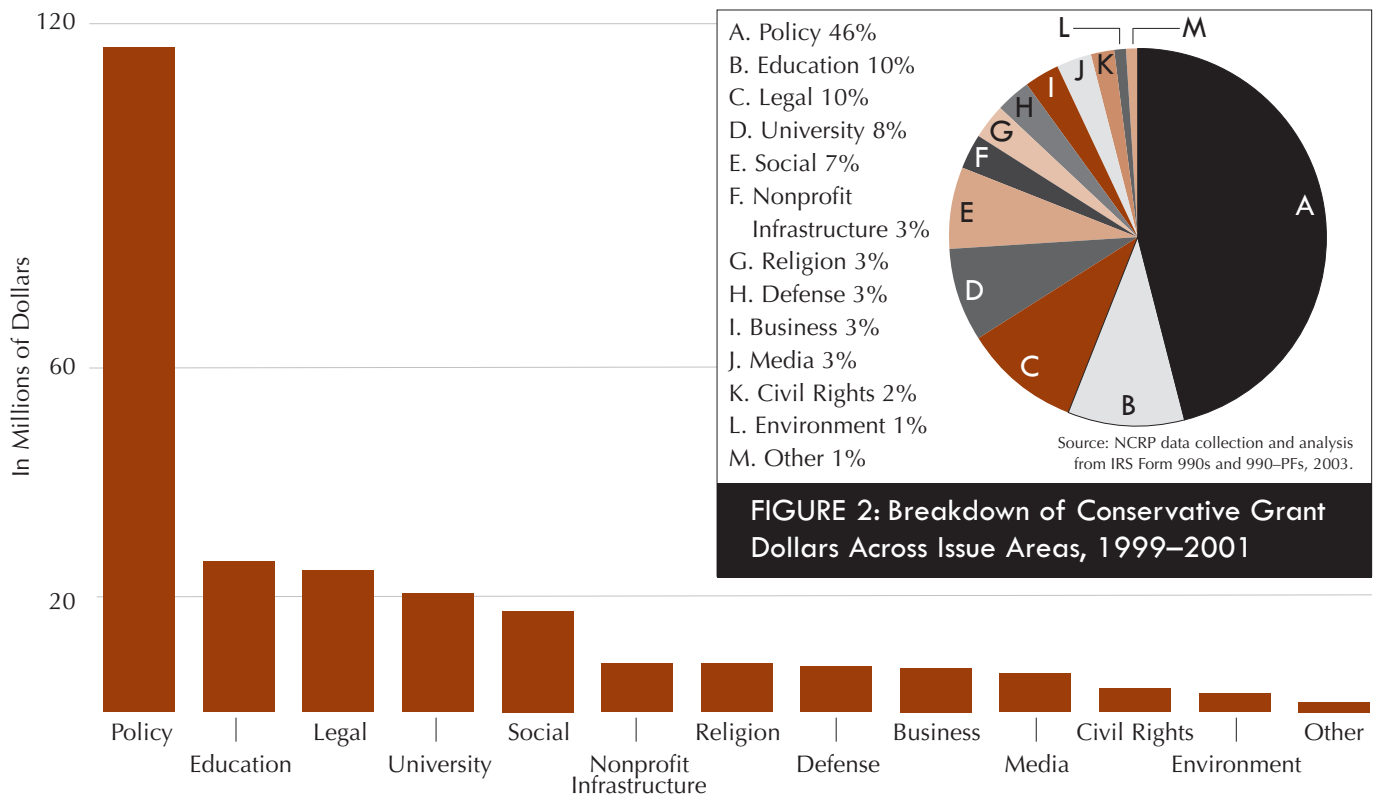


FIGURE 1: Conservative Funding Across Issue Areas, 1999–2001

Source: NCRP data collection and analysis from IRS Form 990s and 990-PFs, 2003.

GRANT SIZE

While many of the issue areas received millions of dollars in funding, the average grant size was just \$52,788, as illustrated in Table 4. This indicates that although the total amount of conservative foundation dollars going toward public policy research and advocacy is rather large, grantee organizations typically receive relatively small grants.

TYPES OF FUNDING

Conservative foundations have, in part, been so effective not so much due to the size of their grants but rather because they tend to give more to general operating support. This type of unrestricted grant gives their grantees the flexibility they need to build strong institutions, do innovative work without having to worry about attracting new donors, and respond in a timely manner to policy issues without having to wait for a project-specific grant.

As Figure 3 shows, conservative grantees from 1999 to 2001 received \$94,296,085 in general operating support, which is almost \$17 million more than the amount received for program support over the same period (total program support equaled \$77,548,005). Another \$10,438,750 went toward grants that comprised both project and general operating support. Many of the foundations studied did not indicate on their grants list the purpose of the grant; these unidentified grants totaled \$69,731,906, which means that the total amount devoted to general operating grants could be much greater than the \$94 million indicated.

As Table 5 shows, organizations working on issues of education received the highest levels of funding for general operating support, at 60 percent of all grants. Legal organizations also received high levels of funding for general operating support, at 51 percent. Surprisingly, policy

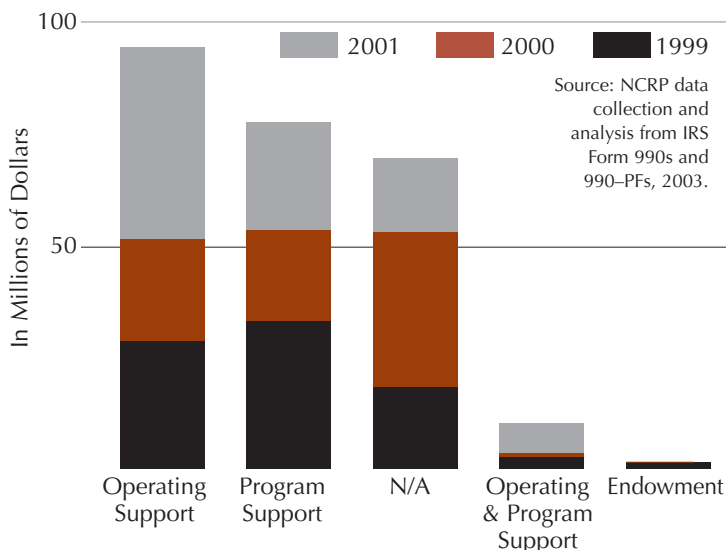


FIGURE 3: Types of Grants Awarded, 1999–2001

TABLE 4: Average Grant Size, 1999–2001

Classification	Average Grant Size
Civil rights	\$73,491
University	\$63,422
Education	\$61,844
Higher education	\$113,142
Youth development	\$18,208
Public education	\$18,103
School reform	\$85,209
Student services	\$27,667
Museums/libraries	\$7,613
Policy	\$60,943
National think tanks	\$79,027
State think tanks	\$33,937
International affairs	\$48,841
Government	\$30,512
Defense	\$55,856
Legal	\$50,115
General	\$52,031
Immigration	\$44,867
Media	\$48,394
Social	\$46,486
Family	\$48,644
Feminism	\$56,000
Firearms	\$2,125
Health	\$42,079
Pro-life	\$18,803
Community development	\$59,884
Social science	\$41,689
Science	\$30,708
Religion	\$42,179
Business	\$29,948
Economic	\$33,027
Free market	\$29,561
Monetary	\$25,000
Taxes	\$31,473
Labor	\$28,912
International economic development	\$22,600
Business	\$7,630
Environment	\$33,875
Nonprofit infrastructure	\$8,586
Other	\$19,546
Communism	\$20,000
Leadership development	\$18,541
Philanthropy	\$28,895
Consumer rights	\$6,444
Other	\$18,571
Total Average Grant Size	\$52,788

Source: NCRP data collection and analysis from IRS Form 990s and 990-PFs, 2003.

organizations—while receiving the most in grants—received only 31 percent of their grants as general operating support. Overall, at least 37 percent of all grant dollars in this sample were for operating support. In its 2001 sample study of the entire foundation field, the Foundation Center reported that only 13.6 percent of all grant dollars were given as operating support. Clearly, the conservatives give more of this type of funding, and it has been effective.

TABLE 5: General Operating Support by Issue Area, 1999–2001

Issue Area	Total Grants Awarded	General Operating Support	Operating Support as Percentage of Total Grants Awarded
Business	\$7,726,472	\$1,362,200	18%
Civil rights	\$4,189,000	\$1,291,500	31%
Defense	\$7,987,414	\$2,641,562	33%
Education	\$26,283,850	\$15,773,425	60%
Environment	\$3,252,000	\$1,223,500	38%
Legal	\$24,706,740	\$11,691,656	47%
Media	\$6,775,169	\$2,287,300	34%
Nonprofit			
infrastructure	\$8,547,119	\$2,995,900	35%
Other	\$1,798,200	\$922,400	51%
Policy	\$115,914,347	\$35,447,033	31%
Religion	\$8,435,805	\$4,678,100	55%
Social	\$17,664,633	\$9,463,209	54%
University	\$20,738,997	\$4,518,300	22%
Total	\$254,019,746	\$94,296,085	37%

Source: NCRP data collection and analysis from IRS Form 990s and 990-PFs, 2003.

FUNDING BY REGION

As Table 6 shows, the most grants, 1,726, as well as more than one-third of funding dollars, \$109,995,296, went to nonprofits located in Washington, D.C. This finding is not surprising considering the high density of public policy and advocacy organizations in the region. The proximity of Virginia to Washington, D.C., also explains the high level of funding for organizations located there. Nonprofits in California, Delaware and New York also received high levels of funding. The fact that Delaware received such high levels of funding may be surprising since it is not typically considered to be a breeding ground of ideas, until one looks at the organizations located there: Both the Intercollegiate Studies Institute and the Collegiate Studies Network, for example, are recipients of high levels of funding.

TABLE 6: Geographic Distribution of Grants, 1999–2001

State	Number of Grants	Total Amount of Grants
Washington D.C.	1,726	\$109,995,296
Virginia	798	\$33,462,500
California	512	\$25,781,624
Delaware	261	\$15,370,975
New York	216	\$12,403,034
Michigan	159	\$11,771,613
Indiana	123	\$6,232,592
Texas	119	\$5,458,850
Wisconsin	112	\$5,144,085
Colorado	89	\$3,783,900
Maryland	85	\$3,567,130
Missouri	83	\$3,479,500
Pennsylvania	66	\$3,128,530
Montana	55	\$2,683,500
Massachusetts	51	\$2,014,900
Illinois	50	\$1,979,600
Washington	34	\$1,417,000
Minnesota	33	\$1,130,000
Georgia	29	\$971,900
North Carolina	29	\$866,579
Florida	26	\$786,563
Arizona	25	\$649,000
Ohio	13	\$388,800
South Carolina	12	\$358,500
Oregon	12	\$250,500
Tennessee	10	\$230,000
Alabama	8	\$105,500
Mississippi	8	\$81,000
Oklahoma	8	\$75,000
Utah	7	\$70,000
Vermont	7	\$51,000
New Jersey	7	\$50,050
Connecticut	7	\$49,500
Nebraska	5	\$49,000
New Hampshire	5	\$44,500
Kansas	5	\$39,500
Arkansas	6	\$38,000
New Mexico	4	\$25,000
Nevada	3	\$20,000
South Dakota	2	\$10,000
Louisiana	1	\$5,000
Idaho	1	\$225
Total	4,812	\$254,019,746

Source: NCRP data collection and analysis from IRS Form 990s and 990-PFs, 2003.

ISSUE AREAS

General Policy (Including Think Tanks)²⁶

Funding for organizations within the policy arena received the majority of the funds—46 percent of total funding, or \$115,914,347. Included in the issue area of policy are national and state think tanks, and organizations that focus on international affairs, promote government accountability or reform, and perform general policy work to promote free markets and limited government. Within the area of policy, the top three major recipient groups are national think tanks, state think tanks and general public policy organizations. The national think tanks received \$89,933,129 from 1999 to 2001. Included in this category are the large think tanks such as the Heritage Foundation, the American Enterprise Institute and the Cato Institute, as well as many other well-known think tanks that have been influential in the conservative movement for decades.

Conservative foundations have also recognized the importance of not only the national think tanks but also the smaller state think tanks that work on policy at the state level and then are able to translate their success into policies at the federal level. Overall, state-based think tanks received \$21,414,031 in funding from 1999 through 2001. This funding, while significantly less than the amount received by national think tanks, has greatly impacted the growth of the state think tanks.

Organizations working in areas of general public policy, without a focus on necessarily the state or the national level, were grouped into a general public policy area. These organizations maintain broad mission statements such as “to study the spread and perfection of democracy across the world”²⁷ and “to promote the principles of federalism by developing and promoting policies that reflect the Jeffersonian principles.”²⁸ In total, these organizations received \$2,074,787 in funding.

NATIONAL THINK TANKS

The Heritage Foundation

From 1999 to 2001, the Heritage Foundation received more than \$28,569,700 in grants. Since the first NCRP report on conservative foundations in 1997, the Heritage Foundation has vastly extended its research. In 2000, Heritage created the Center for Legal and Judicial Studies to educate government officials, the media and the public on the Constitution and legal principles, and how they impact public policy decisions. Among its publications are *Support and Defend: How Congress Can Save the Constitution from the Supreme Court* and *In Defense of Marriage*. It also launched a Center for

Health Policy Studies in 2003 to conduct analysis and policy prescriptions and to focus on initiatives that take advantage of free-market principles.

In its 2002 Annual Report, the Heritage Foundation states that more of its experts were seen on national television during that single year than during the entire 1990s. Ideas, proposals, scholarship and views of Heritage’s analysts and executives were featured on more than 600 national and international television broadcasts and more than 1,000 national and major market radio broadcasts, and in some 8,000 newspaper and magazine articles and editorials. They produced more than 230 research papers on a variety of issues, and more than 6,000 people attended the foundation’s Lecture and Seminars Program.²⁹ During the second quarter of 2002, government relations staff members at Heritage briefed three Cabinet secretaries, 164 senior administration officials, 33 senators and 48 House members.

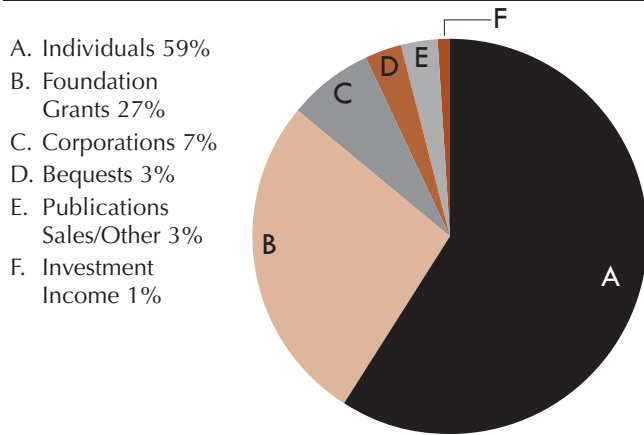
Heritage is also reaching out to college students and other future conservative leaders. The Heritage Internship Program provides interns the opportunity to work with senior policy and marketing staff at the Heritage Foundation in addition to an “intense” introduction to conservative principles, theories and ideas. In 2002, 62 students participated in the program, and dozens more students served as part-time interns during the spring and fall. Heritage also maintains the Center for American Studies, which provides instruction for young Washington, D.C., professionals. In 2002, the Heritage Congressional Fellows program was formalized, and more than 30 congressional staffers completed the 32-week course.³⁰ The Young Leadership Network nurtures future conservative leaders and advances conservative thought and ideas among under-40 professionals living in the Washington, D.C., area.

The Heritage Foundation has expanded not only its research and programs but also its physical operations. In 2001, Heritage announced major expansion plans that include a new 200-seat auditorium, expanded conference facilities, additional office space and resident housing for student interns. The building for the expansion, valued at \$8.5 million, was provided by the family of the late Thomas Johnson, former part owner of the Pittsburgh Pirates baseball team and longtime supporter of the Heritage Foundation. Another \$2 million was donated by Douglas Allison, chairman and CEO of Allison-Fisher International, to build the new auditorium. This expansion marks the first major expansion for Heritage since 1983.

Heritage Foundation’s success in building a conservative movement can be attributed to what president and

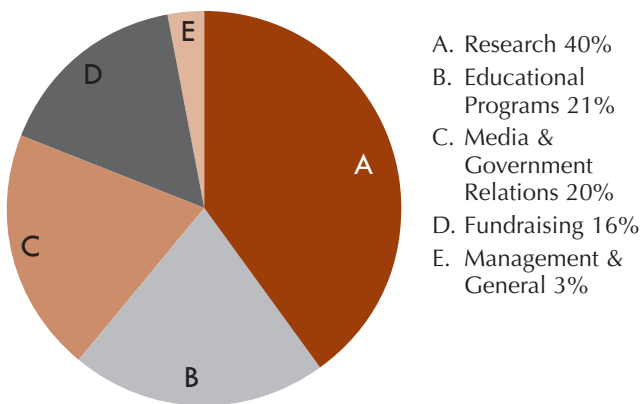
founder Ed Feulner calls “the four M’s: mission, money, management and marketing.”³¹ Heritage devotes one-fifth of its budget to media and government relations and another 21 percent to educational programs. It also heavily taps into individual donors, with 59 percent of its budget in 2002 comprising individual donations. (See Heritage Foundation financial profile below.)

FIGURE 4A: Heritage Foundation Income, 2002



Source: Heritage Foundation 2002 annual report.

FIGURE 4B: Heritage Foundation Expenses, 2002



Source: Heritage Foundation 2002 annual report.

American Enterprise Institute

Like Heritage, the American Enterprise Institute has also had continued success over the past six years. While it remains vocal on a variety of issues, including trade policy, welfare policy, health care policy and financial regulations, it has also added new programs in the areas of education and liability reform, the U.S. defense industry, U.S.-India relations and the role of nongovernmental organizations in international policymaking. It also grew its studies on foreign and security policies in the post-9/11 environment. In 2002, AEI initiated the National Research Initiative to support, publish and disseminate research by university-based academics and others engaged in public policy issues. The goal of the initiative is to provide support to scholars so they might have a greater influence in the policy arena.

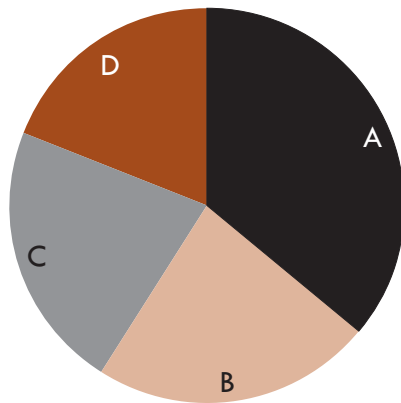
AEI has also added to its research the W.H. Brady Program on Culture and Freedom, which was endowed with a \$15 million grant from the W.H. Brady Foundation and Elizabeth Brady Lurie, daughter of William Brady. Mr. Brady, former CEO of the Brady Corp., was also a founding supporter of *National Review*, the Heritage Foundation, and the Ethics and Public Policy Center. The mission of the new program at AEI is to examine how American society has produced not only “economic prosperity, technological prowess and social equity” but also “family breakdown, poor schools, high levels of crime, coarsening of popular culture, the ethical dilemmas of bioengineering and the threat of mass terrorism.”³² Among the scholars working in the program are Lynne Cheney, wife of Vice President Dick Cheney and former chairwoman of the National Endowment for the Humanities, and Charles Murray, author of the controversial *Bell Curve*, which claims that black people are genetically inferior to whites, among other dubious and nefarious theories.

AEI has also maintained a strong media and public presence. The magazine *The American Enterprise* continues to increase its circulation. Every issue of the magazine contains interviews with prominent conservative Americans, including Attorney General John Ashcroft, and writing by prominent political figures such as Rep. Christopher Cox and conservative thinker Andrew Sullivan. Grover Norquist, of Americans for Tax Reform, also contributes a political commentary column in each issue. AEI’s internship program in 2003 employed more than 130 interns from 64 colleges and eight countries, and a new fellowship program was established in 2003 in honor of Gerald R. Ford that sponsors Washington fellowships for graduate students studying American politics. The institute also maintains academic relations with nearly 100 university policy experts who are affiliated

with AEI as adjunct scholars. (See AEI financial profile below.)

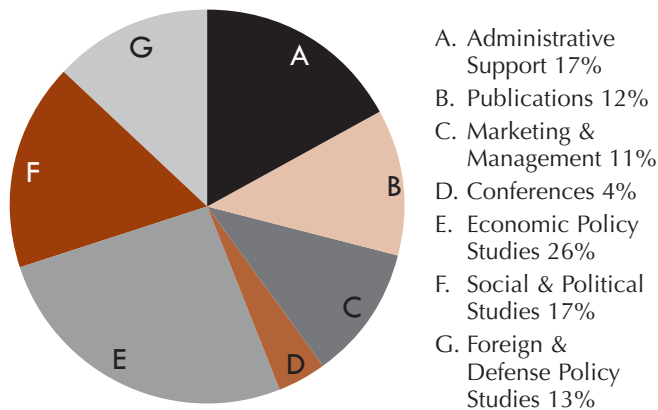
FIGURE 5A: Sources of AEI Revenue, 2002

- A. Individuals 36%
- B. Corporations 23%
- C. Foundations 22%
- D. Conferences, Sales & Other Revenues 19%



Source: AEI 2003 annual report.

FIGURE 5B: AEI Expenses, 2002



Source: AEI 2003 annual report.

The Cato Institute

The Cato Institute has also achieved further success since 1997 and garnered additional public attention. While Cato subscribes to some conservative ideals that the Heritage Foundation and AEI so willingly espouse, it is typically labeled as libertarian. Cato defines this perspective as “combining an appreciation for entrepreneurship, the market process and lower taxes with strict respect for civil liberties and skepticism about the benefits of both the welfare state and foreign military adventurism.”³³

Although Cato has similar perspectives as Heritage and AEI on some issues, such as Social Security privati-

zation, there are significant differences between these organizations on other issues.

On the issue of gay rights, for example, the Heritage Foundation and AEI’s views are as different from Cato’s as those of Pennsylvania Republican Rick Santorum and lesbian comedian Ellen DeGeneres. The Heritage Foundation and AEI both believe that marriage is a fundamental institution of society, and they are committed to marriage as being the legal union of one man and one woman. Robert H. Bork of AEI has endorsed the Federal Marriage Amendment³⁴ as being the only hope to preserve marriage “as an institution of incalculable value.”³⁵

Cato, on the other hand, has come out with a more libertarian view on the issue of gay rights. In the case of *Lawrence v. Texas*, where petitioners John Geddes Lawrence and Tyron Garner challenged Texas Penal Code section 21.06, the “Homosexual Conduct Statute,” which criminalizes sexual acts between homosexuals, even if the acts are consensual, the Cato Institute filed an amicus brief on behalf of Lawrence and Garner. As Roger Pilon, vice president for legal affairs at Cato, states, “The business of government is to secure our rights, not to police the behavior that some find immoral.”³⁶

The three think tanks also differ on issues of national security that have gained prominence in the past two years. Cato has rallied against the USA Patriot Act, which it claims bypasses necessary legal procedures and protections and unnecessarily expands the power of the executive branch. Cato asserts that with the current war on terrorism, the opportunities for the government to expand are unlimited.³⁷ Heritage and AEI, however, have both supported the Patriot Act and believe that the criticisms of the act are unfounded. They find that any marginal reduction in civil liberties as outlined by the act are a reasonable price to pay for advancement in the war on terrorism.³⁸ Cato contends that the neoconservative agenda, such as that put forth by Heritage and AEI, is “a particular threat to liberty—perhaps greater than the ideologically spent ideas of left-liberalism.”³⁹

Despite the ideological differences of the Heritage Foundation, AEI and the Cato Institute, they have been successful in advancing the conservative movement. Christopher DeMuth, president of AEI, stated that it takes three things to be successful. The first is that it takes time. Many of the ideas that are considered common in today’s policy debate were once considered too radical to even consider, such as Social Security privatization or school vouchers. These think tanks took years developing these ideas and models to get them into the mainstream, and they were successful because they had funders that were there to support them for the long term.

Secondly, the conservative movement had to develop affirmative ideas rather than simply reacting to liberal social policies. Third, all major changes must be viewed as bipartisan to help the right make an effort to recruit conservative Democrats.⁴⁰

While all think tanks might not employ all of these strategies, the common denominator among these think tanks is that their funders have almost always stood by them, no matter how controversial their research. They have done so because conservative foundation boards often hold the same beliefs as those of their grantees and are looking to build the conservative movement. Progressives have not experienced this same type of dedication to their movement because foundation boards tend to be composed of individuals who represent wealthy and corporate interests and are, therefore, not willing to support controversial research and advocacy that may threaten their place in society.

STATE THINK TANKS

According to the State Policy Network, a membership organization that was created to encourage cooperation and collaboration among state think tanks, in 1989 there were only 12 market-oriented state-based think tanks. This number has more than tripled in the past decade, and there are now 40 groups in 37 states promoting free-market solutions to policy problems and challenges.⁴¹ Even large think tanks like the Heritage Foundation have developed state relations programs to reach out to state governments and work with state leaders to devolve more power to the state level.⁴²

The State Policy Network has been influential in growing the number of state-based think tanks by providing its members with invaluable services such as program planning, outreach to media, business leaders and politicians, and marketing economic liberty theories to new segments of the population. Its original founders included the Adolph Coors, JM, Smith Richardson and Roe foundations, with Thomas Roe becoming chairman of the State Policy Network (SPN). Founding Executive Director Byron S. Lamn sums up the importance of SPN and its members by stating, “[The] State Policy Network exists because the influence of state policy groups broadens every day, and demand for their expertise is overwhelming. There are few nonprofit organizations that can attribute their existence to such an outpouring of market demand.”⁴³

Members of SPN have had significant impact within their respective states. They provide the research for legislators at the state levels who do not have research that is available on the national level to national policymak-

ers. The Ethan Allen Institute in Vermont, for example, played a large role in influencing the state House leadership to make school choice a priority. The Independence Institute in Colorado has been successful, through its research and public events, in influencing policymakers to permanently cut income and sales tax rates. In Iowa, the Public Interest Institute’s policy study on the estate tax formed the basis of Sen. Charles Grassley’s speech to the Senate on why the estate tax should be eliminated. The Mackinac Center for Public Policy in Michigan helped to create charter school laws for the state and has prompted other states to follow its model.⁴⁴

The leaders of these organizations have also moved beyond strictly performing research. The former director of the Goldwater Institute, Jeff Flake, is currently serving in Congress as the representative for Arizona’s 6th District. Tom Tancredo, the former executive director of the Independence Institute, was elected to Congress in 1998 as a representative for Colorado.

The success of conservatives at the state level is in drastic contrast to the grassroots progressive movement. More and more progressives are finding themselves up against strong right-wing opponents with high levels of funding and many allies within the government. Jeff Malachowsky of the State Strategies Fund, an initiative formed to funnel more philanthropic resources into state-level work, claims that the disconnect between what is spent now and what it would cost progressives to become a long-term opposition force is great.⁴⁵ An example of the lack of funding for progressive state movements is the State Fiscal Analysis Initiative (SFAI). SFAI was created in 1993 with funding from the

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Ford, Charles Stewart Mott and Annie E. Casey foundations. Its mission is to strengthen the contributions of state-level nonprofit organizations to policy debates by enhancing their ability to provide reliable budget and tax analysis. The annual spending of SFAI as of 2001 was under \$3 million per year, which is comparable to the annual budget of one single, albeit large, conservative state think tank, the Pacific Research Institute.⁴⁶

EDUCATION

Education received 10 percent of the total conservative funding at \$26,283,850. The organizations classified in the area of education can be further broken down into the following subcategories: academic change, school reform, higher education, youth development, public education, student services and museums/libraries.

Academic change organizations received the majority of funding at \$15,274,175. These organizations, such as the Intercollegiate Studies Institute and Accuracy in Academia, seek to rid higher education institutions of the supposed liberal bias that allegedly degrades academic standards, and instead instill in students the notions of liberty and freedom. Organizations working for school reform received \$7,242,750 of the total funding. These organizations promote increased school choice in the form of charter schools and voucher systems. The third-largest recipient of funding for educational purposes was youth development organizations such as Young America's Foundation, an outreach program of the conservative movement that provides conferences, seminars, internships and speakers for young conservatives. The purpose of these programs is to "ensure that increasing numbers of young Americans understand and are inspired by the ideas of individual freedom, a strong national defense, free enterprise and traditional values."⁴⁷ Youth development received \$2,039,250 in funding from 1999 to 2001.

Academic Change Organizations

The conservative movement on college campuses is far reaching and well coordinated. As of October 2003, the College Republican National Committee reported that it had more than 120,000 members on 1,148 college campuses.⁴⁸ In comparison, the College Democrats of America lists only 500 chapters.⁴⁹

Conservative advocacy organizations working to influence what is being taught and thought on the nation's campuses use a variety of tactics to build and sustain the young conservative movement, including giving grants to conservative student newspapers (the most cited example of this is the funding that Dinesh D'Souza and *Dartmouth Review* received from the Collegiate Network), training in conservative leadership and paying for conservative figures to speak on college campuses.

The Intercollegiate Studies Institute (ISI) received the majority of grants to academic change organizations—more than \$14 million between 1999 and 2001. The mission of ISI is to "educate for liberty." To this end, it maintains a strong campus presence with 900 representatives at college campuses nationwide, has more than 50,000 ISI student and faculty members, and conducts

300 conferences annually at campuses extolling the virtues of limited government, individual liberty, the free market economy and moral norms.⁵⁰ Influential alumni of ISI include Richard V. Allen, President Reagan's first national security adviser, and Edwin J. Feulner Jr., president of the Heritage Foundation.

One of ISI's most well-known publications is *Choosing the Right College: The Whole Truth about America's Top Schools*. In this guide, it criticizes the traditionally conservative Dartmouth College for having the highly politicized departments of Latin

American Studies and Women's and Gender's Studies. Other criticisms of the school include the "diversity" link on the school's Web site, a religion professor's e-mail sent to students and colleagues urging them to sign an anti-war petition, and the mandatory sex-education presentation during a fall 2001 orientation. In one of the opening paragraphs describing the college, ISI placed the following quote from a Dartmouth student:

"Dartmouth functioned well as a brand-name college for hundreds of years—rural, male, small, Greek, snow, books. ... Now the college is engaged in self-hate—going coed a quarter century ago, more than doubling in size and still growing, trying to eliminate the Greek system or at least setting traps leading to derecognition or changing houses into sensitivity factories, sponsoring more and more tokenistic ethnic studies, and bringing sex-charged programming events under the guise of women's studies and gender equity."⁵¹

Conservative students on campuses have also begun to monitor professors and universities for "liberal bias." They contend that college campuses have become excessively politically correct and students are put off by the progressive atmosphere of these colleges and end up feeling stifled. One student at the University of Texas at Austin, a member of the Young Conservatives of Texas, has published a watch list of liberal professors at the University of

Conservative advocacy organizations working to influence what is being taught and thought on the nation's campuses use a variety of tactics to build and sustain the young conservative movement.

Texas. On the top of the list is Professor Robert Jensen, who is accused of subjecting “unsuspecting students to a crash course in socialism, white privilege, the ‘truth’ and ‘using class time ... to ‘come out’ and analogize gay rights with the civil rights movement.”⁵² Other professors are singled out on the list for overemphasizing white oppression of blacks, embracing a “far left interpretation of American history,” and for criticizing American foreign policy and the Bush administration.

Many professors and free-speech activists worry about this list and others, such as the one published by the American Council of Trustees and Alumni accusing more than 100 scholars and students of making anti-American statements, as an attempt to monitor free speech and suppress academic freedom. These lists and academic change organizations are especially worrisome in light of the Patriot Act, which could grant the federal government increased power to monitor international-studies programs at universities that received federal funding.⁵³

The Texas Public Policy Foundation has also had much success in changing the climate in America’s classrooms. The foundation, whose mission is to “improve Texas government by producing academically sound research on important issues ... guided by the core principles of limited government, free enterprise, private property rights and individual responsibility,”⁵⁴ received \$203,500 in funding between 1999 to 2001 from the Roe Foundation, the Armstrong Foundation, the Claude R. Lambe Charitable Foundation, the Gordon and Mary Cain Foundation, the Jacquelin Hume Foundation, the Vernon K. Kriebel Foundation and the Dodge Jones Foundation and Subsidiary. With the support of these foundations in 2002, the Texas Public Policy Foundation undertook a review of the social studies textbooks used in grades 6 through 12 in the Texas public school system.

The textbooks were reviewed by a committee of high school teachers and university professors chosen by the foundation (one member of the review committee was a research fellow at the conservative Hoover Institution). The reviewers determined the quality of the textbooks based on the following four guidelines: (1) how fully the textbooks cover the Texas Essential Knowledge and Skills criteria; (2) the extent to which the textbooks comply with the Texas Education Code requirements to teach free enterprise, convey the importance of patriotism, and appreciate the democratic values of state and national heritage; (3) whether the textbooks contain factual errors; and (4) how well the graphics and other designs support the state’s goals for classroom learning.⁵⁵

In total, the reviewers found 533 factual errors, which included incorrect dates, wrong names, inaccurate locations, and inaccurate descriptions or explanation of events, objects, laws and theories.⁵⁶ Apart from factual errors that the reviewers found in the textbooks, some reviewers noted objections to the following:⁵⁷

- An activity in one textbook that proposes students consider whether Columbus Day should be a national day of mourning for American Indians or a celebration for Italian-Americans.
- Another textbook describes capitalism as “an economic system based on industrial trade” and devotes four pages to capitalism, while socialism merits 18 pages and communism 47 pages.
- Judaism and Christianity are given less textbook space than Buddhism and Islam in a world history text’s section on religions.
- One economic textbook emphasizes the importance of government regulations and supposedly exaggerates the weakness of the free-market system.
- According to one textbook, socialism grew out of an optimistic view of human nature and a concern for social justice (which ignores the claims of others that socialism is based on the belief that people must be forced by government to support the common good). An activity in this textbook asks students to research “utopian” communities.

Michael Quinn Sullivan, director of media and government relations for the Texas Public Policy Foundation, writes in an editorial:

“The anti-American movement is alive and well only because our system protects their freedom. If they succeed, and our children are brainwashed with anti-American, socialistic vitriol, our freedoms will be weakened in ways we cannot imagine. Let the stupid people make their case, but Texans must demand the law be followed and textbooks promote what is good and just: our values, our ideals and our history.”⁵⁸

It is this type of conservative thinking that has changed the social studies textbooks in Texas. Unfortunately it does not end there. Since Texas is the nation’s second-largest purchaser of textbooks, any textbook that is approved in Texas is often shipped to schools in other states.⁵⁹ Students across the country will now have a limited and conservative view of different societies, alternative forms of government and the teachings of different world religions.

School Choice

School choice became a prominent issue of national debate in 1990, when Milwaukee began its school voucher program. Conservative foundations are still heavily funding organizations working to promote and implement school voucher programs. Gisele Huff, president of the Jaquelin Hume Foundation, states that the No. 1 issue for free-market conservative think tanks is school reform and that they devote almost one-fifth of their resources to the issue.⁶⁰ President Bush has embraced the use of school vouchers in his “No Child Left Behind” program, along with many other Republicans and moderate Democrats, using the rhetoric of “choice” to privatize schools while shifting public funds away from already failing schools. In 2002, school-choice advocates gained even further momentum with the U.S. Supreme Court’s 5-to-4 ruling in favor of a Cleveland program that allows public money to be used for students to attend parochial schools.

Partners Advancing Values in Education (PAVE) advocates for school choice primarily in Milwaukee, but also

serves as a model for other school-choice programs nationwide. The central program of PAVE is its scholarship program, which provides low-income families with half of the necessary tuition to attend any private or parochial school in Milwaukee. PAVE is heavily backed by the Lynde and Harry Bradley Foundation, and the Foundation Center reports it was the fourth-largest

recipient of foundation grants in the Milwaukee metropolitan area in 2001 with \$4,393,750.⁶¹ In 2001, PAVE announced plans to raise \$40 million over five years to distribute low-interest loans to choice and charter schools for building improvements. The Bradley Foundation, which has spent almost \$21 million in support of school choice in the past, pledged \$20 million to PAVE for this project. Vice President Daniel P. Schmidt stated that the \$20 million grant to PAVE is the largest award ever made by the foundation since its inception in 1985.⁶²

The Milton and Rose Friedman Foundation and the Center for Education Reform also work to promote

school choice. The Friedman Foundation, founded on the ideals of economist Milton Friedman, educates the public on school choice, builds a base of supporters in states through training sessions and educational forums, and engages in litigation to establish and defend existing school-choice programs. The Center for Education Reform (CER), founded a decade ago by Jeanne Allen, takes aim at teachers unions and school boards of failing schools and proposes charter schools and voucher programs as the remedy to the failings of public schools. Among Allen’s supporters are Florida Republican Gov. Jeb Bush, John Walton (heir to the Wal-Mart fortune), Republican Sen. Judd Gregg of New Hampshire (chair of the Senate Education Committee), and Secretary of Education Rod Paige, who has referred to Allen as “an American hero.”⁶³ The Center for Education Reform’s approach to reaching and educating the public has not been in the style of a typical Washington, D.C., think tank, which usually issues materials for the policy community’s consumption. Instead, the center has targeted mainstream magazines such as *Good Housekeeping* and *Parents* and has built strong support for the school-choice movement at the grassroots level. This success has allowed the Center for Education Reform to gain access to large conservative funders, and in 2002 the Walton Family Foundation gave the center a \$3 million grant, the largest grant ever for the organization.⁶⁴

LEGAL

Organizations in the legal-issue area include not only general legal organizations but also organizations working on issues of immigration and property rights. These organizations received 8 percent of total funding at \$24,706,740. The majority of funding, \$22,687,740, went to public-interest law firms. These law firms advocate for fewer government regulations and more individual freedom and liberty. They have been influential in bringing many cases before the courts, such as the attempted elimination of affirmative action, turning back abortion rights, and fighting to remove the government’s control over public schools.

The other issue that falls within the legal area is immigration, which received \$2,019,000 over the three years. These organizations, such as Negative Population Growth and the Center for Immigration Studies, actually work toward anti-immigration policies under the guise of trying to seek a balance between the U.S. population and available natural resources, employment opportunities and social services. In reality, many of these organizations are working to make immigration into the U.S. more difficult,

...the center has

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at the grassroots level.

send all illegal immigrants back to their home countries, place a moratorium on immigration, and/or end bilingual education in public schools.

Public-Interest Law

Among the litigation organizations, Judicial Watch received the largest amount of conservative funding. Established in 1994, Judicial Watch claims to act as a legal and ethical watchdog over the government, as well as other legal and judicial systems, to promote a return to ethics and morality in the nation's public life.⁶⁵ Although it is headquartered in Washington, D.C., it maintains regional offices in Miami, Dallas and San Marino, California. It claims to be a nonpartisan organization that will "not hesitate to take action against anyone, Republican, Democrat or independent who violates the public trust," yet Judicial Watch seems especially intent on attacking the former Clinton administration. A quick glance at the organization's Web site shows that nearly all of the 107 cases listed are against Bill Clinton, Hillary Rodham Clinton, Janet Reno and other officials who served in the Clinton administration. These cases include *Judicial Watch v. U.S. Department of Justice*, which alleges that "Janet Reno's failure to seek appointment of an independent counsel in the campaign-finance scandal was in exchange for being allowed to keep her job as attorney general"; and *Judicial Watch v. U.S. Department of Justice*, which is an attempt to obtain documents that will explain the "Clinton Justice Department's misconduct in three matters—Ruby Ridge, Waco and the Richard Jewell coverups."⁶⁶

Other large recipients include the Institute for Justice, with more than \$4 million in grants, and the Center for Individual Rights, with \$2.5 million in grants. The Institute for Justice, founded in 1991, litigates for economic liberty, school choice, private property and freedom of speech. *Investor's Business Daily* has been quoted as saying, "[Its staff] is small compared to its models, the ACLU and the NAACP. But the ... group's influence is being felt across the nation."⁶⁷ The Center for Individual Rights began in 1989 as an attempt to duplicate the successful public-interest law programs at the NAACP and Public Citizen. Most of its cases surround issues of civil and economic rights, and has been actively working toward rolling back affirmative action programs across the country, as discussed in the following paragraphs:

On June 23, 2003, the U.S. Supreme Court ruled, 5 to 4, that race can be used in university admissions decisions. The case, *Grutter v. Bollinger*, began in 1996 when Barbara Grutter, who is white, applied to the law school at the University of Michigan and was rejected. But long before 1996, conservative public policy organizations

have been fighting affirmative action, with key financial support from conservative foundations.

After Grutter was rejected from Michigan's Law School, she discovered that African-Americans and other minority groups that received lower admissions scores than she did were admitted.

Grutter sued the university, with the help of the Center for Individual Rights (CIR). CIR was the natural choice to bring Grutter's case before the courts, after winning *Hopwood v. State of Texas*, where CIR challenged racial preferences in student admissions in a

case against the University of Texas School of Law. Barbara Grutter claimed in her case before the courts that she was a victim of illegal discrimination, which was in direct conflict with the Equal Protection Clause of the 14th Amendment and Title VI of the 1964 Civil Rights Act.

While *Grutter v. Bollinger* was stuck down by the narrow margin of 5 to 4, a similar case, *Gratz v. Bollinger*, against the University of Michigan's College of Literature, Science and the Arts, was a step backward for proponents of affirmative action. In this case, the court cited the 20 bonus points assigned to minority students when applying for admission as unconstitutional by a vote of 6 to 3.

Three of the major players behind the cases against the University of Michigan, and ultimately a larger anti-affirmative action campaign, are the Center for Equal Opportunity, the Independent Women's Forum and the American Civil Rights Institute. These three organizations filed amici curia briefs in support of the petitioners in *Grutter v. Bollinger* and *Gratz v. Bollinger*. Although these organizations are not household names, their views were able to reach the White House and the Supreme Court, thanks to the support of foundations such as Lynde and Harry Bradley, John M. Olin, Sarah Scaife, Roe, Armstrong, and Jacquelin Hume. In total, these three organizations received \$5,867,000 from 1999 to 2001 in grants from the foundations listed above.

The American Civil Rights Institute (ACRI) was created to educate the public about racial and gender preferences. Ward Connerly, founder and chairman of ACRI, is best known as the chief proponent of California's Proposition 209. It seems only fitting that Connerly

It claims to be a nonpartisan organization, yet Judicial Watch seems especially intent on attacking the former Clinton administration.

would also take interest in eliminating affirmative action in higher education. ACRI and the Center for Equal Opportunity (discussed below) were successful in pressuring many universities to end affirmative action programs, including Princeton University, the Massachusetts Institute of Technology and Iowa State University, which was pressured to remove all race and ethnicity from the list of requirements for a summer internship in agriculture. This pressure from ACRI was part of a campaign aimed at about 100 schools to kill programs that take race and ethnicity into account during the admissions process. Recently, Connerly and ACRI backed a ballot initiative that proposed to ban California from racially classifying state employees and students. It was defeated during the special elections for governor in fall 2003.

Many conservative foundations are laying the groundwork for conservative ideals in universities by either giving to traditionally conservative schools, professors or departments.

The Center for Equal Opportunity (CEO) bills itself as “the only think tank devoted exclusively to the promotion of colorblind equal opportunity and racial harmony.” Its president is Linda Chavez, whose nomination for secretary of Labor under the Bush administration was withdrawn after it was discovered she was employing an

undocumented immigrant. Chavez also sits on the Board of Advisors of the Independent Women’s Forum (discussed below). CEO opposes bilingual education, promotes the notion that immigrants should assimilate with mainstream U.S. culture, and lobbies to make English the official language of the United States. CEO not only is notable for its ties to the White House, but also can claim that its former legal analyst, Gerald A. Reynolds, is now head of the Office of Civil Rights for the Department of Education, one of the largest civil rights enforcement units within the federal government, where he continues to oppose affirmative action measures.

The Independent Women’s Forum (IWF), the third member of the campaign against affirmative action, is the one with the most ties directly to the Republican Party. The forum was created out of an ad-hoc group called Women for Clarence Thomas and is seen as the secular counterpart to religious women’s organizations. The founder of the forum is Anita Blair, who is currently

serving in the Department of Defense as the deputy assistant secretary of the Navy in Manpower and Reserve Affairs. Other ties to the Bush White House include former IWF board member Theodore Olson, the solicitor general, whose role is to supervise and govern litigation in the U.S. Supreme Court. He also helped advance the fight against affirmative action after he won the case of *Hopwood v. State of Texas* (cited earlier). Also, the secretary of Labor, Elaine Chao, has served on the National Advisory Board to the forum; Wade Horn, assistant secretary for Children and Families in the Department of Health and Human Services, is one of IWF’s former board members; and currently serving on the IWF board is Wendy Gramm, the wife of former Republican Sen. Phil Gramm.

UNIVERSITY SCHOLARSHIP AND RESEARCH

Many conservative foundations are laying the groundwork for conservative ideals in universities by either giving to traditionally conservative schools, such as George Mason University in Virginia or Hillsdale College in Michigan, which promote self-government and conservative law and economics programs, or specifically to professors or departments for their continued work and research to promote conservative ideals. Total conservative giving to universities equaled \$20,738,997 over the three years examined.

It is important to note, though, that this does not capture the entire picture for conservative giving to universities and, in fact, the number is probably much higher. The only grants to universities that were included in this study were ones that clearly were going toward conservative research as was stated in the purpose of the grant. Every grant made to the University of Chicago, for example, is not included unless it stated what it specifically was for and if its purpose looked to be conservative in nature.

SOCIAL

As one might imagine by looking at the number of White House family-oriented policy proposals that promote the role of marriage and the traditional family unit, there has been a significant amount of funding for organizations that are working on broad social issues. These issues include family, feminism, community development, health, science, abortion and firearms. The total amount of funding for organizations working on these issues totals \$17,664,633 for 1999 through 2001.

Within social issues, the most funding—\$7,539,806—has gone to organizations working on issues surrounding the family. Organizations that fall into this area, such as the National Fatherhood Initiative and Focus on the Family, promote the traditional ideal

of family and marriage as a lifelong commitment between a man and woman. They oppose policies that would make gay marriages legal, aggressively promote marriage as a sacred institution between men and women, and believe that the family exists to propagate the human race.

The largest recipient of foundation grants for social issues went to Focus on the Family, with \$3,075,400. Focus on the Family began in 1977 in response to what founder and chairman Dr. James Dobson saw as a disintegration of American households. Dr. Dobson created Focus on the Family in response to what he perceived as a need for a comprehensive, biblically based conception of the family. The mission of the organization is to “disseminate the Gospel of Jesus Christ” and to accomplish that objective by “helping to preserve traditional values and the institution of the family.” In the 1980s, the El Pomar Foundation in Colorado helped to fund Focus on the Family’s move to Colorado Springs, Colorado, which turned the town into what many critics call a haven for fundamentalist religious organizations.⁶⁸

To meet the mission of Focus on the Family, Dr. Dobson produces a syndicated talk radio show that is broadcast on more than 3,000 radio stations in North America and on 3,300 stations in more than 116 countries. Some topics of discussion on the broadcasts have included “the sacred value of life,” “reaching hearts on abortion” and “the battle to destroy lust.” In addition to Dr. Dobson’s talk show, Focus on the Family produces six other broadcasts and 10 magazines with a combined circulation of more than 2.3 million a month, and maintains numerous ministries.⁶⁹ Focus on the Family also publishes various books on issues ranging from Christian heritage to cultural and social issues; titles include *Reason in the Balance: The Case against Naturalism in Science; Law & Education; Restoring Sexual Identity: Hope for Women Who Struggle with Same-Sex Attraction*; and *Be Intolerant: Because Some Things Are Just Stupid*.

Focus on the Family also maintains a very prominent political agenda and spends vast resources lobbying against such issues as abortion and gay civil rights. In Massachusetts, after the state’s Supreme Judicial Court ruled that same-sex couples are entitled to enter into civil marriages under the state’s constitution, Focus on the Family pledged to help fund media and legal campaigns to overturn the court’s ruling and to amend the state’s constitution to ban same-sex marriages.⁷⁰ Focus on the Family has joined what is known as the Arlington Group, a powerful coalition of religious groups and conservative political activists to block civil unions for gays. Other members of the Arlington Group

include American Values, Empower America, the Family Research Council, Concerned Women for America, and the Free Congress Foundation. The Arlington Group is pushing to have the following third sentence added to the proposed Federal Marriage Amendment: “Neither the federal government nor any state shall predicate benefits, privileges, rights or immunities on the existence, recognition or presumption of nonmarital sexual relationships.”⁷¹

Focus on the Family has also been an ardent supporter of the pro-life movement. Every year near the anniversary of the *Roe v. Wade* decision, the organization sends out a mailing to 175,000 individuals on abortion prevention and postabortion assistance.⁷² It also provides 2,300 pregnancy crisis centers year-round with pro-life information and research materials. Focus on the Family praised President Bush for signing into law in November 2003 a ban on some late-term abortions. James Dobson even went so far as to compare abortion to the practices in Nazi Germany when he stated, “America has finally put an end to a procedure so horrendous that it could have been a favorite tactic in the torture chamber of Nazi Germany.”⁷³

Focus on the Family has also been influential in other arenas. Dr. Dobson was appointed by former President Reagan to serve on the National Advisory Commission to the Office of Juvenile Justice and Delinquency Prevention from 1982–1984. From 1986–1988 he served first as a member, then later as chairman, of the United States Army’s Family Initiative. In 1994, former Republican Sen. Bob Dole appointed Dobson to the Commission on Child and Family Welfare, and in 1996 Republican Sen. Trent Lott appointed him to the National Gambling Impact Study Commission.⁷⁴ Under the current Bush administration, Focus on the Family has helped craft President Bush’s proposed program to spend \$1.5 billion over five years to promote “healthy marriages.” This campaign would allow for organizations to apply for federal funding to support advertising campaigns to publicize the value of marriage, instruction in marriage skills and mentoring programs that use married couples as role models, all directed at welfare recipients.⁷⁵

Focus on the Family has helped craft President Bush’s proposed program to spend \$1.5 billion over five years to promote “healthy marriages.”

Other large recipients working to craft family policy are the National Fatherhood Initiative (NFI) and the Institute for American Values, each receiving \$2,003,830 and \$1,441,800, respectively. Former White House adviser Don Eberly founded the National Fatherhood Initiative in 1994 with the mission to improve the well-being of children by increasing the proportion of children growing up with involved, responsible and committed fathers. NFI supports such policies as President Bush's proposal in 2002 to target \$100 million of funds appropriated for the Temporary Assistance to Needy Families program for efforts supporting marriage, and publishes material such as *Seven Principles for Making Marriage Work* and *Seven Things the State Can Do to Promote Responsible Fatherhood*.

The Institute for American Values, founded in 1987, is "devoted to contributing intellectually to the renewal of marriage and family life and the sources of competence, character, and citizenship."⁷⁶ The institute conducts and publishes research on a variety of issues, including marriage, motherhood, fatherhood and the outcomes for children of divorce.

Approximately one-fourth of the total funding for social issues, or \$3,752,000, goes to organizations working on feminist issues. These organizations are seeking an alternative to what they consider the extremist ideological feminism that pushed to allow women to serve in the military, advocated for Title IX,⁷⁷ and made sexual

harassment illegal, among other accomplishments. They do not believe there is a gender bias in society and instead believe that the policies promoted by liberal feminists actually harm women, families and society.

Many conservative women are currently fighting against what they view as the "corrosive feminist ideology"

that grew out of the equal rights movement of the 1960s. Among these right-wing feminist organizations are the Independent Women's Forum (IWF) and the Clair Boothe Luce Policy Institute. IWF was founded in 1992 and is dedicated to defeating the "hegemony" of the left on women's issues. IWF also maintains a sister

organization, Independent Women's Voice, that directly lobbies the government on women's issues. IWF is well known for attempting to debunk what they see as the myth of the wage gap and the glass ceiling that women face in the workplace, claiming the wage gap is much smaller than the left claims it to be. IWF also opposes legislation that is intended to help women with issues such as affirmative action, sexual harassment laws and Title IX.

IWF is reaching out not only to policymakers but also to university students with their program of SheThinks, which seeks to expose students to "to a new movement of feminism based on common sense and reason."⁷⁸ SheThinks helps women build independent organizations on their college campuses, publishes the college-based magazine *She Thinks*, creates ad campaigns with titles such as "The Top 10 Feminist Myths," and organizes speakers bureaus for college students.

The Clair Boothe Luce Policy Institute prepares young women for effective conservative leadership and advocates for school choice. The institute maintains a speakers bureau that reaches out to college campuses across the country. Among its speakers are Anne Coulter, Phyllis Schlafly, Karen Santorum (wife of Republican Sen. Rick Santorum) and Linda Chavez. Both the Luce Policy Institute and IWF have received funding from the John M. Olin Foundation, the Scaife Foundation and the Jaquelin Hume Foundation, along with support from other foundations, as well.

Other top recipient areas within social issues include the social sciences (with \$2,501,310 in grants during the three years studied) and organizations working on community development (with \$1,976,167). The social science organizations include the Institute for Humane Studies at George Mason University, which awards more than \$400,000 annually to students around the world to study issues pertaining to individual liberty. It also sponsors hundreds of students to attend its summer seminars, such as Liberty & Society and Environment and Society, and provides career assistance through career development seminars.⁷⁹

Organizations that work on issues of community development, such as Robert Woodson's National Center for Neighborhood Enterprise (NCNE), claim to empower neighborhood leaders to promote solutions to such problems as crime and violence, family deterioration, run-down low-income communities and a paucity of economic enterprise. In reality, NCNE and others are actually promoting policies such as welfare-to-work and school choice that many analysts say actually weaken the very communities NCNE claims to be helping. Founder of NCNE, Robert Woodson Sr., is a long-

In reality, NCNE and others are actually promoting policies such as welfare-to-work and school choice that many analysts say actually weaken the very communities NCNE claims to be helping.

time member of the conservative movement, having served as a resident fellow at the American Enterprise Institute and actively supporting President Bush's faith-based initiative.

NONPROFIT INFRASTRUCTURE

Nonprofit infrastructure organizations received \$8,547,119 from foundations in order to help strengthen the organizations working on conservative public policy issues. These organizations, such as the State Policy Network and Philanthropy Roundtable, are primarily membership organizations that provide a range of services from technical assistance to organizing conferences and gatherings where new funders can be identified and new ideas generated to further the work of the conservative movement. The nonprofit infrastructure organizations also serve as a type of outreach mechanism to conservative funders to help them find new grantees that share their conservative values and ideals.

From 1999 to 2001, Capital Research Center (CRC) received more than \$3 million in foundation support. CRC was established in 1984 to study the nonprofit sector, "with a special focus on reviving the American traditions of charity, philanthropy and voluntarism."⁸⁰ CRC bills itself as the watchdog over centrist and liberal foundations, especially large foundations, such as Ford, for having been founded by wealthy conservative businessmen but funding far-left projects. CRC exposes what these large foundations are doing, in addition to criticizing the activities of environmentalist organizations and labor unions.⁸¹

In addition to *Foundation Watch*, which critiques the funding of left-leaning foundations, CRC has developed three newsletters: *Organization Trends*, *Labor Watch* and *Compassion and Culture*. *Organization Trends* reports on the activities of advocacy organizations, both liberal and conservative. *Labor Watch* tracks the activities of labor unions and includes columns such as "Unions' Stranglehold on Airlines" and "Wal-Mart Holds Out against Unions." *Compassion and Culture* profiles the work of small, locally based charities helping the needy, such as Habitat for Humanity chapters and Christian Freedom International.

CRC also maintains several searchable databases on its Web site. "SearchLight" monitors general nonprofits and foundations, allowing users to search by name for nonprofit organizations and grantmakers.⁸² The database provides users with a profile of the organization, where it falls on the ideological spectrum, and a financial snapshot of the organization, including grants received (or in the case of foundations, grants made). "Greenwatch" monitors environmental groups and tracks funding, fed-

eral grants and, in some cases, the board of directors.

The Philanthropy Roundtable, the second highest on the list of infrastructure grantees from 1999 to 2001, began in the late 1970s as an alternative to the Council on Foundations, the trade association that represents centrist and mainstream foundations. The roundtable was established in reaction to the increasing lack of political and intellectual diversity within the philanthropic community, with the goal of providing a forum where donors could discuss the principles and practices of charitable giving.⁸³ Initially, the Philanthropy Roundtable operated under the Institute for Educational Affairs.⁸⁴ As the organization grew and more members joined, it became an independent organization in 1991 with a small staff and a board of directors comprising members of the conservative philanthropic movement. Currently, Philanthropy Roundtable has around 500 members, which include corporate giving representatives, foundation staff and trustees, public charities that devote more than half of their operating budgets to grants, and estate officers.⁸⁵ The roundtable, while maintaining a small membership base—compared with the Council on Foundations, which has more than 2,000 members⁸⁶—still manages to be a powerful organizing tool for conservative philanthropy.

The Philanthropy Roundtable is positioned for continued growth with the recent grant of \$900,000 from the W.H. Brady Foundation. The grant is to be used to create four affinity groups, which have the following missions: to help donors achieve dramatic breakthroughs in the improvement of K-12 education; to help donors improve environmental quality through private conservation, the expansion of scientific knowledge and the principles of a free society; to help donors restore loving marriage as the bedrock institution of our society; and to foster the "indispensable" contributions of philanthropy to the war against terrorism.⁸⁷

Already the Roundtable has begun experimenting with these affinity groups. The groups have met with experts and nonprofits working in the four areas to see what donors can do within these issue areas. While in the past the Roundtable acted only as a membership organization for conservative funders, it appears poised to become more active in promoting conservative organizations and causes in which donors can become involved.

Specific to the Roundtable's marriage initiative, a regional meeting was held in Chattanooga, TN on September 18-19, 2003. Titled 'How You Can Strengthen Marriage in Your Community,' this meeting highlighted the general marriage work of organizations that advocate defining marriage as a relationship between a man and a woman (First Things First) and/or are very active in

opposing gay marriage (the Institute for American Values), as well as at least one foundation (the MacLellan Foundation) that actively supports organizations leading the fight against gay civil marriage rights. Although gay marriage was not discussed at this event and is not a point of discussion within the Roundtable's marriage work, the Roundtable is clearly not afraid to work with organizations that are working on the nation's most controversial policy issues.

Another large recipient of foundation dollars is the Atlas Economic Research Institute, with \$3,295,385 in grants between 1999 and 2001. The mission of Atlas is to bring freedom to the world by helping to develop and strengthen a network of market-oriented think tanks internationally. Atlas provides burgeoning think tanks with information about potential sources of funding, helps to establish and develop organizations with the potential to advance the mission of Atlas, holds conferences where think tank leaders can network, and supports the dissemination of their work to the public and opinion leaders.

In 2003, Atlas worked with 70 new think tank entrepreneurs from 37 countries and many states within the U.S.⁸⁸ It also holds an annual "Liberty Forum," where participants focus on promoting new ideas and strategies for developing effective think tanks, focusing each year on free-market issues within one specific geographic area. A panel session at the 2003 conference included the topics "Winning the Battle of Ideas: Partners Tools and Strategies" and "Communicating the Benefits of Free Trade to the Public."

Atlas also, on occasion, provides start-up grants and project grants to market-oriented think tanks. While Atlas is not an endowed institution, it is able to give out grants from any surplus in its general account. Atlas gives grants to think tanks focusing on health and welfare, seed grants for organizations starting up in Latin America, and seed grants for North American institutes that are no more than five years of age.⁸⁹

Atlas's grantmaking ability also grew in the fall of 2003 with the establishment of the Templeton Freedom Awards Program. This program grew from a four-year pledge of \$2 million from the John Templeton Foundation. The foundation also pledged to match up to \$250,000 per year in new contributions to Atlas for work in areas that currently lack think tanks. The Templeton Freedom Awards Program consists of two areas: The Templeton Freedom Prizes for Excellence in Promoting Liberty, which recognizes work by institutes and scholars on the subject of advancing liberty; and the Templeton Freedom Award Grants for Institute Excellence, which is given to promising new think tanks.⁹⁰

Atlas not only maintains a strong international presence in the establishment of market-based think tanks, but it also works along with the State Policy Network to create state-based think tanks. The founder of Atlas, Antony Fisher, helped in the early stages of the creation of the Manhattan Institute and Pacific Research Institute. Currently, Alejandro Chaufen, the president of Atlas, sits on the board of the State Policy Network and Jo Kwong, Atlas' director of Institute Relations, divides her time between Atlas and SPN.

RELIGION

Funding for the issue area of religion amounted to \$8,435,805 in total grants. The organizations within this category typically analyze, recommend and lobby for policy through a religious lens. Some do this by educating religious leaders on economic and policy issues, while others try to educate the public on their "God-given" liberties. It is important to note that religious providers of public services were not included in our analysis, since the purpose of this report is to analyze foundations and nonprofit organizations working to influence the public policy process. Grants to churches and other houses of worship were also not included, due to the lack of disclosure for such grants.

Grantees receiving the most from conservative foundations working in the area of religion include the Acton Institute for the Study of Religion and Liberty, with \$1,797,000 in grants from 1999 to 2001, and the Institute on Religion and Public Life, with \$1,750,000. The Acton Institute emphasizes the relationship between morality and liberty, and extols the principles of economics to religious leaders, so that they might use the principles as analytical tools in the consideration of challenges that may arise within their ministries. The Institute on Religion and Public Life also uses religion to advance a public philosophy for the "ordering of society."⁹¹ The Acton Institute also encourages business leaders to integrate faith more fully into their professional lives.

A smaller and lesser-known grantee, although highly influential, is the Becket Fund for Religious Liberty. The Becket Fund is a public-interest law firm that protects religious freedom. The Becket Fund has been quoted by President Bush as having a "commitment to the advancement of the cause of religious freedom based on human dignity."⁹² The Becket Fund argues that the First Amendment protects people from government-imposed secularism as well as government-imposed religion, and that the practice of one's religion need not be confined to one's home. The Becket Fund, among other cases it has supported, filed an amicus brief in *Gatton v. Goff* to allow the "Pilot Scholarship Program" in Cleveland to

use federal funds to pay for students to attend religiously affiliated schools.

DEFENSE

Foundation funding for defense-oriented organizations totaled \$7,987,414 from 1999 to 2001. Generally, these organizations study and advocate on issues related to international and national security. It is important to note that this report covered only grant years 1999 to 2001. In a post-September 11 environment, many more conservative funders can be expected to have increased their support for programs related to defense and national security.

The Center for Security Policy, a conservative research organization whose mission is to promote world peace through American strength, received \$1,645,988 between 1999 and 2001. The center, even before September 11, worked to alert the public and policymakers on threats to the U.S. and what they see as a military that is overcommitted, underresourced and overly downsized. The center has been a longtime supporter of withdrawing from the Anti-Ballistic Missile (ABM) Treaty, and is considered a founder of the missile defense coalition, having made numerous appearances before congressional committees, writing articles and speaking to the media to make the case that a ballistic missile attack is still a threat. When President Bush withdrew from the ABM Treaty in 2002, the center began hosting a Missile Defense Working Group, where policymakers, representatives from government agencies, think tanks and other influential players could receive briefings and exchange information on this issue.⁹³

The center has also begun to work on issues of homeland security, tracking the financial support of terrorists and monitoring the activities of “hostile” nongovernmental organizations. The Shelby Cullom Davis Foundation has also begun a new initiative with the center titled “From Soccer Moms to Security Moms” to educate female voters about the government’s policies on the war on terrorism.⁹⁴ While the center receives most of its funding from private foundations, such as the Cullom Davis foundation, it also receives grants from private defense corporations. In 2002, the center received 16 percent of its total revenue from defense corporations, such as Lockheed Martin and Boeing, and another 4 percent from nondefense private corporations.⁹⁵

Other large recipients concerned with the issue of defense include the Maldon Institute and the Center for Strategic and International Studies. The Maldon Institute received \$1,275,000 from the Sarah Scaife Foundation and the Carthage Foundation between 1999 and 2001. Founder John H. Rees has been described as a modern-

day Joe McCarthy, tracking protests and dissent from anti-war groups and the anti-globalization movement. He has, on occasion, infiltrated groups to get an inside perspective on their operations. Reese writes about the still-present threat of communism in the pages of obscure journals and feeds his findings to law enforcement agencies.⁹⁶ The Center for Strategic and International Studies received \$1,031,000 to support its research advocacy in the areas of assessing political risk, analyzing regional affairs, examining international security and stability, and examining the long-term consequences of defense policies.

As stated before, more funders are entering into or increasing their support of defense projects focused on the current war on terrorism. The JM Foundation funded a project with the American Council on Science and Health to publish a book on what they claim every New Yorker needs to know in the event of another terrorist attack. It also funded a project with the National Organization on Disability to study how to help the disabled in a terrorist attack. The John M. Olin Foundation provided an initial grant to the Council on Foreign Relations for research on the book *Futures of Freedom: The Rise of Illiberal Democracy at Home and Abroad*, by Fareed Zakaria. Other examples of anti-terror funding include the Cullom Davis Foundation’s work to educate the public to prepare for another major terrorist attack; the W.H. Donner Foundation’s support for former congressional staffer Al Santoli, who worked for Republican Rep. Dana Rohrabacher, to provide social services to local populations in the Philippines, in collaboration with local Islamic leaders, before al Qaeda can fill the void.⁹⁷

BUSINESS

Conservative grants to organizations working in the area of business equaled \$7,726,472. Within this area, organizations focused on a variety of issues, including the study of economics, labor, taxes, the free market, international economic development, general business and monetary issues. The primary grant recipients in this area were organizations working to promote the classic economic models that defend the market economy and private property, while opposing government regulations on the grounds that they are economically and socially destructive. Grants to these organizations totaled \$2,444,047.

The largest recipient in the area of economics was the Foundation for Teaching Economics (FTE), which received \$1,828,197 from conservative foundations between 1999 and 2001. FTE’s mission is to introduce young leaders to an economic way of thinking about

national and international issues and to help economics teachers become more effective educators. The chairman of FTE is William H. Hume, son of Jaquelin Hume, founder of the conservative Jaquelin Hume Foundation. The programs that FTE offers students include economics and leadership, economic forces in American history, the environment and the economy. All of these programs highlight the benefits of the free market. They also run these same programs for students in Eastern Europe to aid them in transitioning to free-market economies.

Since they feel sure that the current administration will not raise federal taxes, the anti-tax organizations are working now at the state level to fight any proposed tax increases.

In addition to these programs, FTE in 2003 created a new program called “Is Capitalism Good for the Poor?” The program will guide teachers about the “innate fairness of capitalism” and the character values promoted by capitalism.⁹⁹ This new program was made possible by a \$550,000 grant

from the John Templeton Foundation. Further, FTE’s “Economics for Leaders” program was recently recognized by the Gillette Co., and thanks to Gillette’s full funding of this program, it has been renamed “The Gillette Company’s Economics for Leaders Program.”

Organizations working on labor issues received nearly one-fifth—\$2,312,950—of all grants in the business-issue area. These organizations try to promote policies that constrain labor unions and to protect workers from the supposed injustices of compulsory unionism. Between 1999 and 2001, the National Right to Work Legal Defense Foundation received \$2,153,450. The foundation provides free legal aid to workers who feel their human or civil rights have been violated due to compulsory unionism. On its Web site, the foundation posts briefs on how to hold decertification elections to get unions kicked out of the workplace and how to hold a deauthorization election that would do away with employees having to join the union as a one of the terms of their employment.

The third-highest amount of grants for the business-issue area—\$2,108,700—went to organizations working on tax issues. These groups oppose any increase in the current tax rates and generally advocate for a flat tax instead of the current system of taxation. One of the most influential organizations working to reform taxes is

Americans for Tax Reform (ATR), led by Grover Norquist. In 1986, ATR began the Taxpayer Protection Pledge, which is a written promise signed by legislators and candidates campaigning for public office that commits them to opposing any effort to increase federal income taxes on individuals or businesses.

ATR and other anti-tax organizations found an ally in President Bush, who began his administration by drastically cutting taxes and offering tax refunds to the public, and continues to try to cut taxes. Since they feel sure that the current administration will not raise federal taxes, the anti-tax organizations are working now at the state level to fight any proposed tax increases. And they have so far found success in the states. According to the National Taxpayers Union, 90 percent of the 50 major tax increases that appeared on state ballots over the past five years have been defeated.¹⁰⁰

MEDIA

Media organizations have also been well funded by the conservative movement. They received \$6,775,169 to shape the public’s opinion on issues, to further develop conservative media organizations and to bring the right’s point of view to the public. There has also been significant targeting of college media outlets to shape college dialogue on a variety of issues, train future journalists and provide internships at national media outlets with a conservative perspective.

As reported in the 1997 *Moving a Public Policy Agenda*, conservative organizations have attacked the so-called liberal bias in media by developing right-wing media outlets, conservative programming on public television and radio, and right-wing media critics.⁹⁸ Conservatives have been successful in their attack on the media to the point where it appears that any liberal bias is now far overpowered by the right-wing agenda. In the past year, conservatives blasted CBS for its treatment of the docudrama “The Reagans” and the network was forced to pull the show after conservatives lobbied the top 100 advertisers not to support the series. The Dixie Chicks and Madonna were boycotted and chided when they spoke out against President Bush and the war in Iraq. Yet when NBC aired “Saving Jessica Lynch,” the romanticized version of the private’s experience as a POW in Iraq, no one launched an attack on the accuracy of the story.

The conservative media watchdog group Media Research Center (MRC) received the majority of conservative funding, with grants between 1999 and 2001 totaling \$1,908,300. MRC contends that the liberal media bias still exists, and MRC’s mission is to “document, expose and neutralize the liberal media bias.”

Founded in 1987 by Brent Bozell, nephew of conservative William F. Buckley Jr., MRC's four main programs are: the News Division, which monitors print and broadcast journalism; the Free Market Project, which corrects the media's supposed anti-free-enterprise reports; the Conservative Communications Center, where conservative ideas are marketed and communicated to the public; and the Cybercast News Service, an online source for conservatives in the media and public policy. In addition to these programs, Bozell also writes a weekly newspaper column, and members of his staff are op-ed contributors to newspapers nationwide.

Another conservative media organization that is "setting the record straight" is Accuracy in the Media (AIM). AIM received almost \$1.7 million in support from conservative foundations over the three-year period examined. AIM, like MRC, has been speaking out on the supposed liberal bias in the media by monitoring the media, publishing a bimonthly newsletter, broadcasting a daily radio commentary, promoting a speakers bureau and syndicating a weekly newspaper column.

CIVIL RIGHTS

Organizations working on issues pertaining to civil rights received \$4,189,000 over the three years studied. Many organizations within the civil rights arena promote the notion of "colorblind equal opportunity."¹⁰¹ To support this notion, many of these civil rights organizations are working to end affirmative action "quota" systems based on race, gender or ethnicity. They believe for there to be true equality in society, Americans must move beyond racial and gender preferences.

The largest recipient of grants for civil rights between 1999 and 2001 was the American Civil Rights Institute, with \$2,105,000. The institute's largest campaign to date dealt with Proposition 209 in California, which was voted into law in 1996. Ward Connerly, founder of the American Civil Rights Institute, was the main proponent of the law. The law prohibited the use of affirmative action or any quota systems in the hiring of state employees. While government officials in their hiring practices have largely ignored the new law, the American Civil Rights Institute and the Pacific Legal Foundation continue to fight in the courts against those who violate the law.

Connerly also proposed yet another controversial bill, Proposition 54 or "Classification by Race, Ethnicity, Color or National Origin." The proposition was put before California voters in November 2003 during the California recall election. The amendment would have banned the state from racially classifying all students and state employees. Critics warned that the measure would undermine

accountability in school reform where racial data is central to the evaluation process; that it would harm law enforcement efforts to end hate crimes; and that it would wipe out civil rights violations enforcement. Connerly argued that it would lead Californians to a more colorblind society. Voters, however, rejected his ideas, and voted down Proposition 54.

During the battle over affirmative action in higher education, Connerly and the American Civil Rights Institute were also involved in the battle over the use of affirmative action in higher education admissions (see Legal section of this report). Connerly partnered with the Center for Equal Opportunity (CEO), lead by Linda Chavez, in this battle. Started by funding from the Olin Foundation, CEO received almost \$1.5 million in grants between 1999 and 2001. Chavez claims to receive only private foundation support because "corporations won't have anything to do with race."¹⁰² Much like Connerly, Chavez and CEO advocate for an end to affirmative action, the assimilation of immigrants in the U.S., and ending bilingual education.

ENVIRONMENT

Funding for environmental organizations totaled \$3,252,000 during 1999-2001. These organizations focus on finding environmental solutions that are based on principals otherwise known as free-market environmentalism. Many of these organizations speak out against the mainstream environmental movement that sees deforestation, global warming, acid rain and a variety of other environmental problems as real dangers to the earth and public health and safety. The free-market environmentalists argue that these problems are not real threats and that environmental problems should be limited or solved through the free market, without government intervention.

Of the total \$3,252,000 awarded to environmental organizations, more than one-third of the funding,

The Dixie Chicks and Madonna were boycotted and chided when they spoke out against President Bush and the war in Iraq. Yet when NBC aired "Saving Jessica Lynch," the romanticized version of the private's experience as a POW in Iraq, no one launched an attack on the accuracy of the story.

\$1,245,500, went to the Foundation for Research on Economics and the Environment (FREE). FREE bills itself as a free-market environmental group whose mission is to “advance conservation and environmental values by applying modern science and America’s

These seminars present a one-sided view on the so-called evils of current environmental legislation and regulations, and how a market-based approach to conservation would be the more effective and environmentally friendly approach.

founding ideals to policy debates. We are intellectual entrepreneurs, explaining how economic incentives, secure property rights, the rule of law, and responsible prosperity can foster a healthy environment.”¹⁰³ The group has received funding not only from conservative foundations, including the Castle Rock and John M. Olin foundations, but also from the likes of ExxonMobil, General Electric, General Motors,

Merck, Shell, Temple Inland and Tindall.¹⁰⁴

The result of this conservative, pro-business funding is the ardent espousal of free-market environmentalism. FREE has been able to further its agenda by funding all-expenses-paid seminars on economics and the environment for federal judges. *The Federal Judge’s Desk Reference to Environmental Economics*, published by FREE and handed out to judges at these seminars, promotes the following three main ideas:¹⁰⁵

- Existing federal environmental laws are widely inefficient and should be repealed in favor of the free market, which will produce an “optimal” amount of pollution;
- It makes little or no difference if corporations are given the “right” to pollute or if the government has the “right” to stop pollution; and
- Judges can aggressively reinterpret the Constitution in order to repeal or frustrate existing environmental laws and allocate property rights to land owners and corporations.

A report issued by the Community Rights Counsel (CRC) found that from 1992 to 1998, 137 federal judges reported 194 trips to FREE seminars, and FREE claims that nearly one-third of the federal judiciary has either attended or requested enrollment in a FREE seminar.¹⁰⁶ These seminars present a one-sided view on the so-called evils of current environmental legislation and regulations, and how a market-based approach to conservation would be the more effective and environmentally friendly approach.

The impact of these seminars was made clear in 1993 in the Court of Appeals for the District of Columbia Circuit. In the case of *Sweet Home v. Babbitt*, Circuit Judge Stephen Williams sided with the majority in the 2-to-1 vote, which upheld the government’s authority to prohibit habitat modification that could harm an endangered species. Two weeks after the ruling, Williams attended a FREE seminar in Idaho. Upon his return, the circuit panel reheard the case, and in 1994 Williams changed his vote and struck down the regulations in favor of the timber companies.¹⁰⁷

OTHER

Organizations that did not fit into the other 12 broad issue areas dealt with a variety of issues. They include nonyouth leadership development, communism and consumer rights. In total, these organizations received \$1,798,200.

6. Top 25 Grant Recipients

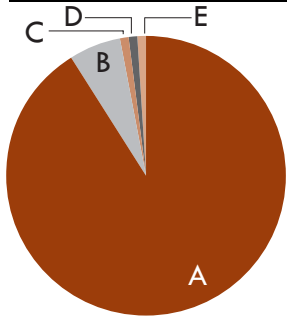
Table 7 provides information on the 25 nonprofit organizations that received the highest levels of support from the conservative foundations in the sample (not included in this ranking are universities or think tanks that are part of universities). These organizations received more than half of the total grants made during the three years studied, or nearly \$140 million.

TABLE 7: Top 25 Grant Recipients, 1999–2001

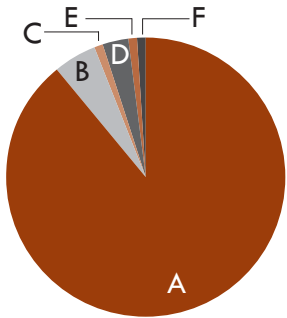
Foundation	State	Conservative Grants Received, 1999-2001	Total Revenue, 2001
Heritage Foundation	DC	\$28,569,700	\$27,890,147
Intercollegiate Studies Institute	DE	\$14,310,975	\$5,839,374
American Enterprise Institute for Public Policy Research	DC	\$7,613,741	\$24,095,354
Citizens for a Sound Economy Foundation	DC	\$6,488,522	\$4,570,746
Judicial Watch	DC	\$6,129,150	\$17,500,662
Free Congress Research and Education Foundation	DC	\$6,128,499	N/A
Manhattan Institute for Policy Research	NY	\$5,339,184	\$8,924,816
Cato Institute	DC	\$4,824,432	\$17,631,255
Hudson Institute	IN	\$4,681,592	\$7,818,439
Institute for Justice	DC	\$4,255,800	\$5,423,723
Federalist Society for Law and Public Policy Studies	DC	\$3,956,434	\$3,244,066
National Center for Policy Analysis	TX	\$3,818,700	\$4,770,562
Atlas Economic Research Foundation	VA	\$3,295,385	\$2,899,897
Pacific Research Institute for Public Policy	CA	\$3,272,389	\$4,424,316
Independent Women's Forum	VA	\$3,233,000	\$911,421
Landmark Legal Foundation	MO	\$3,210,000	\$1,470,514
Focus on the Family	CO	\$3,075,400	\$121,333,537
Capital Research Center	DC	\$3,036,034	\$2,056,687
Center for the Study of Popular Culture	CA	\$2,722,000	\$3,103,234
Ethics and Public Policy Center	DC	\$2,719,964	\$1,881,565
Partners Advancing Values in Education	WI	\$2,700,000	\$1,334,822
Center for Individual Rights	DC	\$2,574,500	\$1,173,497
Institute for Humane Studies	VA	\$2,501,310	\$2,861,916
Empire Foundation for Policy Research (Foundation for Education Reform and Accountability)	NY	\$2,195,500	N/A
National Right to Work Legal Defense and Education Fund	VA	\$2,153,450	\$6,867,808

Source: NCRP data collection and analysis from IRS Form 990-PFs, 2003.

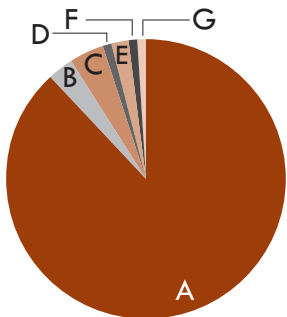
FIGURE 6: Composition of Sources of Revenue of Top 25 Grant Recipients, 1999–2001



- Figure 6a (1999)**
- A. Direct Public Support 91%
 - B. Program Service Revenue 6%
 - C. Interest 1%
 - D. Dividends & Interest from Securities 1%
 - E. Gross Profit or Loss from Sales of Inventory 1%



- Figure 6b (2000)**
- A. Direct Public Support 89%
 - B. Program Service Revenue 5%
 - C. Interest 1%
 - D. Dividends & Interest from Securities 3%
 - E. Net Gain 1%
 - F. Other Revenue 1%



- Figure 6c (2001)**
- A. Direct Public Support 88%
 - B. Government Grants 3%
 - C. Program Service Revenue 4%
 - D. Interest 1%
 - E. Dividends & Interest from Securities 2%
 - F. Net Gain 1%
 - G. Other Revenue 1%

Source: NCRP data collection and analysis from IRS Form 990s, 2003.

SOURCES OF REVENUE FOR THE TOP 25 GRANT RECIPIENTS

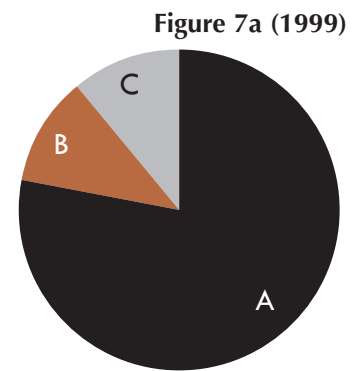
The total revenue for the top 25 grant recipients was \$284,440,721 in 1999, \$307,461,339 in 2000 and \$278,028,358 in 2001. The decrease in total revenue in 2001 for recipients is probably not due to waning support but rather a sluggish economy and the impact of September 11, when funding began to decrease for all types of organizations. The primary source of revenue each year was direct public support,¹⁰⁸ totaling close to 90 percent of revenue for each year (see Figure 4). The next largest percentage of revenue was derived from program services, constituting 6.1 percent in 1999, 5.3 percent in 2000 and 3.9 percent in 2001. Over the three-year period, the percentage of revenue derived from government contributions increased from a negligible amount in 1999 to 3.1 percent in 2001. Dividends and interest from securities provided the third-largest percentage of revenue each year: 1.5 percent in 1999, 2.9 percent in 2000 and 1.7 percent in 2001.

EXPENDITURES FOR THE TOP 25 GRANT RECIPIENTS

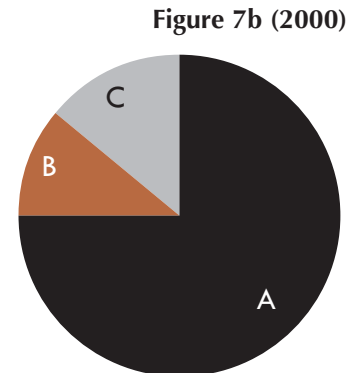
The total expenses for the top 25 foundations were \$252,981,843 in 1999, \$267,608,705 in 2000 and \$264,268,827 in 2001. The largest expenditures were for program services, which constituted approximately three-fourths of the expenses each year. In 1999 and 2001, the remainder of the expenses came equally from fundraising and management/general sources, while in 2000, fundraising contributed 14 percent of expenses, and management and general sources constituted 11 percent (see Figure 5). None of the expenses in any year came from payments to affiliates.

FIGURE 7: Composition of Sources of Expenses of Top 25 Grant Recipients, 1999–2001

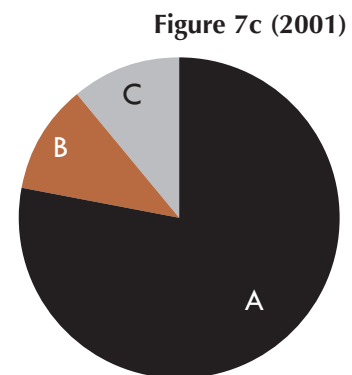
- Figure 7a (1999)**
- A. Program Services 78%
 - B. Management & General 11%
 - C. Fundraising 11%



- Figure 7b (2000)**
- A. Program Services 75%
 - B. Management & General 11%
 - C. Fundraising 14%



- Figure 7c (2001)**
- A. Program Services 78%
 - B. Management & General 11%
 - C. Fundraising 11%



Source: NCRP data collection and analysis from IRS Form 990s, 2003.

7. Networks and Political Connections

NETWORKING AMONG CONSERVATIVE FOUNDATIONS AND NONPROFITS

There is a great deal of overlap between the boards and staffs of conservative foundations and the boards and staffs of their nonprofit grantees. Twenty-three of the individuals in the database of conservative foundation and grantee board and staff members are leaders of three or more foundations and/or nonprofits, with 19 of those individuals serving on the board or staff of at least one foundation and of at least one nonprofit. Notably, the leading family members who direct foundations also serve on the

boards of various nonprofits to which their foundations often provide grants. For example, David H. Koch sits on the boards of the Cato Institute and the Reason Foundation and serves as chairman of Citizens for a Sound Economy. The David H. Koch Foundation contributed \$1,750,000 to the Cato Institute, \$950,000 to the Reason Foundation, and \$1,750,000 to Citizens for a Sound Economy between 1999 and 2001. Charles G. Koch is the chairman of the Institute for Humane Studies, to which the Charles G. Koch Foundation donated \$200,000 in 1999. Richard Fink, founder of CSE, is also affiliated with both the Charles G. Koch Foundation and the Institute for Humane Studies. Wayne Gable, president of both the Charles G. Koch Foundation and the Claude R. Lambe Charitable Foundation, is also the director of Citizens for a Sound Economy, which received \$450,000 from the Charles G. Koch Foundation in 2001 and \$1,050,000 from the Lambe Foundation between 1999 and 2001.

David H. Padden, president of the Padden Family Foundation, serves on the boards of the Cato Institute and the Heartland Institute, both of which received grants from his foundation in 2001. Richard M. Scaife serves as chairman of the Sarah Scaife Foundation and also sits on the board of the Heritage Foundation. The Sarah Scaife Foundation donated \$5,980,650 to the Heritage Foundation between 1999 and 2001. Edwin J. Feulner is also affiliated with both the Sarah Scaife Foundation and the Heritage Foundation. Feulner is also vice chairman of the Roe Foundation, which gave \$386,000 to the Heritage Foundation between 1999 and 2001. He serves as a trustee of the Intercollegiate Studies Institute, which received \$1,050,000 from the Sarah

Scaife Foundation and \$130,000 from the Roe Foundation between 1999 and 2001. R. Daniel McMichael, affiliated with both the Carthage Foundation and the Sarah Scaife Foundation, is the director of the Free Congress Research and Education Foundation, which received \$1,200,000 from the Carthage Foundation and \$3,136,000 from the Sarah Scaife Foundation between 1999 and 2001.

Holland and Jeffrey Coors, both affiliated with the Castle Rock Foundation, also serve on the board or staff of several nonprofits. Holland H. Coors is a board member of the Heritage Foundation and a trustee of the Intercollegiate Studies Institute. The Castle Rock Foundation donated \$400,000 to the Heritage Foundation in 2000 and 2001. Jeffrey H. Coors is the director of Free Congress Research and Education and a board member of the Independence Institute, to which the Castle Rock Foundation donated \$55,000 in 2000 and 2001.

Other foundation-grantee connections include:

- Alejandro Chafuen, a trustee of the Chase Foundation of Virginia, is associated with the Acton Institute and State Policy Network, both of which received grants from the Chase Foundation in 2000 and 2001.
- Kimberly O. Dennis, a trustee of the Earhart Foundation, serves on the board of the Philanthropy Roundtable, which received \$40,000 from the Earhart Foundation in 1999 and 2000.
- Joseph S. Dolan, secretary of the Achelis Foundation and of the Bodman Foundation, is the secretary and treasurer of the Philanthropy Roundtable, which received grants from both foundations in 1999 and 2001.

- Michael W. Grebe, a trustee of the Kohler Foundation and president and chief executive officer of the Bradley Foundation, is a board member of the Philanthropy Roundtable, which received grants from the Bradley Foundation between 1999 and 2001.
- Walter E. Williams is affiliated with the Chase Foundation of Virginia as well as Citizens for a Sound Economy and the Reason Foundation, both of which received grants from the Chase Foundation between 1999 and 2001.
- James Piereson is affiliated with the John M. Olin Foundation and the William E. Simon Foundation, both of which gave grants to the Manhattan Institute and the Philanthropy Roundtable, where Piereson is a board member.
- Charles H. Brunie, director of the Milton and Rose D. Friedman Foundation, also serves on the boards of the Hudson and Manhattan institutes.
- William J. Hume, a board member of DonorsTrust and director of the Friedman Foundation, is also chair of the Foundation for Teaching Economics and a board member of the Heritage Foundation.
- Bruce Kovner, a trustee of the Fordham Foundation, is also chairman of the American Enterprise Institute and a board member of the Manhattan Institute.

POLITICAL CONTRIBUTIONS BY LEADERS OF CONSERVATIVE FOUNDATIONS AND NONPROFITS

As mentioned in the methodology section of this report, the funds that conservative foundations provide cover only a small part of the total amount of money that is being used to further conservative public policy goals.

Although data and information limitations make it nearly impossible to capture the entire amount of money devoted to such causes, a good estimate is possible.

For example, we searched data from the Federal Elections Commission—available at www.opensecrets.org—to estimate the amount of money that individuals who are involved with conservative public policy foundations and grantees have donated to Republican candidates for public office, as well as Republican political action committees (PACs). Such contributions are probably the most direct way that individuals can help to further conservative causes. These funds can actually help like-minded people enter or remain in public office and be a willing target of the research and advocacy that conservative public policy nonprofit organizations generate.

Federal and state tax and election laws forbid foundations and their public charity grantees from directly intervening in electoral activities. However, leaders of these organizations clearly have an interest in furthering a conservative agenda. It is not surprising, then, that we found these leaders tend to be rather large supporters of Republican PACs and candidates for public office.

The leaders of numerous conservative foundations and nonprofits have made significant contributions to Republican PACs and candidates since 1998. Figures often represent donations made by the individuals and their spouses.

Among conservative foundations, the board and staff of the David H. Koch Charitable Foundation together made the largest financial contribution to Republican PACs and candidates, donating a total of \$1,763,395 between 1998 and 2003 (see Figure 8). The average amount donated by an individual associated with the

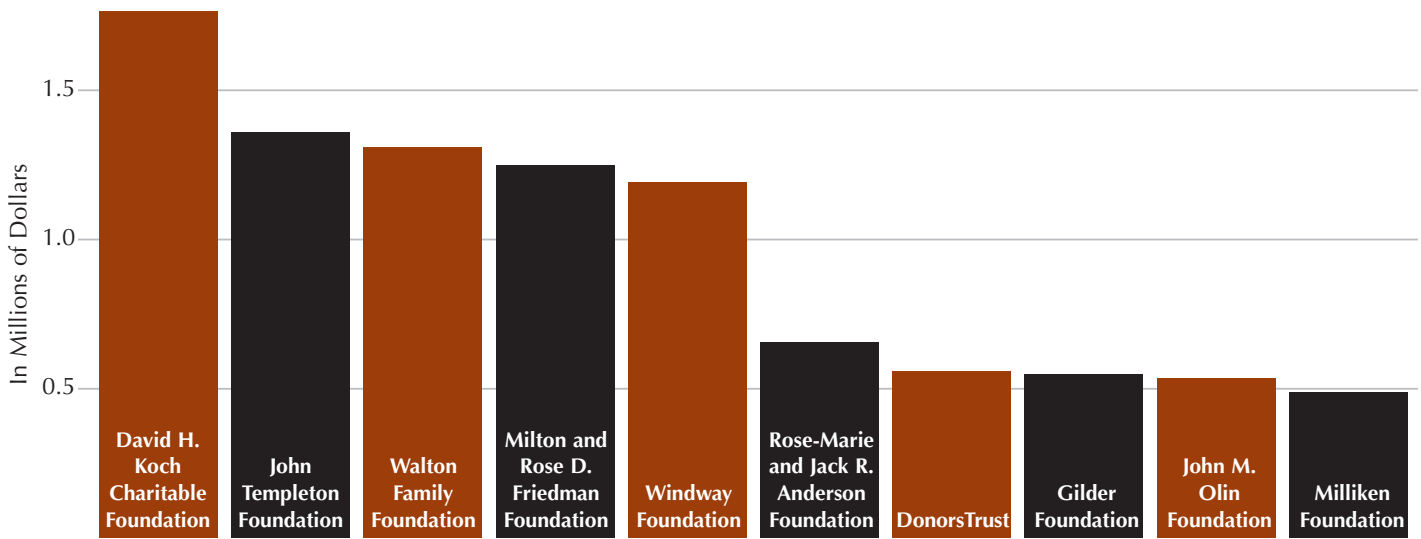


FIGURE 8: Top Political Giving by Foundation Leaders, 1998–2003

Source: www.opensecrets.org.

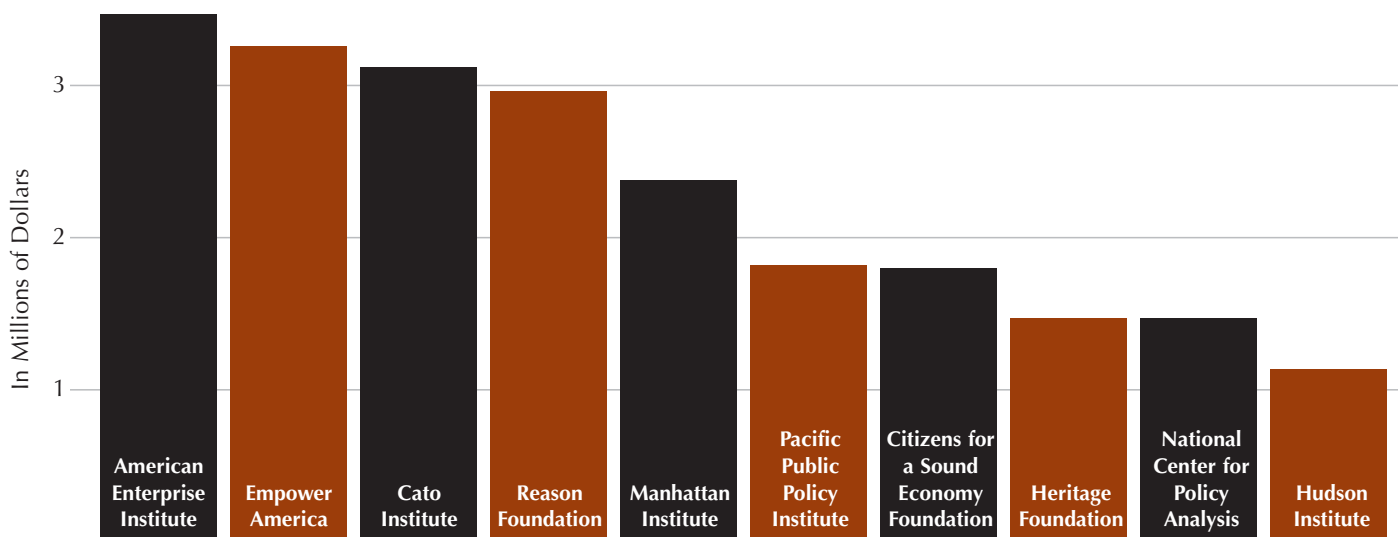


FIGURE 9: Top Political Giving by Nonprofit Leaders, 1998–2003

Source: www.opensecrets.org.

David H. Koch Foundation over the 14-year period was \$587,798. The board members and staff of the Templeton, Walton Family, Friedman and Windway foundations also donated significant sums of money, ranging from \$1,192,184 to \$1,359,743. The board and staff of four foundations (Philip M. McKenna, Grover Hermann, Ceres, and Padden Family) made no donations to Republican committees and candidates. Overall, the board members and senior staffs of conservative foundations donated \$14,002,732 to Republican candidates and PACs.

Among conservative nonprofits, the board and staff of the American Enterprise Institute made the largest overall financial contribution to Republican PACs and

candidates, donating a total of \$3,465,083 between 1998 and 2003 (see Figure 9). The average amount donated by an individual associated with the American Enterprise Institute over the five-year period was \$101,914. The board members and staffs of Empower America, the Cato Institute, the Reason Foundation and the Manhattan Institute also donated significant sums of money, ranging from \$2,373,455 to \$3,255,696. The American Policy Foundation was the only nonprofit whose board members and staff made no contributions to Republican committees and candidates. Overall, the board members and senior staffs of conservative nonprofits donated a total of \$30,579,593 to Republican PACs and candidates.

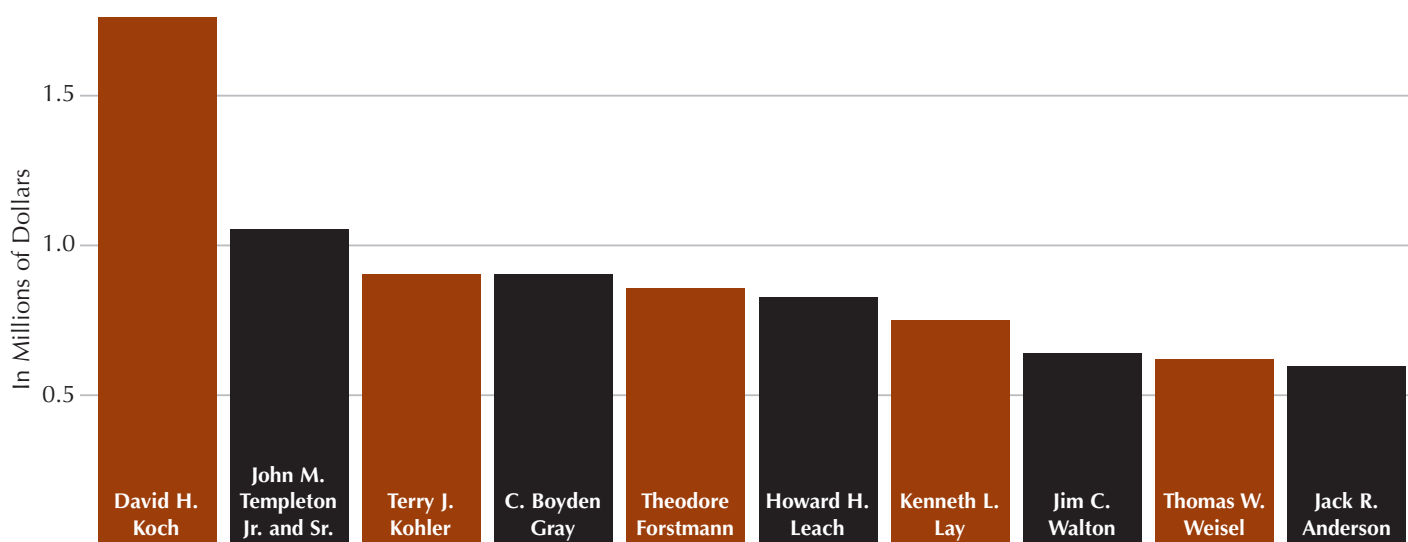


FIGURE 10: Top 10 Individual Donors, 1998–2003

Source: www.opensecrets.org.

The leading individual contributor was David H. Koch, whose contributions of \$1,761,770 constituted almost the entire donation made by the board/staff of his foundation (see Figure 8). Koch is also affiliated with the Cato Institute, Citizens for a Sound Economy

These for-profits are another way that conservative individuals can advance their public policy goals, as they can make soft money and PAC contributions to support candidates for public office, as well as lobby on legislation that is important to protecting and enhancing their bottom line.

and the Reason Foundation, all of which rank among the top nonprofit contributors, primarily due to his donations. Given the constraints of the search engine used for this analysis, the contributions of John M. Templeton and his son, John M. Templeton Jr., have been combined. Together, they made the second-largest financial contribution of \$1,053,036, again constituting the majority of the total donation made by

the board and staff of their foundation. Terry J. Kohler of the Windway Foundation, C. Boyden Gray of the Reason Foundation and Theodore Forstmann of the Cato Institute and Empower America also made significant individual contributions. Fittingly, each of the top 10 individual contributors was affiliated with one of the top 10 foundations or nonprofits.

While the foundations themselves are not explicitly associated with Republican political campaigns and PACs, it is clear, given these findings, that a connection exists between the leaders of conservative foundations and nonprofits and the Republican Party. Thus, the information emerging through this analysis provides a more comprehensive depiction of the relationships that serve to advance the conservative agenda.

CORPORATE CONNECTIONS

Beyond the work of foundations, grantees and individual political contributions, conservatives have other ways of influencing the policy process. Many of the foundations in our sample were started by individuals who established successful for-profit businesses. And

although our research did not look at corporate foundations per se, there are several foundations that still have some ties to the for-profit that endowed them in the first place. These for-profits are another way that conservative individuals can advance their public policy goals, as they can make soft money and PAC contributions to support candidates for public office, as well as lobby on legislation that is important to protecting and enhancing their bottom line.

For example, Koch Industries is one of the nation's largest companies, doing business across a wide range of industrial subsectors, such as commodities trading, petroleum and chemical production, capital market investments, ranching and venture capital investments. Three of the largest foundations in our sample—the Charles G. Koch Foundation, the David H. Koch Foundation and the Claude R. Lambe Charitable Foundation—are endowed with money earned through the Koch family's businesses. Not surprisingly, these foundations give money to nonprofit organizations that do research and advocacy on issues that impact the profit margin of Koch Industries. For example, the foundations supported the Cato Institute, Citizens for a Sound Economy, the Competitive Enterprise Institute and the Foundation for Research on Economics and the Environment. Each of these organizations—in its own way—works to limit or remove government regulation and taxation of the industrial sector. They also support the Republican Leadership Program, which grooms and trains future elected leaders of the Republican Party.

Beyond the foundations affiliated with Koch Industries, the company uses its own resources to more directly influence the policy and electoral processes. For example, in the past three election cycles for which data are available

(1998, 2000 and 2002), Koch Industries provided \$1.8 million in soft money to support Republican candidates for public office. No soft money contributions were made to Democratic candidates. In the 2000, 2002 and early stages of the 2004 election cycle, Koch's PAC has provided nearly \$1.6 million to candidates for public office, 75 percent of which was given to Republicans.

Each of these organizations—in its own way—works to limit or remove government regulation and taxation of the industrial sector.

Finally, Koch Industries spent \$680,000 in 1998, 1999 and 2000 to lobby lawmakers directly.¹⁰⁹

In September 2000, Koch Industries was indicted by the Environmental Protection Agency—under the Clinton administration—for concealing pollution at a Texas plant. In April 2001, Koch agreed to pay \$20 million in fines for these crimes, making it at the time the fifth-largest settlement ever reached in a case related to environmental crimes. In January 2000, Koch Industries paid a record \$30 million to settle civil lawsuits stemming from more than 300 oil spills from facilities in six states.¹¹⁰ Despite these criminal charges and civil and criminal settlements, the Republican Party and President Bush's 2000 campaign for the presidency took donations from the Koch Industries Political Action Committee.¹¹¹

Citizens for a Sound Economy is a 501(c)(4) social welfare organization, which cannot receive foundation grants under current tax law. However, CSE has a 501(c)(3) charitable subsidiary, the CSE Foundation, which can receive these donations. So, technically, conservative foundations like those associated with Koch Industries make the grants to the 501(c)(3). David Koch sits on the board of the CSE Foundation, while former House Majority Leader (and Republican) Dick Armey is chair of CSE's board. CSE was a consistent opponent of many of the tax policies that the Clinton administration proposed throughout the 1990s, and there were allegations raised that CSE was not complying with federal lobbying rules and regulations.¹¹²

Currently, CSE is one of the most prominent advocates for scrapping the current U.S. tax code and implementing a flat tax—one of the most regressive and inequitable ways to tax citizens—as well as eliminating the estate tax. Other issues of importance to CSE include school vouchers, reducing welfare and protecting privacy rights. In 1999, 2000 and 2001, the three Koch foundations contributed nearly \$4 million to CSE/CSE Foundation.

Unfortunately, corporations affiliated with centrist—and from some people's perspectives, liberal—foundations are not supporting Democratic candidates and PACs to the same degree that the conservative foundations support Republican candidates and PACs. For example, Microsoft Corp. gave \$5.8 million in soft money contributions in 1998, 2000 and 2002. Nearly 70 percent of these contributions were directed toward Republican candidates or PACs. During the 2000 and 2002 election cycles, and the early stages of 2004, Microsoft's PAC contributed nearly \$3 million to candidates for public office, 58 percent of which went to Republicans. And although Hewlett Packard Corp. made

only \$31,000 in soft money donations in 1998, 2000 and 2002, 97 percent of it was given to Republicans. For 2000, 2002 and 2004, HP's PAC made just less than \$250,000 in contributions, 55 percent of which was given to Republicans.

8. Conclusion

Undoubtedly, conservative values, goals, ideas and ideals have become the norm in United States politics. It would be difficult to argue that the political right is not winning in this country, as it dominates at all levels and branches of government. The many foundations and nonprofit organizations analyzed in this report have undoubtedly helped advance, market and strengthen the conservative agenda in all policy realms, including international affairs, defense, social policy, tax policy, education and civil rights.

Through expanded research, which included foundation and nonprofit organization data collection and analyses, first-hand interviews, literature and media reviews, and a Federal Election Commission data analysis, this report has both verified and advanced the findings of previous research on the strategies and successes of conservative philanthropy, including the following:

- **Flexible funds**—Conservative foundations are more likely to provide their grantees with general operating funds, allowing them to use the money as they see fit, often not requiring arduous evaluations of how the funds have been used. This flexibility allows organizations to respond in a timely manner to current issues and events, allowing the organizations to remain at the forefront of the policy process without having to wait months for a program-specific grant.
- **Long-term funds**—Conservative foundations are more likely to create new organizations and fund them for the long haul, sometimes for decades, not just years, allowing the organizations to focus on their program work, rather than having to worry about where next year's (or month's) budget will come from.
- **Focus**—Related to long-term funding, conservative foundations generally concentrate on funding a small group of grantees, including individuals, that are all working toward a common goal. Sustaining existing grantees—not trying to find new ones—is their primary goal.
- **Public policy process expertise**—Conservative foundations and their grantees understand that policymaking is not just one activity that happens in Washington, D.C., or even state capitals. Investing in organizations that help set the policy agenda, inform and mobilize the public, lobby lawmakers, broadcast conservative ideas, challenge existing regulations and laws in the

courts, and monitor policy implementation is a priority for conservative funders, as is making sure that this full spectrum of activity is happening in cities, counties and states, as well as in Washington, D.C.

- **Alignment**—Remarkably, there is considerable organic alignment and cohesion on the right. Based on interview findings, conservative funders and nonprofits are all naturally committed to the broader goals of the political right; deliberate coordination is not necessary. Many foundation board members come from the business sector and, therefore, naturally support the free market and minimal government and regulations that grantees are working for. Not surprisingly, then, there is generally agreement about priorities and goals among foundation board and staff members; grantee board and staff members; and foundations and grantees.

The same, however, cannot be said for foundations in the political middle or on the left. Foundation Center data on all types of foundations indicate that most of the foundation field does not provide grantees with long-term support; has reduced the level of general operating support given; and only minimally funds social action or change organizations and programs. Although it would be easy to offer an in-depth criticism of how the funding strategies of mainstream and progressive foundations have contributed to the right's political prominence in the United States, doing so is not the purpose of this report. At this point in time, it is not a secret that conservative foundations and grantees work differently from their centrist and liberal counterparts. And, after all, it is obvious that what conservatives have been and are doing works.

For a variety of reasons, mainstream and progressive foundations are not willing to adopt these strategies.

While it is true that there are more mainstream foundations with greater assets than conservative foundations, conservative foundations have been so successful because they have acted strategically with their limited funds. Many mainstream and progressive organizations consider providing direct services to disadvantaged and disenfranchised populations and communities as their priority, not advocating policy change. Others are afraid of funding advocacy, fearing IRS retribution in the form of an audit or loss of tax-exempt status. Still others simply do not know what the law says about funding advocacy and, therefore, avoid it.

Most troubling, however, is that the typical large mainstream foundation has a board of directors whose members are predominantly white and male, and are often employed by the for-profit sector. Obviously, many of these board members—who often set general programmatic goals for foundations and give final approval of grants—do not reflect the constituencies that would most benefit from progressive social and political changes.

Moving beyond the strategies and practices of foundations and nonprofit organizations, the right seems much more willing to use the tax system to its full advantage when planning and implementing political strategies. Both federal tax and election laws attempt to regulate the types and amounts of expenditures foundations, nonprofits, PACs, individuals and for-profit companies can spend on lobbying and supporting political parties and candidates for public office. However, as the examples in this report suggest, these laws are fairly easy to evade. Providing general support to grantees, for example, is an easy and legal way around the law that forbids foundations from funding grantee lobbying campaigns.

And moving out even further, the Koch “dynasty” shows how one family, through its businesses and foundations, can have a huge influence over American society—including elections, the environment, citizen health, and tax, education and social welfare policies. Koch family members are committed to seeing their beliefs become law, have surrounded themselves with like-minded allies, have legal counsel that helps them navigate current election and lobbying laws, and—conveniently—have more money than almost all other families in the nation.

We are not asserting that the Koch family is breaking any laws in the ways in which it spends its money. Instead, our intent is to point out the futility of current laws and regulations that attempt to exert some control over spending in the public policy and electoral processes. In some ways, the tax system actually helps the Koch family—and other wealthy individuals and families—by

structuring the ways in which money can be spent for political and electoral purposes. The tax code could be the most valuable political strategist companies, organizations and individuals have at their disposal, helping them spend money for research, public education, lobbying and influencing elections.

As of this writing, Republicans control all three branches of the federal government, numerous state houses, senates and governorships, and countless local governments. In the years since George W. Bush became president, the United States has invaded Afghanistan and Iraq; the civil rights and liberties of a wide range of immigrants, as well as U.S. citizens of Middle Eastern descent, have been compromised; women’s reproductive rights have been eroded; gay and lesbian Americans are facing the largest attack in years against their civil rights; the federal tax system has become radically more regressive, with benefits going to the very wealthiest Americans; and the federal and state governments are facing record budget deficits. The list could go on.

The conservative nonprofit organizations, foundations, corporations and individuals profiled and discussed in this report have had a hand in nearly all of these situations, events and outcomes. The right wing is clearly winning the cultural, social, economic and political wars in this country. The political center and left may need to stop asking “How can we push back the right?” and instead start wondering if it is not already too late.

Appendices

APPENDIX A — Foundation Sample

Foundation	State	2001 Assets	Conservative Policy Giving, 1999-2001
Sarah Scaife Foundation	PA	\$323,029,669	\$44,800,500
Lynde and Harry Bradley Foundation	WI	\$584,752,379	\$38,858,118
John M. Olin Foundation	NY	\$71,196,916	\$17,403,240
Shelby Cullom Davis Foundation	NY	\$78,314,656	\$13,013,125
Richard and Helen DeVos Foundation	MI	\$97,048,407	\$12,159,101
Jaquelin Hume Foundation	CA	\$26,000,854	\$8,929,189
Charles G. Koch Charitable Foundation	KS	\$31,787,776	\$8,703,250
David H. Koch Charitable Foundation	KS	\$36,093	\$6,870,000
Smith Richardson Foundation	NC	\$494,308,578	\$6,798,217
The Carthage Foundation	PA	\$23,705,949	\$5,865,700
William H. Donner Foundation	NY	\$135,032,057	\$4,792,826
Bill and Bernice Grewcock Foundation	NE	\$13,615,483	\$4,773,000
Claude R. Lambe Charitable Foundation	KS	\$29,237,598	\$4,557,500
Samuel Roberts Noble Foundation	OK	\$945,463,420	\$4,474,000
Randolph Foundation	NY	\$57,417,260	\$3,836,260
F.M. Kirby Foundation	NJ	\$465,996,621	\$3,542,500
Gordon and Mary Cain Foundation	TX	\$133,275,328	\$3,495,500
John Locke Foundation*	NC	\$75,492	\$3,442,945
Walton Family Foundation	AR	\$948,658,074	\$3,262,250
Scaife Family Foundation	PA	\$91,422,569	\$3,201,000
Earhart Foundation	MI	\$84,121,969	\$3,168,461
Philip M. McKenna Foundation	PA	\$17,429,656	\$2,915,385
Barre Seid Foundation	IL	\$3,323,994	\$2,888,332
D&D Foundation	IL	\$22,276,281	\$2,745,000
Castle Rock Foundation	CO	\$50,862,306	\$2,693,450
The Roe Foundation	SC	\$30,536,736	\$2,491,500
Ruth & Lovett Peters Foundation	MA	\$4,967,751	\$2,434,198
Hickory Foundation	NY	\$12,037,892	\$2,040,350
John Templeton Foundation	PA	\$266,250,216	\$1,918,214
Liberty Fund*	IN	\$404,310,087	\$1,869,560
William E. Simon Foundation	NJ	\$14,603,658	\$1,719,550
The Armstrong Foundation	TX	\$17,321,211	\$1,664,500
Gilder Foundation	NY	\$45,768,381	\$1,652,100
Orville D. & Ruth A. Merillat Foundation.	MI	\$85,298,952	\$1,543,500
JM Foundation	NY	\$24,942,788	\$1,532,500
The Rodney Fund	MI	\$5,140,868	\$1,398,220
W.H. Brady Foundation	NC	\$21,227,543	\$1,382,800
Charlotte & Walter Kohler Charitable Trust	WI	\$13,121,725	\$1,231,124

APPENDIX A — Foundation Sample

Foundation	State	2001 Assets	Conservative Policy Giving, 1999-2001
Grover Herman Foundation	IL	\$13,953,283	\$1,222,500
Ruth and Vernon Taylor Foundation	CO	\$26,774,976	\$1,107,982
Richard D. & Lynette S. Merillat Foundation	IL	\$21,067,179	\$1,067,000
George E. Coleman Foundation	DC	\$7,808,202	\$1,046,400
The Anschutz Foundation	CO	\$620,762,084	\$1,025,500
Vernon K. Kriebel Foundation	MA	\$8,888,045	\$1,002,738
The Bodman Foundation	NY	\$65,762,884	\$829,500
E.A. Morris Charitable Foundation	NC	\$19,122,298	\$810,601
Milton and Rose Friedman Foundation	IN	\$4,467,893	\$788,300
Chase Foundation of Virginia	VA	\$9,977,386	\$775,500
Allegheny Foundation	PA	\$40,398,096	\$705,000
Aequus Institute	CA	\$5,437,151	\$690,100
The Achelis Foundation	NY	\$37,866,499	\$644,000
Jean I. and Charles H. Brunie Foundation	NY	\$1,008,122	\$630,767
Dick and Betsy DeVos Foundation	MI	\$7,680,149	\$625,250
Dodge Jones Foundation and Subsidiary	TX	\$106,756,286	\$612,956
J.P. Humphreys Foundation	MO	\$9,348,631	\$590,000
Milliken Foundation	NY	\$4,733,214	\$582,000
Rose-Marie and Jack R. Anderson Foundation	TX	\$34,762,136	\$560,000
Whitehead Foundation	NY	\$4,636,800	\$461,078
Taube Family Foundation	CA	\$18,562,056	\$451,520
Banbury Foundation	NY	\$42,687,974	\$449,500
Alex C. Walker Education and Charitable Foundation	PA	\$8,454,741	\$398,450
Gleason Foundation	NY	\$126,161,767	\$379,769
Curran Foundation	DE	\$2,944,492	\$337,500
Ceres Foundation	IL	\$7,381,046	\$269,000
Huston Foundation	PA	\$34,698,636	\$178,500
Wilbur Foundation	CA	\$3,167,378	\$142,000
DHR Foundation	IL	\$11,171,063	\$135,700
Foundation for Partnership Trust	MA	\$6,425,781	\$105,500
Windway Foundation	WI	\$14,576	\$90,500
Holland Foundation	CA	\$605,670	\$78,500
Padden Family Foundation	IL	\$277,007	\$74,500
Thomas B. Fordham Foundation	DC	\$39,819,793	\$69,000
True Foundation	WY	\$1,931,495	\$63,325
Dr. P. Phillips Foundation	FL	\$39,646,160	\$62,500
Neal and Jane Freeman Foundation	VA	\$663,957	\$58,000
Sunmark Foundation	MO	\$1,706,127	\$54,000
J.B. Reynolds Foundation	MO	\$14,389,710	\$43,450
Saint Gerard Foundation	OH	\$85,005	\$31,000
Pope Foundation	GA	\$4,946,913	\$15,900

Source: NCRP data collection and analysis from IRS Form 990-PFs, 2003.

*These are operating foundations that run their own programs and seminars. The amount of conservative policy giving reflects the foundations' expenditures for the programs they run. These grants were not included in the larger grants database, however.

APPENDIX B — Nonprofit Recipients of Conservative Public Policy Grants

Organization	State	Total
Heritage Foundation	DC	\$28,569,700
Intercollegiate Studies Institute	DE	\$14,310,975
George Mason University	VA	\$10,930,228
American Enterprise Institute for Public Policy Research	DC	\$7,613,741
Hillsdale College	MI	\$6,798,769
Citizens for a Sound Economy Foundation	DC	\$6,488,522
Judicial Watch	DC	\$6,129,150
Free Congress Research and Education Foundation	DC	\$6,128,499
Hoover Institution on War, Revolution and Peace	CA	\$5,466,735
Manhattan Institute for Policy Research	NY	\$5,339,184
Cato Institute	DC	\$4,824,432
Hudson Institute	IN	\$4,681,592
Institute for Justice	DC	\$4,255,800
Federalist Society for Law and Public Policy Studies	DC	\$3,956,434
National Center for Policy Analysis	TX	\$3,818,700
Claremont Institute for the Study of Statesmanship & Political Philosophy	CA	\$3,410,450
Atlas Economic Research Foundation	VA	\$3,295,385
Pacific Research Institute for Public Policy	CA	\$3,272,389
Independent Women's Forum	VA	\$3,233,000
Landmark Legal Foundation	MO	\$3,210,000
Focus on the Family	CO	\$3,075,400
Capital Research Center	DC	\$3,036,034
Center for the Study of Popular Culture	CA	\$2,722,000
Ethics and Public Policy Center	DC	\$2,719,964
Partners Advancing Values in Education	WI	\$2,700,000
Center for Individual Rights	DC	\$2,574,500
Institute for Humane Studies	VA	\$2,501,310
Empire Foundation for Policy Research	NY	\$2,195,500
National Right to Work Legal Defense and Education Fund	VA	\$2,153,450
American Civil Rights Institute	CA	\$2,105,000
National Fatherhood Initiative	MD	\$2,003,830
National Center for Neighborhood Enterprise	DC	\$1,976,167
Alexis de Tocqueville Institution	VA	\$1,953,300
Media Research Center	VA	\$1,908,300
Reason Public Policy Institute	CA	\$1,843,800
Foundation for Teaching Economics	CA	\$1,828,197
Mackinac Center for Public Policy	MI	\$1,809,470
Acton Institute for the Study of Religion and Liberty	MI	\$1,797,000
Institute on Religion and Public Life	NY	\$1,750,000
Accuracy in Media	DC	\$1,688,600
Philanthropy Roundtable	DC	\$1,681,700
Center for Security Policy	DC	\$1,645,988
Competitive Enterprise Institute	DC	\$1,510,985
Washington Legal Foundation	DC	\$1,488,256
Institute for American Values	NY	\$1,441,800

APPENDIX B — Nonprofit Recipients of Conservative Public Policy Grants

Organization	State	Total
Political Economy Research Center	MT	\$1,364,000
Evergreen Freedom Foundation	WA	\$1,294,363
Wisconsin Policy Research Institute	WI	\$1,293,085
Maldon Institute	MD	\$1,275,000
New Citizenship Project	DC	\$1,262,500
Milton and Rose Friedman Foundation	IN	\$1,252,000
Foundation for Research on Economics and the Environment	MT	\$1,245,500
Center for Education Reform	DC	\$1,239,000
Pacific Legal Foundation	CA	\$1,204,100
Jamestown Foundation	DC	\$1,185,500
National Institute for Public Policy	VA	\$1,181,269
Institute for Contemporary Studies	CA	\$1,120,900
Collegiate Network	DE	\$1,060,000
Center for Strategic and International Studies	DC	\$1,031,000
Institute on Religion and Democracy	DC	\$1,007,000
Billy Graham Evangelistic Association	MN	\$1,000,000
Bill of Rights Institute	DC	\$993,625
Equal Opportunity Foundation	DC	\$970,000
American Education Reform Council	WI	\$955,000
Heartland Institute	IL	\$940,000
Becket Fund for Religious Liberty	DC	\$934,000
Commonwealth Foundation	PA	\$921,730
Southeastern Legal Foundation	GA	\$902,900
Allegheny Institute for Public Policy	PA	\$900,500
Leadership Institute	VA	\$896,200
Foundation for Individual Rights in Education	PA	\$855,500
U.S. Term Limits Foundation	DC	\$817,200
Americans for Tax Reform Foundation	DC	\$803,000
Federation for American Immigration Reform	DC	\$795,000
Pioneer Institute for Public Policy Research	MA	\$781,350
George C. Marshall Institute	DC	\$767,700
New River Education Fund	DC	\$700,000
American Legislative Exchange Council	DC	\$656,000
Center for Media and Public Affairs	DC	\$602,000
Counterterrorism and Security Education and Research Foundation	DC	\$600,000
Foundation Francisco Marroquin	FL	\$587,600
Fund for American Studies	DC	\$587,000
University of Chicago	IL	\$570,000
Atlantic Legal Foundation	NY	\$562,500
National Taxpayers Union Foundation	VA	\$552,200
Institute for Research on Economics of Taxation	DC	\$545,000
Foundation for Economic Education	NY	\$544,150
Institute for Health Freedom	DC	\$540,000
State Policy Network	CA	\$529,000
Center for Equal Opportunity	DC	\$529,000

APPENDIX B — Nonprofit Recipients of Conservative Public Policy Grants

Organization	State	Total
Lexington Institute	VA	\$526,500
Institute for Policy Innovation	TX	\$522,500
Center for Immigration Studies	DC	\$510,000
Young America's Foundation	VA	\$509,350
National Center for Public Policy Research	DC	\$492,000
National Legal and Policy Center	VA	\$476,500
Education Policy Institute	DC	\$472,500
Independent Institute	CA	\$453,690
John Locke Foundation	NC	\$440,079
Defenders of Property Rights	DC	\$436,000
Mountain States Legal Foundation	CO	\$422,500
DonorsTrust	VA	\$399,000
Free Enterprise Institute	TX	\$394,000
Boston College	MA	\$390,000
James Madison Institute	FL	\$383,963
National Strategy Information Center	DC	\$367,500
Goldwater Institute	AZ	\$362,000
American Civil Rights Union	VA	\$360,000
Criminal Justice Legal Foundation	CA	\$357,500
Education and Research Institute	DC	\$356,000
South Carolina Policy Council Education Foundation	SC	\$342,000
Morley Institute	DC	\$337,000
Michigan Family Forum	MI	\$320,000
Harvard University	MA	\$315,000
University of Virginia	VA	\$300,000
Free Enterprise Education Center	TX	\$300,000
Jesse Helms Center Foundation	NC	\$286,500
National Foundation for Teaching Entrepreneurship	NY	\$284,900
Right to Life Michigan Educational Foundation	MI	\$280,000
Buckeye Institute for Public Policy Solution	OH	\$279,000
Claire Boothe Luce Policy Institute	VA	\$278,000
Patrick Henry Center for Individual Liberty	VA	\$275,000
Ducks Unlimited	N/A*	\$267,500
Philadelphia Society	MI	\$265,000
Galen Institute	VA	\$259,500
Radio America	DC	\$250,000
Women's Freedom Network	DC	\$241,000
Students in Free Enterprise	MO	\$241,000
Committee for a Constructive Tomorrow	DC	\$225,000
Cascade Policy Institute	OR	\$219,500
New England Legal Foundation	MA	\$217,500
Faith and Reason Institute for the Study of Religion and Culture	DC	\$211,430
Texas Public Policy Foundation	TX	\$203,500
Greater Education Opportunities Foundation	IN	\$200,000
Potomac Foundation	VA	\$183,333

*Maintains four regional offices in Michigan, North Dakota, Mississippi, California

APPENDIX B — Nonprofit Recipients of Conservative Public Policy Grants

Organization	State	Total
National Endowment for Democracy	DC	\$180,000
Foundation for Traditional Values	MI	\$175,000
Family Research Council	DC	\$171,500
Barry Goldwater Institute for Public Policy Research	AZ	\$170,000
University of California	CA	\$165,000
Education Freedom Fund	MI	\$164,250
Lincoln Institute of Public Opinion Research	PA	\$162,000
One Nation/One California Research and Education Fund	CA	\$160,000
Defense Forum Foundation	VA	\$158,200
Center for Educational Innovation	NY	\$155,000
America's Survival Inc.	MD	\$155,000
Foreign Policy Research Institute	PA	\$150,000
Of the People Foundation	VA	\$150,000
National Fish and Wildlife Foundation	WI	\$150,000
Donors Capital Fund	VA	\$150,000
Claremont McKenna College	CA	\$145,000
Center of the American Experiment	MN	\$130,000
Negative Population Growth	DC	\$125,000
Eagle Defense Forum Education and Legal Defense Fund	IL	\$124,500
Virginia Institute for Public Policy	VA	\$120,275
Columbia University	NY	\$120,000
International Foundation for Research in Experimental Economics	AZ	\$119,000
Population-Environment Balance	DC	\$115,000
Center for Military Readiness	MI	\$113,124
National Journalism Center	DC	\$110,000
American Tort Reform Foundation	DC	\$110,000
University of Pennsylvania	PA	\$105,000
Kenyon College	OH	\$105,000
National Defense Council Foundation	VA	\$103,000
Center for Media and Security	DC	\$102,769
Institute for Political Economy	VA	\$102,000
Thomas Aquinas College	CA	\$100,000
Center for Public Justice	DC	\$100,000
CANEC	CA	\$100,000
Future of Freedom Foundation	VA	\$99,500
Toward Tradition	WA	\$97,500
US English Foundation	DC	\$94,000
American Spectator Educational Foundation	VA	\$93,000
Frontiers of Freedom Institute	VA	\$90,000
Georgetown University	DC	\$90,000
Center for Strategic and Budgetary Assessments	DC	\$90,000
John M Templeton Foundation	PA	\$90,000
Tax Foundation	DC	\$88,500
High Frontier	VA	\$86,000
Citizens Against Government Waste	DC	\$85,500

APPENDIX B — Nonprofit Recipients of Conservative Public Policy Grants

Organization	State	Total
Nixon Center	DC	\$85,000
America's Future Foundation	DC	\$85,000
Illinois Taxpayers Education Foundation	IL	\$85,000
National Legal Center for the Public Interest	DC	\$83,500
Independence Institute	CO	\$83,000
Council for National Policy	VA	\$83,000
Ronald Regan Presidential Foundation	CA	\$81,087
Empower America Research Center	DC	\$81,000
Foundation for Free Enterprise Education	PA	\$76,300
Foundation for the Advancement of Monetary Education	NY	\$75,000
Thomas Jefferson Institute for Public Policy	VA	\$75,000
Third Way Foundation	DC	\$75,000
Texas A & M University	TX	\$75,000
Republican Leadership Program	CO	\$75,000
American Defense Institute	VA	\$75,000
Americans Against Discrimination and Preferences	CA	\$75,000
Catholic University of America	DC	\$75,000
Fund for American Studies	DC	\$75,000
Phillips Foundation	MD	\$73,500
Sutherland Institute	UT	\$70,000
Texas Justice Foundation	TX	\$69,500
Georgia Public Policy Foundation	GA	\$69,000
Indiana Policy Review Foundation	IN	\$69,000
Ludwig Von Mises Institute	AL	\$68,500
Alliance Defense Fund	AZ	\$67,000
Young Life Foundation	CO	\$65,000
Institute for Religious Values	VA	\$65,000
Pennsylvania Right to Work Defense and Education Foundation	PA	\$65,000
Coalition for Local Sovereignty	DC	\$63,500
Employment Policy Foundation	DC	\$62,500
Carrying Capacity Network	DC	\$60,000
Christian Anti-Communism Crusade	CA	\$60,000
University of Notre Dame	IN	\$60,000
Population Research Institute	VA	\$60,000
Oklahoma Council of Public Affairs	OK	\$60,000
Michigan State University	MI	\$60,000
Locke Institute	VA	\$59,000
Consumer Alert	DC	\$58,000
Traditional Values Coalition	CA	\$55,276
North Carolina Institute of Political Leadership	NC	\$55,000
Ethan Allen Institute	VT	\$51,000
Conservative Caucus Research Analysis & Education Foundation, Inc	VA	\$50,000
Our American Heritage Education Foundation	CO	\$50,000
American Academy for Liberal Education	DC	\$50,000
National Review Institute	NY	\$50,000

APPENDIX B — Nonprofit Recipients of Conservative Public Policy Grants

Organization	State	Total
Issues and Views Open Forum Foundation	NY	\$45,000
Loyola Marymount University	CA	\$45,000
Pacific Justice Institute	CA	\$45,000
Better Government Association	IL	\$45,000
New York University	NY	\$45,000
Western Journalism Center	CA	\$42,500
American Family Association	MS	\$40,000
Howard Center for Family, Religion & Society	IL	\$40,000
Freedom's Foundation	PA	\$40,000
Population Institute	DC	\$40,000
North Carolina Citizens for a Sound Economy	NC	\$40,000
Kansas Public Policy Institute	KS	\$39,500
Yankee Institute for Public Policy Studies	CT	\$39,500
Josiah Bartlett Center	NH	\$37,500
Institute for Foreign Policy Analysis	MA	\$37,500
Arkansas Policy Foundation	AR	\$36,000
New America Foundation	DC	\$36,000
Rutherford Institute	VA	\$35,000
James Madison Education Fund	DC	\$35,000
National Tax Limitation Foundation	CA	\$35,000
Alabama Policy Institute	AL	\$34,000
Beacon Hill Institute	MA	\$31,050
Lincoln Legal Fund	IL	\$30,600
George C. Marshall Foundation	DC	\$30,450
Washington University	MO	\$30,000
Trustees of Boston University	MA	\$30,000
Jewish Policy Center	DC	\$30,000
Stanford University	CA	\$30,000
American Land Foundation	TX	\$30,000
Johns Hopkins University-SAIS	DC	\$30,000
Fordham University	NY	\$30,000
Accuracy in Academia	DC	\$27,700
Rockford Institute	IL	\$25,200
Diversity Alliance for a Sustainable America	CA	\$25,000
Morality in Media	NY	\$25,000
Citizens for the Preservation of Constitutional Rights	MA	\$25,000
Illinois Family Institute	IL	\$25,000
Foundation for Academic Standards and Tradition	NY	\$25,000
Free Market Foundation	TX	\$22,000
Christian Freedom International	DC	\$20,000
American Foreign Policy Council	DC	\$20,000
Nevada Policy Research Institute	NV	\$20,000
Marriage Savers Institute	MD	\$20,000
English-Speaking Union of the United States	NY	\$20,000
Family First	CT	\$20,000

APPENDIX B — Nonprofit Recipients of Conservative Public Policy Grants

Organization	State	Total
Discovery Institute for Public Policy	WA	\$17,387
Americans United for Life	IL	\$17,000
Public Service Research Foundation	VA	\$17,000
Center on National Labor Policy	VA	\$15,000
National Council on Bible Curriculum in Public Schools	NC	\$15,000
Concerned Women for America	DC	\$15,000
University of Wisconsin-Milwaukee	WI	\$15,000
University of Oklahoma	OK	\$15,000
University of Wisconsin-Madison	WI	\$15,000
New Mexico Independence Research Institute	NM	\$15,000
ProEnglish	VA	\$15,000
Tennessee Family Institute	TN	\$15,000
Board of Regents of the University of Wisconsin System	WI	\$15,000
Freedom Alliance	VA	\$15,000
American Conservative Union Foundation	VA	\$12,200
Family Research Institute	NE	\$12,000
Initiative Referendum Institute	DC	\$11,000
Henry Hazlitt Foundation	IL	\$11,000
American Council for Capital Formation	DC	\$10,600
Liberty Council	FL	\$10,000
Great Plains Public Policy Institute	SD	\$10,000
National Right to Life Educational Trust	DC	\$10,000
Center for the American Founding	VA	\$10,000
Nebraska Center for Policy Research	NE	\$10,000
American Alternatives Foundation	DC	\$10,000
Golden State Center	CA	\$10,000
Rio Grande Foundation	NM	\$10,000
Texas Citizens for a Sound Economy Foundation	TX	\$10,000
American Council of Young Political Leaders	DC	\$10,000
Mississippi Family Council	MS	\$9,000
America's Future	MO	\$8,500
National Rifle Association Foundation	VA	\$8,500
Free Enterprise Institute- Sul Rosa University	TX	\$8,000
Omahans for Decency	NE	\$8,000
Washington Policy Center	WA	\$7,500
Dartmouth Review	NH	\$7,000
Calvert Institute for Policy Research	MD	\$7,000
Center for Freedom and Prosperity	VA	\$7,000
National Strategy Forum	IL	\$6,300
Center for New Black Leadership	DC	\$6,000
Legal Center for the Defense of Life	NJ	\$5,050
Students In Free Enterprise- Southwest Texas State	TX	\$5,000
Religion in American Life	NJ	\$5,000
Center for the American Idea	TX	\$5,000
Phoenix Institute	AZ	\$5,000

APPENDIX B — Nonprofit Recipients of Conservative Public Policy Grants

Organization	State	Total
North Carolina Foundation for Individual Rights	NC	\$5,000
Link Institute	CA	\$5,000
Legislative Studies Institute	VA	\$5,000
Liberty Matters	TX	\$5,000
Cleveland Right to Life Educational Foundation	OH	\$4,800
Alabama Family Alliance	AL	\$3,000
Young Americans Education Foundation	CO	\$3,000
Arkansas Policy Innovation	AR	\$2,000
Human Life International	MD	\$1,800
Media Institute	DC	\$1,500
Jewish Institute for National Security	DC	\$1,000
Center for Libertarian Studies	DC	\$1,000
Right to Life Education Trust Fund	DC	\$1,000
College Republican National Committee	DC	\$500
Center for the Defense of Free Enterprise	WA	\$250
Free Enterprise Legal Defense Fund	ID	\$225

OVERVIEW

For this part of our research, we interviewed chief executive officers and/or trustees of five conservative foundations. Two of the interviews were with two foundation representatives, bringing the total number of people interviewed to seven. Overall, the individuals interviewed were very willing to share with us their thoughts on their foundations and their grantmaking priorities and philosophies. Only one of the seven people interviewed was initially skeptical about a progressive organization such as NCRP interviewing conservative philanthropists. All of those interviewed were aware of NCRP's earlier research on conservative philanthropy and think tanks.

There is considerable diversity across the foundations we interviewed. For example, one of the foundations concentrates its work within one state but on a variety of issues. Another works nationally on just one specific issue. Two others are large nationally operating institutions. The other is a nationally operating foundation that anticipates a transfer of funds that will soon make it the largest conservative foundation in the country.

Four of the five foundations studied began initially as pass-through organizations for the founder's own individual charitable giving. Eventually, the personal wealth of these individuals grew to levels that made the pass-through option impractical, and a more formal grantmaking system was established.

DONOR INTENT AND PERPETUITY

In each interview, we found a very keen and well-articulated interest in maintaining donor intent at all costs. Spend down, therefore, is a popular option. Among the five foundations we interviewed, three already had plans to spend down, the fourth is considering it, and the fifth is not actively considering it, mainly because the current generation of grantmakers had absolute confidence that the next generation would stay true to the foundation's mission and goals. One interviewee stated that grantmakers of the current generation "are completely focused on their father's donor intent ... but they do not trust that their own children will." As one interviewee put it, "Henry Ford is probably spinning in his grave right now," implying that at least some of the organizations and programs the Ford Foundation supports would not be favored by Henry Ford.

This person also stated that considering the billions of dollars being pumped into foundations today—and the tax breaks that go along with them—there is some obli-

gation to tackle today's problems, and not problems 30 years from now. Taxpayers today bear the brunt of these tax breaks, so people today deserve to receive some sort of social return on this "investment" they are compelled to make.

COMMUNICATING SUCCESSES AND PROGRESS

Representatives from all five foundations stressed that they have either little or no in-house communications programs. For the most part, they want to enable their grantees to trumpet their own successes, and not have the spotlight on the foundation. As one respondent said, "The grantees do the actual work on the ground; we just give them money to achieve their goals. They come up with the plan and implement it." There was a very sincere sense among the interviewees that the grantees deserve the credit for any successes achieved and progress made.

Another respondent mentioned how keeping staff egos and arrogance in check is a key element in allowing the grantees to receive accolades for their work. This person noted that the foundation deliberately tries to hire staff members who are generalists rather than specialists and avoids hiring people who have Ph.D.s. This foundation has a very collaborative atmosphere, in which the small staff and board interact frequently and try to generate new ideas to tackle problems they are all interested in seeing solved. Experience has taught them that Ph.D.s tend to be rather territorial and develop a personal stake in their grantees, and are unable to move from one subject area to another with ease.

STAFF AND GOVERNANCE

The staffs of the five foundations interviewed are quite small, ranging from no paid staff members to seven. Boards also tend to be small, with only a handful of individuals serving on the boards of each foundation, ranging from as few as three individuals to as many as nine. Having few board and staff members allows these individuals to interact with one another on a regular basis, since there are not many schedules to coordinate. One respondent noted that the small board size allows them to meet frequently during the year—up to eight times—enabling them to approve grants that need to be made as soon as possible, primarily to help a grantee respond to an unanticipated change in the policy environment.

More often than not, respondents reported that staff and board members have high levels of interaction with grantees, usually meeting with them at least once for-

mally during the year, and several additional times informally at various conferences, retreats and meetings. Overall, the individuals interviewed stated that staff and board members do not generally serve on the boards of grantees, although a few exceptions were noted.

GRANTMAKING AND EVALUATION

Three of the foundations indicated that they do not accept unsolicited proposals, preferring to find new grantees on their own, either through peer recommendations, networking at conferences, news clippings or word-of-mouth. One of these three has a formal request-for-proposal process in place. The other two foundations are open to accepting unsolicited proposals, but the interviewees stated that it would be rare for them to fund something from “out of the blue,” but it is still a possibility.

Each of the foundations interviewed indicated that most of their grants are made for the long term, with one respondent stating that “we recognize how counterproductive it is for nonprofits to have to constantly be seeking new sources of funding every year or two. We would rather have them concentrate on fulfilling their missions.” Another said that since the foundation almost exclusively funds policy and advocacy-related activities, it had to stick with grantees for the long term, since advocacy campaigns take a long time to have an impact. One of the interviewees reported funding the same organizations for 20 to 30 years.

Four of the five foundations provide mainly core operating support funds to grantees, rather than project or program specific funding. These foundations all emphasized the importance of building organizational capacity for the long term, rather than trying to force nonprofits to carry out the foundation’s own program agenda. “We fund institutions and ideas” was a statement that several interviewees made to us. Most respondents noted that the individuals working in the institutions receiving grants are closer to the policy process and understand the needs that must be met to advance a policy agenda. It does not make sense, therefore, for the foundations themselves to dictate to the grantees the type of work to do. One interviewee responded by stating, “If you have to tell someone what to do, then it’s probably a bad sign indicating that they don’t have many good ideas of their own.” Others pointed out that the policy process is in a constant state of flux, and that it is impossible for the foundation to adapt its grantmaking cycle with these changes. Giving core operating support allows grantees to be flexible

with their work, and to respond to the pressing issues and opportunities of the day.

Each of these foundations makes grants for public policy advocacy. A few stressed that they look to fund organizations that have a reputation for demonstrating strong passion and commitment to the issues on which they work, as well as a willingness to take risks to achieve their goals. They are not looking to fund organizations, individuals or programs that have a safe or risk-averse nature.

Four of the five foundations report using very informal methods of evaluating the work of grantees, such as semiannual phone calls with grantees, informal discussions at conferences, brief reviews of their previous work at the time of grant renewals and so forth. One of these four noted that the most due diligence is performed when selecting a new grantee, in order to make sure that the nonprofit’s goals are aligned with the foundation’s.

Another noted that the foundation was considering establishing a more formal evaluation process, citing pressure to do so from other foundations in the philanthropic sector—and not just conservative institutions. At the same time, this respondent is proceeding with caution, stating, “Some problems that the foundation’s grantees are working on are so large that trying to evaluate the grantees may actually handcuff them and hamper their effectiveness. As a foundation, we could start looking to fund only in areas where there is an easily measured impact. We respect the current discussion on evaluation, but we are being careful to make sure it does not make us less effective.”

The foundation that reported a more formal evaluation process stated that each grant was evaluated each year, based on the amount given, what was done with the money, and what the overall impact of the grantee was. The results of these evaluations were presented to the board on an annual basis, and were used to determine future levels of grantmaking to particular organizations.

Each of the foundations interviewed noted that they had a high level of trust in their grantees and that this trust was key to their grantmaking techniques. To provide long-term core operating support grants with little evaluation inherently requires high levels of trust in the nonprofits receiving support. But successfully providing this type of support is also dependent on the foundation’s ability to keep staff egos in check. Although these conservative grantees have achieved monumental successes in the legislative, regulatory and judicial arenas, the very amorphous nature of the public policy process makes it

difficult to trace policy success back to a particular organization, foundation, grant or program officer. For these foundations to continue to succeed, they need to make sure their staff members are motivated by a desire to see major policy changes take place, rather than to receive individual credit for such changes.

COLLABORATION AND COORDINATION

Pundits and academics of all political persuasions have commented on the seemingly well-coordinated grant-making strategies of conservative foundations. These observers note the general consistency among these foundations regarding their funding strategies and approaches, grant recipients and political ideology. But when we asked the interviewees about the level of coordination they engaged in to further a well-planned right-wing policy agenda, they all downplayed and discredited this theory.

The individual representing the foundation that only operates in one state was emphatic that her institution does not collaborate with any other funders. The family is determined to follow its own funding instincts in order to maintain focus. Another foundation noted that collaborations happen only rarely and are the exceptions, not the rule. The foundation that focuses on just one specific policy issue engages in some collaboration and belongs to one affinity group. However, this participation is undertaken mainly to make sure that this foundation does not duplicate the efforts of similarly aligned foundations, and to have a chance to influence foundations that work against the foundation's efforts.

The two large national foundations reported very little in the way of well-planned collaborations. Each spoke of more informal ways of communicating with like-minded foundations, such as informal discussions at conferences. One of these two noted that the foundation is interested in increasing the amount of collaboration and coordination it engages in, stating that it has not yet done enough of that.

In the rare cases where institutional collaboration does take place, one of the national foundation interviewees noted that it is often the grantees that “connect the dots” and help foundation leaders to learn about one another's work. Especially early on in the conservative movement, this individual noted, there were very few conservative policy organizations to fund. These organizations would often introduce one funder to another—especially in a few cases where several large funders were initially operating anonymously.

Several of the interviewees stated that it was unlikely that these foundations would have collaborated much with each other when the original founders were still alive. For the most part, these founders were very successful, free-market-oriented business people who valued the contributions of individuals and avoided any type of collective action. They generally refused to cede any control to outside institutions or individuals through formal foundation collaborations or partnerships. The entrepreneurial spirit that earned these people their millions of dollars was a natural barrier to widespread institutional coordination.

What accounts for the apparent discrepancy between observers of the philanthropic field and how actual grantmakers assess the degree to which they engage in collaboration and coordination? Often, it's merely a matter of semantics. Each of the foundations—to varying degrees—noted that people associated with the foundation (a board member, founder, family member, CEO, etc.) would engage in some type of direct lobbying, organizing peer foundation leaders or supporting political campaigns strictly as individuals, not as representatives of the foundations. The founders of several of the foundations interviewed were prominent individuals within the Republican Party and/or very successful and visible business leaders. Their connections to politics, therefore, was rather natural, a legacy that often persists long after their deaths.

From an outside observer's perspective, there is a fine or even nonexistent line between an individual everyone knows is associated with a particular foundation and an institution helping to coordinate a broad political strategy for policy change. In many cases, the foundation money supporting grantees to push this agenda is coming from the same original source that the individual is using to push the agenda in a more overtly political manner. Thus, while it's accurate for the interviewees to state that foundations have not engaged in coordination, it's also accurate to say that the leaders and founders of these institutions have had a very heavy—and well-financed—hand in directly and personally pushing the agenda forward.

THE F.M. KIRBY FOUNDATION

The F.M. Kirby Foundation, a family foundation incorporated in 1932, ranked fifth among the top 20 conservative foundations studied in total assets (\$465,996,621) as well as in total grants (\$21,871,720) in 2001. Through its grantmaking, the foundation strives to enhance individual autonomy and reduce government involvement in society. Its grantees are located primarily in areas of interest to members of the Kirby family, including New Jersey, North Carolina and Pennsylvania. Often, family members have particular connections with their foundation's grantees. The grants are concentrated in the fields of education, the arts, medicine and health, and public policy. The foundation also provides some grants to social service and youth organizations within their primary geographic areas of attention.

However, the foundation also gives substantially to conservative think tanks, legal organizations, media groups and academic institutions. In fact, it provided 115 grants totaling \$3,542,500 to conservative organizations between 1999 and 2001. The conservative think tanks receiving considerable funding from the Kirby Foundation include the Cato Institute, the Heritage Foundation, the Manhattan Institute, the American Enterprise Institute, the Hudson Institute, and Citizens for a Sound Economy, all of which are included among this report's top 25 conservative grant recipients between 1999 and 2001.

- Through its publications, conferences and briefings, the **Cato Institute** “seeks to broaden the parameters of public policy debate to allow consideration of the traditional American principles of limited government, individual liberty, free markets and peace.”¹¹⁴
- The **Heritage Foundation** operates in a similar capacity, seeking to influence public policy to reflect the ideals of free enterprise, personal freedom, reduced role for government, strong national defense and conservative morals.
- **Citizens for a Sound Economy** strives to change public policy in order to decrease taxes, limit government's role and increase individual liberty. Its “Freedom Agenda” includes “fundamental reform of America's tax code, modernizing Social Security with personal retirement accounts, ending the trial lawyer abuse of America's legal system, bringing school choice to America's schoolchildren, replacing welfare with dignity and work, and protecting privacy rights.”¹¹⁵

- The **American Enterprise Institute for Public Policy Research** publishes a wide variety of extensively circulated documents and testifies before Congress regarding their research on the benefits of free economies, trends in public opinion and politics, and the preservation of economic freedom internationally. They strive to advance the goals of liberty, free enterprise, strong national defense and limited government.
- **The Hudson Institute** also attempts to effect changes in public policy by publishing and circulating its research to promote free enterprise, individual liberty and accountability, technological progress, the application of culture and religion in public activities, and a strong national defense. **The Manhattan Institute** works in a similar capacity.

The conservative educational organizations receiving grants from the Kirby Foundation include the Young America's Foundation, the Leadership Institute, the Fund for American Studies and the Intercollegiate Studies Institute.

- Considering itself to be the “principal outreach organization of the Conservative Movement,”¹¹⁶ the **Young America's Foundation** sponsors discussions, workshops, speakers and internships to impart to youth, primarily on college campuses, the importance of conservative ideals like free enterprise, personal autonomy, national defense and conventional morals.
- Similarly, the **Leadership Institute** holds classes and seminars to train young people to become conservative leaders. Thanks to grants from the Kirby Foundation, the institute constructed a large high-tech facility, appropriately named the F.M. Kirby National Training Center, where aspiring conservative leaders can acquire skills and knowledge in the field of public policy.
- The **Fund for American Studies** hosts eight institutes worldwide that provide instruction to college students regarding economics, political science and morality, with the hope of furthering the ideas of “freedom, democracy and free-market economies.”¹¹⁷ Much of the grant money from the Kirby Foundation went to construct the organization's headquarters building in Washington, D.C.
- The work and principles of the **Intercollegiate Studies Institute** are described elsewhere in this report. The Kirby Foundation gave the institute a \$1.5 million

grant (the largest it has ever received) to construct its national headquarters, now referred to as the “F.M. Kirby Campus.”

- The foundation also provides grants to **Hillsdale College**, which was founded by Freewill Baptists and calls itself “grateful to God for the inestimable blessings resulting from the prevalence of civil and religious liberty and intelligent piety in the land, and believing that the diffusion of sound learning is essential to the perpetuity of these blessings.”¹¹⁸

The conservative legal organizations to which the Kirby Foundation provides funding include the Federalist Society for Law and Public Policy, the Institute for Justice, the National Right to Work Legal Defense Foundation, and the Center for Individual Rights.

- The **Federalist Society for Law and Public Policy** is a conservative libertarian network of law students, attorneys and faculty devoted to reforming the current “orthodox liberal ideology which advocates a centralized and uniform society”¹¹⁹ that it feels dominates the legal profession. The society works to develop an understanding of and admiration for the principles and ideals it feels should underlie the legal system—separation of powers, personal liberty, federalism and small government with powers constrained by the Constitution.
- The **Institute for Justice** calls itself “the nation’s premier libertarian public-interest law firm ... preserving freedom of opportunity and challenging government’s control over individuals’ lives.”¹²⁰ The institute supports freedom of speech, free enterprise and private property and litigates on behalf of individuals and groups it feels have been denied these rights by the government.
- The **National Right to Work Legal Defense Foundation** works to uphold the “Right to Work principle,” which states that all individuals have a right to work and may not be forced to join a union against their will. The foundation seeks to uphold this principle through pro bono litigation of cases in which it feels that “compulsory unionism” has threatened an individual’s right to work.
- Finally, the **Center for Individual Rights** offers legal aid for people who feel their individual liberties have been violated. The center works primarily in the areas of civil rights, free expression, religious liberty and federalism.

The Kirby Foundation also provides grants to **Accuracy in Media**, the **Media Research Center**, the Capital Research Center and Philanthropy Roundtable. Both Accuracy in Media and the Media Research Center attempt to expose and reverse a perceived liberal bias in the media. The **Capital Research Center** stresses the importance of the private sector supplanting the government as the primary means of public welfare. Similarly, the **Philanthropy Roundtable** seeks to invigorate the private sector, feeling that philanthropy is most effective when directed toward individual achievement and self-reliance rather than “grand social designs.”¹²¹

RICHARD AND HELEN DEVOS FOUNDATION AND DICK AND BETSY DEVOS FOUNDATION

The Richard and Helen DeVos Foundation, incorporated in 1970, ranked ninth in total assets (\$97,049,407) among the top 20 conservative foundations studied and third in total grants (\$26,574,754) in 2001. The foundation’s grantmaking has grown dramatically in the past decade, from only \$4 million in 1990 to more than \$25 million in 2001. The foundation is the oldest and wealthiest of the DeVos family foundations, which also include the Dick and Betsy DeVos Foundation (1990), the Daniel and Pamela DeVos Foundation (1992), and the Douglas and Maria DeVos Foundation (1992).

Richard DeVos is a co-founder of Amway Corp. and owner of the Orlando Magic, and served as the finance chairman of the Republican National Committee. He ranks in the *Forbes* 400 and is, according to *Forbes*, among the world’s richest people, with an estimated worth of \$1.7 billion in 2003.¹²² He attended the Christian Calvin College, and he has been associated with numerous other Christian and conservative organizations, such as the Council for National Policy, the Chairman’s Council of the Conservative Caucus, the Free Congress Foundation, and the Federalist Society for Law and Public Policy. His foundation’s grantmaking reflects these conservative Christian tendencies and affiliations. In fact, Helen DeVos told the *Grand Rapids Press* that “our biggest priority is to give back to Christian causes.”¹²³ The foundation ranks eighth in the top 50 U.S. foundations awarding grants for religion, circa 2000, as published by the Foundation Center.¹²⁴

Among the top 20 foundations studied, the Richard and Helen DeVos Foundation ranks fifth in total conservative policy giving, providing \$12,159,101 between 1999 and 2001 to groups such as Focus on the Family, the State Policy Network, the Intercollegiate Studies

Institute and other nationally influential public policy organizations in the fields of education, advocacy, research, religion, media and law. The foundation also provides grants to local (for instance, western Michigan and central Florida) churches, arts groups, ministries, Christian social service and education agencies, and Christian schools. For example, the foundation contributed \$4 million to the Grand Rapids Christian School Association in 2000. The foundation also established and continues to fund the Urban Leadership Initiative, a national program designed to “identify and train emerging youth ministry leaders in local urban communities.”¹²⁵ However, DeVos cautions that the foundation’s social service grantmaking is intended to help people move out of poverty, not to “make ‘em too comfortable there.”¹²⁶ Almost all of the grants are unrestricted.

The grantmaking of the other DeVos family foundations is similar to that of the Richard and Helen DeVos Foundation. The Dick and Betsy DeVos Foundation provides funding to many of the same organizations as the Richard and Helen DeVos Foundation (detailed below). However, the other smaller foundations tend to give less to large national organizations and more to local Christian, arts and social service organizations in Michigan.

The contributions of the Richard and Helen DeVos Foundation have helped to promulgate Christian, conservative ideals.

- Most explicitly, they donated \$635,386 in 1999 to **Compass Arts**, a nonprofit advertising firm that creates Christian ads for organizations such as Michigan Right to Life. On a national level, the foundation provides numerous grants to Christian organizations that work to influence public policy and public opinion, such as Focus on the Family, the Foundation for Traditional Values, and the Traditional Values Coalition.
- People for the American Way calls **Focus on the Family** “the largest international religious-right group in the United States,”¹²⁷ with almost 1,300 employees, a budget exceeding \$120 million, 6,000 radio facilities worldwide, and 2.3 million subscribers to its magazines. Using these resources, the organization endorses prayer in schools, private school vouchers, and “reparative therapy” for gays and lesbians, while it opposes female reproductive choice, hate crime legislation and comprehensive sexual education.
- The **Foundation for Traditional Values** works to stop

the deterioration of Judeo-Christian values “by clearly, and dynamically, revealing the role of God, faith, religion and morality in our national heritage.”¹²⁸ The organization hopes that public education efforts in this vein will strengthen citizen involvement.

- The **Traditional Values Coalition** acts as a lobbying and grassroots organization, lobbying Congress itself and organizing local churches in lobbying efforts. The coalition’s work revolves around homosexuality, reproductive rights and school curricula regarding sexuality and evolution. It sponsors voter education programs that supply information about how various candidates voted on certain issues. It has influenced a great deal of legislation at both the state and national levels regarding hate crime, discrimination on the basis of sexual orientation, political contributions by churches, and health education curricula.

In addition to its support for Focus on the Family and the Foundation for Traditional Values, the Dick and Betsy DeVos Foundation also supports the Acton Institute for the Study of Religion and Liberty, where Betsy DeVos serves on the board. The Richard and Helen DeVos Foundation has supported the institute in the past. The **Acton Institute for the Study of Religion and Liberty** attempts to link economics with religion and traditional virtues and sponsors workshops for business executives, religious leaders, professors and others involved in religion, business and economic research. The institute also publishes a number of documents in order to disseminate its views to the general public, policymakers and other leaders.

The Richard and Helen DeVos Foundation also contributes to the aforementioned **Council for National Policy**, where Richard DeVos has served on the executive committee and board of governors and which has been described as “very dangerous and dangerously secretive”¹²⁹ in the eyes of liberals. Because of its secretive nature, it is difficult to fully ascertain the activities of the council. However, it is clearly a conservative organization that works to effect public policy changes at the national level. It was founded in part by the Rev. Tim LaHaye, leader of the Moral Majority, and it strives to combat what it sees as liberal control over the country and focuses on issues in domains ranging from social to economic. ABC news reported that “it provided a forum for religiously engaged conservative Christians to influence the geography of American political power.”¹³⁰ The council supports a strong national defense, Christian val-

ues, conservative morals and limited government.

Like the F.M. Kirby Foundation, the Richard and Helen DeVos Foundation supports the **Federalist Society for Law and Public Policy Studies**, the **Heritage Foundation**, the **American Enterprise Institute for Public Policy Research**, and the **Media Research Center**. The Richard and Helen DeVos Foundation also supports the **State Policy Network**, an association of 40 conservative state agencies nationwide (see description elsewhere in this report). More locally, the foundation provides funding to the **Mackinac Center for Public Policy**, which uses its research to propose and promote various policies in Michigan. It analyzes issues such as private school vouchers, charter schools, privatization, taxes and welfare reform and presents its evaluations and recommendations to individuals working in policy, academia, business and the media. Like many of the organizations listed above, the Mackinac Center promotes private, rather than government, solutions to policy issues.

The Richard and Helen DeVos Foundation also provides grants to the **Free Congress Foundation (FCF)**, which claims that its main focus is on the “Culture War.” It hopes to “return [America] to the culture that made it great, our traditional Judeo-Christian, Western culture.”¹³¹ It opposes multiculturalism, political correctness and liberal politics. The foundation’s **National Empowerment Television** carries conservative Christian messages into millions of homes nationwide through its 24-hour programming, including *Borderline* (focusing on immigration policy), *Cato Forum* (taxes and government regulation), *Legal Notebook* (crime), *Straight Talk* (family), and *On Target with the National Rifle Association* (gun policy). The organization has four main centers to address issues like law and democracy, judicial selection, cultural conservatism and technology policy.

In addition to their contributions to the Council for National Policy, the Heritage Foundation, the Federalist Society, the Mackinac Center for Public Policy, the Dick and Betsy DeVos Foundation also funds the Competitive Enterprise Institute and the National Center for Policy Analysis.

- The **Competitive Enterprise Institute** is “dedicated to the principles of free enterprise and limited government.”¹³² It prides itself not only on researching regulatory issues (e.g., environmental policies and antitrust legislation) but also on publicizing and advocating its analyses and ideas to the general public, policymakers and judges. Thus, as the organization is

“engaged in many phases of the public policy debate,”¹³³ it plays an important role in influencing policy at the national level.

- The **National Center for Policy Analysis** endorses privatizing Social Security, as well as the few remaining public components of the nation’s health care, education, welfare, and criminal justice systems. The organization takes satisfaction in the close association it has with Congress. In fact, the center makes it known that members of Congress have circulated a number of the center’s studies and that many of its policy suggestions have influenced national legislation.

The Richard and Helen DeVos Foundation also funds a number of academic sector organizations, including the **Intercollegiate Studies Institute** and the **Leadership Institute**. It has provided substantial funding to **Calvin College**, the Christian alma mater of Richard DeVos, which “pledge[s] fidelity to Jesus Christ, offering our hearts and lives to do God’s work in God’s world.”¹³⁴ The foundation provided primary funding for the DeVos Center for Communication Arts and Science at the school. Richard DeVos comments that the center will provide a place where “our future leaders can be trained in the art of communications in the context of a Christian background.”¹³⁵ Similarly, the foundation has helped to fund a tennis center, a student recreation center and, most recently, a new College of Education at **Lee University**, which calls itself a “Christ-centered liberal arts university.”¹³⁶ Richard and Helen DeVos support the school because of its “strong commitment to the cause of Jesus Christ.”¹³⁷

The foundation has also supported broader efforts to bring Christianity to education facilities across the nation by funding groups such as Young Life at the high school level and Campus Crusade for Christ on college campuses. The mission of **Young Life** is “introducing adolescents to Jesus Christ and helping them grow in their faith,”¹³⁸ while **Campus Crusade for Christ** performs a similar function on the university level. The Dick and Betsy DeVos Foundation also funds Calvin College, Campus Crusade for Christ, and Young Life.

Dick and Betsy DeVos have been leaders in the “school reform” movement. Dick DeVos served on the Michigan Board of Education in the early 1990s and strongly endorsed the use of school vouchers. Now, he and his wife work through organizations such as the Education Freedom Fund, Of the People, the Children’s Scholarship Fund, the American Education Reform

Council, and the Great Lakes Education Project to privatize public education. Dick DeVos sits on the board of the **Children’s Scholarship Fund (CSF)**, which provides scholarships to low-income families, so that their children may attend private schools.

In 1993, Michigan Republican State Sen. Dick Posthumus, a proponent of parental choice in children’s education, invited Dick and Betsy DeVos to co-chair his newly established **Education Freedom Fund (EFF)**. The EFF works in a similar capacity to the CSF but serves only families in Michigan. When the CSF provided \$7.5 million to the EFF, Dick and Betsy DeVos matched the grant. Their foundation also covers all of the administrative costs of the organization. Dick DeVos also serves as chairman of the **Great Lakes Education Project**, a PAC that backs candidates who support education reform. Betsy DeVos was co-chairperson of **Of the People**, which has worked to get a parental rights amendment passed in a number of states. The amendment increases parental influence over public school curricula and provides for the implementation of vouchers for religious schools. The **American Education Reform Council** provides information about vouchers, tax credits and charter schools and works with individuals and groups interested in these programs. The Richard and Helen DeVos Foundation also supports the work of several of these organizations through grants, even though the pair are not as intimately involved in the organizations themselves.

LYNDE AND HARRY BRADLEY FOUNDATION

The Lynde and Harry Bradley Foundation was created out of the Allen-Bradley Foundation following the profitable sale of the Allen-Bradley Co. to Rockwell International Corp. in 1985. The foundation’s assets skyrocketed, and Michael Joyce was recruited to preside over them. Among the top 20 foundations studied, the foundation in 2001 ranked third in total assets, with \$584,752,379, and second in total grants, with \$35,097,061. Harry Bradley was a right-wing political activist affiliated with the John Birch Society, and the foundation’s grantmaking reflects the conservative tendencies of its founder. The foundation ranked second in total conservative policy giving (\$38,858,118) between 1999 and 2001.

The Bradley Foundation operates under the belief of its founders that a “good society is a free society,”¹³⁹ and its grantmaking demonstrates this principle by supporting local, national and international organizations and

initiatives that promote limited government, free enterprise, a strong national defense and international democratic capitalism. The foundation is committed to the issue of citizenship, as expressed through its “New Citizenship” programs. The executive director of the foundation, Michael W. Grebe, describes the fundamental idea behind the programs: “Individual citizens should be viewed as persons who are capable of running their own affairs and who are personally responsible for their actions. These programs were developed in response to our uncertainty that government assistance programs as they were then constituted were truly effective in helping citizens.”¹⁴⁰ The foundation supports organizations and initiatives that view individuals as “personally responsible, self-governing”¹⁴¹ citizens rather than passive recipients of outside influences.

Underlying the grantmaking is the philosophy that people should be able to make “major political, economic and moral decisions”¹⁴² for themselves and their children. Thus, instead of supporting programs that merely provide services to those in need, the foundation funds the intermediaries that it views as key in the intergenerational transfer of traditional values, morals and wisdom. These include “healthy families, churches, neighborhoods, voluntary associations, schools and other value-generating ‘mediating structures.’”¹⁴³ The foundation tries to encourage participation in these mediating institutions, believing that such “active citizenship” will help individuals more than services provided by the government. On a local level, most of the foundation’s grantees are not political in nature, but rather cultural and arts organizations, colleges and faith-based initiatives. Grebe feels that the social programs of faith-based organizations are often more effective than those of their non-faith-based counterparts,¹⁴⁴ and the foundation has been praised by President Bush for its work in this domain.¹⁴⁵

Grebe views Milwaukee as a “laboratory” in which it generates and funds various public policy programs that ultimately serve as models for national programs. School choice and welfare reform have been longstanding issues of interest to the Bradley Foundation, and its work on these issues began at the local level but continues at the state and national levels. The foundation upholds the motto “In Parents We Trust” and aims to form alliances in support of school choice.¹⁴⁶ After the first school-choice plan was enacted in Milwaukee, the president of the Bradley Foundation created a legal group to defend it and donated money to the Milwaukee Parental

Assistance Center. When the addition of a Catholic school to the program was rejected, the foundation helped to establish **Partners Advancing Values in Education (PAVE)**, which provides scholarships to low-income children, so that they may attend a range of private schools, including those with religious affiliations. The foundation continues to fund PAVE, with a commitment of \$20 million over five years. When Wisconsin led the nation in implementing a plan that allowed for vouchers to attend religious schools, the Bradley Foundation again helped to defend the plan in court by financially supporting a legal team. Over the next six years, the Bradley Foundation provided grants to associations, such as the **Wisconsin Policy Research Institute**, that supported vouchers, thus largely defining the debate over vouchers.¹⁴⁷

The foundation has also provided financial support to pro-voucher associations in other states, as well as to publications and national organizations in order to expand the movement. The **American Education Reform Council**, the **Center for Education Reform, Of the People**, and **Children First America** (formerly **Children's Educational Opportunity Foundation America**), which champion parental choice, vouchers and other forms of privatized education, receive funding from the Bradley Foundation. The foundation's work on welfare reform has followed a similar trajectory, using its initial local work as a laboratory for later national programs. Like its work on school reform, the foundation's efforts regarding welfare reform have been extremely successful.

The Bradley Foundation has furthered its work on school vouchers, welfare reform, and faith-based and other projects largely through its grantmaking to a number of regional and state-based think tanks that write policy papers to inform state legislators and other policy-makers. In addition to its donations to the Wisconsin Policy Research Institute, the foundation also provides substantial grants to the Hudson Institute, the Manhattan Institute and the Heartland Institute.

The **Hudson Institute** recently created the Bradley Center for Philanthropy and Civic Renewal. Echoing the foundation's commitment to citizenship, the mission of the center is to "encourage foundations and charitable donors to direct more resources toward support of small, local and often faith-based grassroots associations that are the heart of a vital civil society."¹⁴⁸ The institute as a whole supports the main principles advocated by the foundation (i.e., conservative morals, strong national defense, privatization of services and free markets). The

foundation's 1995 annual report states that a \$175,000 grant from the Bradley Foundation went "to support a study of welfare reform in Wisconsin." The Hudson Institute established the "Welfare Policy Center" and helped to create Wisconsin Works, a substitute for welfare in Wisconsin. Since that time, there has been a significant rise in evictions, homelessness and food pantry usage accompanying the drastic declines in the welfare rolls.¹⁴⁹

Funding to the **Manhattan Institute for Policy Research** has also furthered the foundation's work on vouchers, welfare reform and privatization. Three seminal books condemning the philosophical foundation of social welfare programs were written during the 1980s by scholars at the Manhattan Institute. These include *Wealth and Poverty*, by George Gilder; *Losing Ground*, by Charles Murray; and *Beyond Entitlement*, by Lawrence M. Mead.¹⁵⁰ The foundation also funds the **Heartland Institute**, which publishes *School Reform News* and *Intellectual Ammunition* and supports free enterprise, privatization of education and other services, and deregulation. The institute's work circulates to all state legislators in Illinois, Wisconsin, Missouri, Ohio and Michigan and to approximately 1,200 media centers.

The foundation clearly supports a "bottom-up" approach to addressing the nation's problems and encouraging active citizenship. However, it also funds conservative think tanks, universities, publications and legal organizations that manifest the foundation's view of citizenship and "free society" on a national level. In 1986, Michael Horowitz identified Michael Joyce as one of the top three individuals responsible for "the whole transformation of conservative philosophy" because he "understood that just by funding a few writers and a few chairs, they could make a breakthrough."¹⁵¹ Grebe claims that his foundation is one of few that fund public policy endeavors due to a "strategic vision," a "brutal sense of priorities" and risk-taking. However, he calls the results "extremely rewarding and significant in their impact on society."¹⁵²

In fact, the Bradley Foundation prides itself on its involvement at every level of the public policy process, as it funds writers, think tanks, activist associations and legal organizations, thereby forming a veritable conservative network. The foundation's work on privatization of education through vouchers exemplifies this networking and "a single foundation's comprehensive funding strategy around the development of a single political issue."¹⁵³ The foundation supported those who "have laid

the intellectual foundation for school vouchers, provided vouchers to parents, and litigated to defend them from challenge.”¹⁵⁴

Recognizing the importance of the creation and dissemination of ideas, the Bradley Foundation funds a range of conservative think tanks, scholars and publications and rewards individuals who circulate ideas they promote. For example, the foundation provided \$14.5 million between 1995 and 2001 to the **American Enterprise Institute for Public Policy Research**. The **American Civil Rights Institute**, which works primarily to oppose affirmative action, is also largely funded by the Bradley Foundation. The foundation also provides grants to the **Competitive Enterprise Institute**, the **Heritage Foundation**, the **National Center for Policy Analysis**, the **Mackinac Center for Public Policy** and the **Free Congress Foundation**. Some of the funding for the Heritage Foundation is directed toward its education reform project, and the grants provided to the Free Congress Foundation support National Empowerment Television as well as the Center for Law and Democracy, the Center for Conservative Governance and the Center for Technology Policy.

The foundation also provides grants to the **Reason Foundation**, which values the combination of individual liberty and rationality in creating a superior society. It supports limited government, free enterprise, rational and scientific inquiry, and privatization of services. The foundation prides itself on its ability to “shape public opinion in favor of individual liberty in all areas of human activity”¹⁵⁵ with its *Reason Magazine*, and to influence public policy through the Reason Public Policy Institute. The **Institute for Contemporary Studies**, espousing views on citizenship that are similar to those of its funder, the Bradley Foundation, claims that “men and women who control their lives through self-governing institutions live more productive lives.”¹⁵⁶

Similarly, the **Claremont Institute for the Study of Statesmanship and Political Philosophy** supports “a limited and accountable government that respects private property, promotes stable family life and maintains a strong defense.”¹⁵⁷ The institute views the government as intrusive and ineffective. Believing that knowledgeable citizens are more responsible and effective than government, the Claremont Institute holds workshops and seminars and publishes books to help inform citizens about the founding fathers and the principles upon which they built this nation, the Constitution, and how the principles may help to restore civic life. The foundation also heavily funds the **Center for the Study of Popular**

Culture, led by David Horowitz and “dedicated to defending the cultural foundations of a free society”¹⁵⁸ and to countering a perceived liberal bias in the media, in the entertainment industry, in mainstream churches and on college campuses.

Like the DeVos Foundations, the Bradley Foundation also funds religious think tanks, which promulgate the impression of a nationwide moral decay and connect manifestations of such deterioration (e.g., crime, drug use, teen pregnancy) with government enlargement. Jill Junnola maintains that the creeping emphasis on Judaeo-Christian values in U.S. policy might be traced “in the moves of Michael Joyce, ... who ... set up Americans for Community and Faith-Centered Enterprise.”¹⁵⁹ Two organizations backed by the Bradley Foundation include the **Acton Institute for the Study of Religion and Liberty** (described above) and the **Institute on Religion and Public Life**, which works to instruct citizens in the “moral and ethical basis of capitalism.”¹⁶⁰ Both of these institutes promote the view of the Bradley Foundation that mediating structures like churches are more effective in assisting individuals in need than is the government. Michael Joyce of the Bradley Foundation was a featured speaker at the Acton Institute’s 1996 conference.

The **Faith and Reason Institute** states that “faith and reason are the twin strands out of which America, and any good and free social fabric, is woven.”¹⁶¹ The institute asserts the importance of both faith and reason in conducting inquiry on topics such as “economics, politics, public policy, science, technology, the environment and public culture.”¹⁶² The organization brings together secular and religious leaders in an attempt to unite faith and reason. It also sponsors conferences and seminars and produces various publications to introduce its ideas on the value of these two perspectives. The **Institute on Religion and Democracy** seeks to reform churches and to bring traditional Christian morals and principles into politics and policy. It maintains that the Christian tradition should be used to build democracy in the U.S. and worldwide, and it promotes “a fresh impetus of Christian evangelization, transforming both individuals and cultures.”¹⁶³ Finally, the **Ethics and Public Policy Center** seeks to enhance the role of Judeo-Christian morals and customs in national and international policy.

In addition to funding think tanks, the foundation also supports the production and circulation of ideas through its financial support of various conservative authors, writers and publications. The foundation funds **National Affairs Inc.**, which publishes *The National Interest* and *The Public Interest*; the **American Spectator Educational**

Foundation, which publishes *The American Spectator*; and the **Foundation for Cultural Review**, which publishes *The New Criterion*. All of these journals promote conservative ideology in line with that espoused by the Bradley Foundation.

The foundation also provides substantial funding to **Encounter for Culture and Education**, which publishes many conservative books by authors like Ann Coulter and Pat Buchanan. The foundation's grantmaking clearly reflects agreement with Encounter Books' Peter Collier, who states that "conservative ideas galvanize more than a nice audience."¹⁶⁴ The foundation has funded authors like Dinesh D'Souza and Charles Murray. Media Transparency reports that Charles Murray was a Bradley Fellow at the American Enterprise Institute and at the Manhattan Institute and that the Bradley Foundation has provided more than \$1 million to him, thereby largely funding his publication of *The Bell Curve* and *Losing Ground*. In fact, following publication of *Losing Ground*, which supplemented and advanced the foundation's work on welfare reform, the foundation increased its grant to Murray from \$90,000 each year (which he received between 1986 and 1989) to \$163,000 per year.¹⁶⁵

Dinesh D'Souza was a scholar at the American Enterprise Institute and edited the *Dartmouth Review*, an extremely conservative publication that was the first member of the Madison Center for Educational Affairs' Collegiate Network (described below). He wrote *The End of Racism*, which argues that racism will end when African-Americans cease their pathological behavior and "close the civilization gap," as well as a complimentary biography of Jerry Falwell.¹⁶⁶ In 1991, the Bradley Foundation made two \$40,000 grants to the Madison Center to be used to support the work of D'Souza. The foundation also funded John Chubb and Terry Moe's 1986 book *Politics, Markets and America's Schools*, which called for the privatization of education,¹⁶⁷ as well as David Brock's *The Real Anita Hill*.

Additionally, the Bradley Foundation recently began awarding Bradley Prizes of \$250,000 to individuals who endorse and advance ideas congruent with the foundation's mission, which Grebe identifies as "promotion of liberal democracy, democratic capitalism and a vigorous defense of American institutions."¹⁶⁸ This technique is a unique and influential way to propagate its principles. The first recipients of the prize include Mary Ann Glendon, a Harvard law professor specializing in human rights law and family law; Leon Kass, a bioethicist affil-

ated with the University of Chicago and AEI; Thomas Sowell, an economist, journalist and author affiliated with the conservative Hoover Institution; and Charles Krauthammer, a conservative journalist.

Michael Joyce also realized the impact that scholars from elite universities may exert on public policy. Thus, the Bradley Foundation also funds conservative programs and a Bradley Graduate and Post Graduate Fellowship Program at a number of prestigious academic institutions, such as the University of Chicago, Harvard University and Marquette University (a Jesuit institution). Joyce claims that the foundation has contributed funding to the work of about 600 graduate students. The **Bradley Policy Research Center of the William E. Simon Graduate School of Business Administration of the University of Rochester** received its name after the foundation provided a substantial grant to the Center for Research in Government Policy and Business in 1987. The center conducts "high-quality research on important issues in economic and business policy" and prides itself on the numerous articles its scholars have published in prominent journals.¹⁶⁹

The organization also backs the **Fund for American Studies**. The **Institute for Educational Affairs**, which merged with the Madison Center in 1990 to create the **Madison Center for Educational Affairs (MCEA)**, connected corporate leaders and like-minded scholars. It identified gifted students, gave them grants or fellowships, and then helped them to find jobs. It also initiated the **Collegiate Network**, which connects and funds about 70 conservative student publications and frees them from dependence on university funding. The MCEA sponsors conferences, research and internships for conservative students. It provides funding to conservative student newspapers through its Student Journalism Project and funds other conservative research. The Collegiate Network was transferred to the **Intercollegiate Studies Institute** in 1996. All of these organizations have received funding from the Bradley Foundation. Furthermore, the foundation supports the **National Association of Scholars**, a network of faculty, graduate students, administrators, trustees and research scholars who challenge what they view as a liberal propensity in universities nationwide. They oppose affirmative action, multicultural education and "political correctness."

Not only does the Bradley Foundation espouse free enterprise, democracy and a limited, representative government in terms of domestic policy, but it also supports these principles in the nation's foreign policy. It provides

grants to organizations such as the **American Foreign Policy Council**, the **Institute for International Studies** (directing funds to the Countering Crime and Corruption in Mexico project), and the **Freedom House** (directing funds to Promoting Civic Life, Free Markets, and Democratic Values in New Democracies). As part of the neoconservative movement, the Bradley Foundation has also funded organizations that promote a forceful and aggressive foreign policy, encouraging pre-emptive strikes against nations that appear threatening, reorganization of the Middle East, and displacement of dictators internationally. Such organizations include the **New Citizenship Project**, which initiated the **Project for the New American Century (PNAC)**. A number of notable individuals associated with the Republican Party and both Bush administrations (e.g., Dan Quayle, Donald Rumsfeld and Dick Cheney) have been members of PNAC. The organization has pushed not only for invasion of Iraq since PNAC was established in 1997, but also for other efforts to maintain “American global leadership.”

The foundation also provides grants to conservative legal organizations like the **Institute for Justice**, the **Federalist Society** and the **Center for Individual Rights**. Philanthropic organizations like the **Capital Research Center** and **Philanthropy Roundtable** also receive funding from the Bradley Foundation.

KOCH FAMILY FOUNDATIONS:

Charles G. Koch Foundation,
David H. Koch Charitable Foundation,
Claude R. Lambe Charitable Foundation

David and Charles Koch, sons of the ultraconservative founder of Koch Industries, Fred Koch, direct the three Koch family foundations: the Charles G. Koch Foundation, the David H. Koch Charitable Foundation, and the Claude R. Lambe Charitable Foundation. David and Charles control Koch Industries, the second-largest privately owned company and the largest privately owned energy company in the nation; they have a combined net worth of approximately \$4 billion, placing them among the top 50 wealthiest individuals in the country and among the top 100 wealthiest individuals in the world in 2003, according to *Forbes*.¹⁷⁰

Following in the footsteps of their father, a member of the John Birch Society, the Kochs clearly have a conservative bent. Charles Koch founded the **Cato Institute**, and David Koch co-founded **Citizens for a Sound**

Economy (CSE), where he serves as chairman of the board of directors. David also serves on the board of the Cato Institute. The Koch foundations make substantial annual contributions to these organizations (more than \$12 million to each between 1985 and 2002) as well as to other influential conservative think tanks, advocacy groups, media organizations, academic institutes and legal organizations, thus participating in every level of the policy process. Their total conservative policy giving exceeded \$20 million between 1999 and 2001. As reflected in their creation and funding of Cato and CSE, most of their contributions go to support organizations and groups advancing libertarian theory, privatization, entrepreneurship and free enterprise. David Koch even ran for president as the Libertarian Party candidate in 1980. In describing his foundation’s contributions, he states, “My overall concept is to minimize the role of government and to maximize the role of private economy and to maximize personal freedoms.”¹⁷¹

The Charles G. Koch Charitable Foundation has a threefold mission: It “primarily supports research and education into free societies, in particular how they advance the well-being of mankind”; “fosters the partnership of scientists and practitioners in order to integrate theory and practice”; and “strives to develop market-based tools that enable individuals, institutions and societies to survive and prosper.” Charles’ biography on the Koch Industries Web site states that “he has continuously supported academic and public policy research for 40 years, with a special focus on developing voluntary market-based solutions to social problems.” Furthermore, Richard Fink, president of the foundation, has served on the Consumer Advisory Council of the Federal Reserve Board and on the President’s Commission on Privatization and is editor of *Supply Side Economics: A Critical Appraisal*.¹⁷²

The brothers’ libertarian and free-market orientation comes as no surprise, given their ownership of Koch Industries, an oil and gas corporation: Curtis Moore argues that “Koch money funds industry-friendly messages that fill our airwaves and editorial pages, and influences outcomes in the halls of Congress and courtrooms across the country.”¹⁷³ CSE produces numerous policy papers that reach every congressional office as well as hundreds of newsletters and op-ed pieces. Representatives of the organization may be seen on a number of radio and television shows. Cato’s influence also extends to policymakers and the public. In touting limited government and free markets, these organiza-

tions doubt the dangers of various chemicals, environmental pollutants and global warming, as well as challenge research efforts documenting these hazards. One CSE paper argued that “environmental conservation requires a commonsense approach that limits the scope of government.”¹⁷⁴

In writing these papers and making these appearances, individuals associated with these organizations often conveniently decline to acknowledge the substantial funding they receive from Koch and other corporations from the oil, coal, auto and other industries. By withholding such information, they are able to front as unbiased the public-minded associations promoting rigorous scientific research and economic autonomy, when, in fact, the individuals are mere mouthpieces for industries like that of the Koch brothers.

These organizations influence not only public opinion and policy but also judicial outlook. For example, in 1999 CSE subsidized the creation of amici briefs providing reasons to proclaim the Clear Air Act unconstitutional. CSE received \$600,000 from the Claude R. Lambe Foundation that year.¹⁷⁵ The foundation also provided substantial funding to the **Foundation for Research on Economics and the Environment (FREE)**, which holds seminars for federal judges at its ranch near Big Sky, Montana. Many influential judges attend these seminars, including those who heard arguments made by legal representatives receiving funding from CSE. It makes sense that the Kochs would fund such anti-environment organizations, given their seedy past of environmental violations and lawsuits. Most significantly, the U.S. Department of Justice charged Koch Industries with 97 counts of defying federal hazardous waste and clean air acts when it knowingly emitted benzene fumes and then lied about its actions when questioned. In 2001, Koch Industries agreed to a \$20 million settlement, a drastically smaller sum than it would have paid if convicted.¹⁷⁶

Other significant grantees in the domain of research and advocacy include the **American Legislative Exchange Council**, the **Reason Foundation**, the **Heritage Foundation**, the **Hudson Institute** and the **Competitive Enterprise Institute**. David Koch serves on the board of directors of the **Reason Foundation**.

The foundations also provide substantial funding to the **Pacific Research Institute for Public Policy (PRI)**, whose mission is “to champion freedom, opportunity and personal responsibility for all individuals by advancing free-market policy solutions.”¹⁷⁷ The organization espouses entrepreneurship, privatization and individual liberty, three of the Koch brothers’ main areas of interest.

PRI publishes articles and papers, sponsors events, testifies before policymakers and provides commentary for a variety of media sources, reaching more than 141 million people in 2001 through these means. The organization supports transferring power from the government to private organizations and individuals, especially in terms of education, the environment and health care. It believes that government taxes and regulations “stifle” the nation’s “entrepreneurial spirit” and lead to problems in each of these domains. Thus, the organization promotes vouchers, increased standards and accountability, and “teacher quality” in education; free-market competition in health care; and the elimination of federal social welfare programs, claiming that they result in reliance on the state and undue control of the government over individual lives. The organization gives an annual privatization award to individuals and private organizations that provide important community services, such as charter schools and sources of private scholarships.

In addition to funding think tanks and advocacy institutes, the Koch foundations also provide substantial sums to academic institutes and universities to further conservative ideology and recruit youth to the crusade. Their main grantee is **George Mason University (GMU)**. The three Koch foundations contributed \$23,030,497 between 1985 and 2002 to the university, its foundation and its Institute for Human Studies.¹⁷⁸ Richard Fink, the president of the Charles G. Koch Foundation, serves on the Board of Directors of GMU, where he taught until 1984. After serving as president and chief executive officer of CSE for several years, he returned to GMU, where he serves on the board of trustees of the Center for the Study of Public Choice and the Center for Market Processes and as a member of the board of the Progressive Policy Institute.¹⁷⁹

Charles is chairman of GMU’s **Institute for Humane Studies**, which hosts the Charles G. Koch Summer Fellow Program. The mission of the center is “to support the achievement of a free society by discovering and facilitating the development of talented, productive students, scholars and other intellectuals who share a commitment to liberty and who demonstrate the potential to change significantly the current climate of opinion to one more congenial to the principles and practices of freedom.”¹⁸⁰ The institute sponsors free summer seminars for students interested in learning about “free market economics and networking.”

The two most significant contributions to the university came in the form of a \$3 million grant in 1997, which helped to launch the **Mercatus Center**, and a \$10 mil-

lion grant in 1998, which helped to create the James M. Buchanan Center for the Study of Political Economy. Charles Koch is a board member at the Mercatus Center, which describes itself as a “research and education center [that] generates knowledge and understanding of how institutions affect the freedom to prosper and holds organizations accountable for their impact on that freedom.”¹⁸¹ The center promotes free markets and “Western” values and customs. The director of its regulatory studies program, Wendy Lee Gramm, was named “villain of the month” by the Clean Air Trust in January 2002 for her work in opposition to federal regulations aimed at protecting health and the environment. The nonprofit trust charges that through his considerable donations, “Koch basically rents the university’s name to give a patina of credibility to Wendy Gramm’s anti-environmental agenda.”¹⁸²

The **James M. Buchanan Center for the Study of Political Economy** encompasses the Center for Study of Public Choice and the Center for Market Processes and is associated with the Institute for Humane Studies. Of the Buchanan Center’s grant, the president of GMU remarked, “We believe this support will help us become a national center of excellence of study of the relationship between the polity and the economy.”¹⁸³ Another \$3 million grant in 2001 from the Charles G. Koch Foundation allowed the university to establish the Interdisciplinary Center for Economic Science (ICES) with its seven prestigious professors of experimental economics at GMU.¹⁸⁴

GMU also directed some of the Koch foundation funding to its **Law and Economics Center (LEC)** at its **School of Law**. *Flipside.org* reports that the LEC’s mission is to “teach federal judges that the goal of the law should be to maximize the wealth of society by promoting the efficient use of scarce resources.” To do so, the center sponsors annual eight-week training conferences at resort locations for federal and state judges. Nearly 800 judges, including two U.S. Supreme Court justices, have participated in the program since it began in 1976. The LEC also holds “economic institutes for law professors and law institutes for economists” (e.g., the Economics of Private Law institute), so that the two disciplines may become more intertwined.¹⁸⁵

In addition to its donations to the LEC and FREE, the Koch family foundations also provide significant contributions to other conservative legal organizations. Clint Bolick, a rigid opponent of affirmative action at the Landmark Center for Civil Rights, and William Mellor,

former president of PRI, asked the Koch family for financial backing for a libertarian public-interest law firm to advocate for school vouchers, faith-based social service programs and property rights and to oppose affirmative action. The organization became the conservative **Institute for Justice** in 1991, and it continues to receive substantial funding from the Koch family foundations.¹⁸⁶ The **Federalist Society** also receives a great deal of funding from the Koch family.

ADOLPH COORS FOUNDATION AND CASTLE ROCK FOUNDATION

Adolph Coors Sr. founded the Coors Brewing Co. in 1873 in Golden, Colorado. Just over a century later, in 1975, the Adolph Coors Foundation was created as a private family foundation and initially was supported financially by the Adolph Coors Jr. Trust. Three further donations were made to the foundation from family members Gertrude Steele Coors and Janet Coors. While the trust money was designated for use within Colorado, the other assets were available for grantmaking outside of the state. In 1993, the Castle Rock Foundation was created from the unrestricted funds, receiving a \$36,596,253 endowment. Now, the Adolph Coors Foundation focuses almost exclusively on projects and organizations within Colorado, while the Castle Rock Foundation provides grants to public policy and other organizations nationwide.

The Coors family is well known for its conservative ideology and for its financial contributions to advance this ideology, both individually and through its company and foundations. In 1973, Joseph Coors backed Paul Weyrich, a champion of right-wing causes and later co-creator of the Moral Majority, when he decided to create a conservative think tank in Washington, D.C., that eventually became the **Heritage Foundation**. Joseph Coors provided \$250,000 in start-up funds.

Later, when Weyrich left Heritage, Joseph Coors worked with him to create the Committee for the Survival of a Free Congress, a PAC supporting conservative candidates that later developed into the **Free Congress Foundation (FCF)**. The Adolph Coors Foundation heavily funded the Heritage Foundation from its inception through the 1980s. The Castle Rock Foundation continues to provide substantial funding to the Heritage Foundation and the Free Congress Foundation, contributing \$1,948,760 and \$1,050,000, respectively, between 1995 and 2002.¹⁸⁷ Joseph Coors

sat on the board of the Heritage Foundation until his death in March 2003, and Holland Coors has served on the board since 1998. Jeffrey Coors sits on the board of FCF, where he was chairman of the board for a number of years. Weyrich has referred to him as “one of the finest, most principled God-fearing people I have ever known.”¹⁸⁸

Joseph Coors also financially assisted Phyllis Schlafly’s STOP ERA campaign and Bob Simonds’ National Association of Christian Educators/Citizens for Excellence in Education, which “has worked with Christians and conservatives to restore academic excellence and traditional moral values to the public schools.”¹⁸⁹ Coors also backed Regent University (started by Pat Robertson), the Rutherford Institute, Morality in Media, the John Birch Society and the Nicaraguan *contras*.

The Coors name was tarnished during a 10-year boycott instigated by the AFL-CIO in 1977. Since that time, the family and corporation have received condemnation from a variety of minority, gay and women’s rights groups, environmental activists and student associations for their support of conservative organizations and their often overtly racist and homophobic comments. In response to the boycott and severe criticism, Coors began funding a variety of African-American and Latino organizations and even became the one of the first large companies to provide health benefits to domestic partners of gay employees in 1995.

However, critics claim that these actions allowed the company to pose as progressive while the family and its foundation continued to fund conservative, often anti-gay, organizations and initiatives: “This strategy masked an ongoing funding pattern by the Coors family and foundation directly hostile to minorities, women and labor. The engine of that anti-minority effort is the free flow of cash to the establishment and maintenance of the Heritage Foundation, the Free Congress Foundation, the Council for National Policy, and a variety of other Religious Right and far-right organizations.”¹⁹⁰ Russ Bellant and Chip Berlet quote Dr. Jean Hardisty of Political Research Associates in Cambridge, Massachusetts: “The pattern of Coors family funding and activism stands in stark contrast to the mainstream image projected by the Coors Brewing Co., whose advertising and funding reach out to the African-American, women’s and gay communities.”¹⁹¹

In fact, many argue that the establishment of the Castle Rock Foundation and its subsequent responsibili-

ty for the primary grantmaking to conservative organizations like Heritage and FCF, while the Coors Foundation (blatantly affiliated with the family) began funding less controversial projects, indicates a clear facade being created by the family. The two foundations have the same executive director and board of trustees, which is composed entirely of Coors family members. The family claims that the foundations and the Coors Brewing Co. are separate entities. It appears to many, however, that the family, the company and the foundations are one and the same and that the Castle Rock Foundation is “an attempt to separate the Coors name from the family’s support of the radical right.”¹⁹² Bruce Mirken quotes Jerry Sloan of Project Tocsin: “It is a snow job to remove the Coors name directly from grants to radical causes, smoke and mirrors.”¹⁹³

The mission of the Castle Rock Foundation is to “promote a better understanding of the free-enterprise system, preserve the principles upon which our democracy was founded to help ensure a limited role for government and the protection of individual rights as provided for in the Constitution, encourage personal responsibility, and leadership, and uphold traditional American values.”¹⁹⁴ Lou Kilzer (1998) calls Castle Rock “the Coors empire’s chief public policy outreach.” Along with Heritage and FCF, **Hillsdale College** receives substantial funding from the Castle Rock Foundation (\$1,525,750 between 1995 and 2002).¹⁹⁵ Jeffrey Coors sits on the board of Hillsdale College.

The foundation also pays membership fees to the **Council for National Policy**, where seven Coors family members, including Holly, Jeffrey, Carin and Darden, all “attend meetings or are members,” according to Jerry Sloan. Sloan also claims that the executive director of both family foundations, Linda Tafoya, as well as the directors of many of the foundations’ grantees, are members of the secretive organization.¹⁹⁶ Russ Bellant and Chip Berlet claim that “the Coors family is highly influential in shaping the activities of three organizational pillars of the New Right—the Heritage Foundation, the Free Congress Foundation and the Council for National Policy—that constitute an influential force in Washington, D.C. Involvement with these key groups provides the Coors family with a conservative political base. From this base, the family is connected to prominent activists in other New Right organizations, to groups on the Religious Right, and to allies in governmental agencies and in Congress.”¹⁹⁷

Other conservative policy organizations that have

received considerable funding (i.e., \$100,000 or more between 1995 and 2002) from the Castle Rock Foundation include many of those that receive funding from the other large conservative foundations. Conservative academic institutes and educational organizations funded include the **National Association of Scholars**, the **Intercollegiate Studies Institute** and the **Leadership Institute**. Legal organizations that receive funding include the **Institute for Justice**, the **Federalist Society** and the **Center for Individual Rights** (see above for descriptions).

The foundation also provides financial assistance to the **Mountain States Legal Foundation**, the **Pacific Legal Foundation** and the **Landmark Legal Foundation**, legal organizations that fight to safeguard individual liberties, free enterprise and property rights from government regulation and control. Conservative think tanks and advocacy institutes that receive assistance from the Castle Rock Foundation include the **Center for the Study of Popular Culture**, the **American Enterprise Institute**, **FREE** and the **Pacific Research Institute**.

The foundation also funds the Independence Institute, the Political Economy Research Center, the Institute for American Values and Defenders of Property Rights. The **Independence Institute** “addresses a broad variety of public policy issues from a free-market, pro-freedom perspective”¹⁹⁸ and works to devise private and community-based alternatives to government intervention. The institute publicizes its recommendations in papers and editorials and on television and holds conferences, seminars and forums for policymakers and the public. Jeffrey Coors sits on the board of the Independence Institute. The **Political Economy Research Center** uses free-market rules to address environmental issues. The **Institute for American Values** is “devoted to contributing intellectually to the renewal of marriage and family life and the sources of competence, character and citizenship.”¹⁹⁹ Finally, through litigation, education and legislation, **Defenders of Property Rights** seeks to protect individual property rights from infringement by the government. A number of these organizations have been criticized by environmental and gay rights groups as hostile to their causes. The foundation also funds the **Media Research Center** and the **American Legislative Exchange Council**.

Notes

1. The foundations included The Lynde and Harry Bradley Foundation; the Carthage Foundation; the Earhart Foundation; the Charles G. Koch; David H. Koch and Claude R. Lambe charitable foundations; the Phillip M. McKenna Foundation; the JM Foundation; the John M. Olin Foundation; the Henry Salvatori Foundation; the Sarah Scaife Foundation; and the Smith Richardson Foundation.
2. Greider, William. "The Right's Grand Ambition: Rolling Back the 20th Century." *The Nation*. May 12, 2003.
3. Each year, private foundations are required to report financial data to the IRS, using Form 990-PF. The Henry Salvatori Foundation from the original report is no longer in existence.
4. Charitable nonprofit organizations are not required to disclose to the public the specific foundations, corporations, or individuals providing financial support. They are, however, required to submit a Form 990 to the IRS annually, which provides other financial data.
5. For this project, we collected IRS Form 990-PFs for 1999, 2000, and 2001, as most 2002 forms were not available when the research began. Most of these were obtained from www.guidestar.org. In cases where forms were missing from Guidestar, we wrote to each foundation and requested the year(s) needed.
6. Two of the 79 foundations originally identified are operating foundations, which only made grants to support their own in-house programs.
7. The foundations included The Lynde and Harry Bradley Foundation; the Carthage Foundation; the Earhart Foundation; the Charles G. Koch, David H. Koch and Claude R. Lambe charitable foundations; the Phillip M. McKenna Foundation; the JM Foundation; the John M. Olin Foundation; the Henry Salvatori Foundation; the Sarah Scaife Foundation; and the Smith Richardson Foundation.
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10. Charitable nonprofit organizations are not required to disclose to the public the specific foundations, corporations or individuals providing financial support. They are, however, required to submit a Form 990 to the IRS annually, which provides other financial data.
11. Other identified conservative foundations were DonorsTrust and Donors Capital Fund, both donor advised funds that are dedicated to promoting a free society for "liberty minded" donors. These were not included in the analysis because there are no disclosure requirements for DAFs.
12. For this project, we collected IRS Form 990-PFs for 1999, 2000 and 2001, as most 2002 forms were not available when the research began. Most of these were obtained from www.guidestar.org. In cases where forms were missing from Guidestar, we wrote to each foundation and requested the year(s) needed.
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16. This section on how foundations can influence public policy is heavily drawn from a report by James M. Ferris, "Foundations & Public Policy Making." The Center on Philanthropy and Public Policy, University of Southern California, 2003.
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24. The Foundation Center's statistics are based on a survey of 1,007 larger foundations.

25. **Appendix D** includes profiles of several of the more prominent foundations and an overview of their grantees.
26. The fact that the policy category appears as large as it does is a consequence of research and data limitations. Many of the grants lists that were researched did not give specific details on what the grants were being used for—they simply listed the amount and the recipient organization. Consequently, it was difficult to organize many of the grants into anything besides the general policy category.
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