THE NCRP QUARTERLY / FALL 2005

Responsive Philanthropy

IN THIS EDITION

Domino's Founder Delivers More than Just Pizza

How Tom Monaghan's Philanthropy is Changing Higher Ed

By Jeff Krehely

In 1960, Thomas Monaghan used a $500 loan to purchase a pizza shop in Ypsilanti, Michigan, called DomiNick's, which he soon renamed Domino's. By 1985, Monaghan—who claims he owes all of his success to "stupidity"—was worth several hundred million dollars, as his pizza empire had expanded around the globe. Today, Domino's has 7,000 stores worldwide and annual revenues of about $4 billion.

Monaghan—who was also the owner of the Detroit Tigers from 1983 until 1992—sold most of his ownership in Domino's in 1998, and boosted his personal wealth to nearly $1 billion. A longtime donor to religious causes and organizations, he has used the money from the Domino's sale to become one of the largest funders of nonprofit organizations, political action committees (PACs), and candidates for public office that share a strong devotion to orthodox Catholicism and extreme conservative policy ideals.

Monaghan is currently the

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national committee for responsive philanthropy

Responsive Philanthropy
The quarterly journal of the National Committee for Responsive Philanthropy
2005, Issue No. 4

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Yearly subscription: $25
(free to members)
ISBN: 1065-0008

OPINION

Getting Personal

The Right Kind of Reinvestment in the Gulf Coast

By Rick Cohen

For seven years, I have never written anything on behalf of NCRP for *Responsive Philanthropy* or *Nonprofit Quarterly* or the *Chronicle of Philanthropy* or any other outlet where I used the first person singular. I dislike and avoid the endemic solipsism of many nonprofit sector leaders who view themselves as fonts of wisdom and knowledge because they happen to sit at the helm of national nonprofit trade or what some call "infrastructure" organizations.

Having no delusions about the shadowy craters of knowledge and experience I possess, I nonetheless have been distressed by the instant expertise of people who have waxed eloquently about the needs and proper responses to the Katrina and Rita catastrophes because they happen to get invited to—or lobby to get themselves invited to—meetings where the groups on the ground in the Gulf Coast region are explaining their actual needs and frustrations to spin-deafened ears. Some of these national nonprofit photo ops are as thinly believable as a foray by a construction-work-belt-clad President Bush wielding a hammer at a Habitat for Humanity work site for a couple of press-worthy minutes.

For me, Katrina makes me return to my experiences directing, for two national nonprofit community development intermediaries, substantial nonprofit technical assistance and strategic planning programs with community-based and constituency-led nonprofits around the nation, including in some of the communities of the Gulf Coast. The community-based nonprofit infrastructure of these communities isn't an abstraction viewed through the soft-focus lenses of national nonprofits; it's real and tangible to me because I've worked with community development corporations and nonprofit housing development groups—and their municipal and state government partners—making things happen.

And when I used to do that community development technical assistance work, I would bring my experiences heading a mid-sized city's housing, economic development, and planning operations, where I managed Community Development Block Grants, designed and operated state and federal enterprise zones, financed low-income housing and high-end waterfront office and residential development across the Hudson River from Lower Manhattan, created housing trust funds, opened homeless shelters and transition housing complexes, and used public funds to create the partnerships between city government and nonprofits to do what some of these national infrastructure spokespersons merely talk about because that's what their speechwriters scribble out for them to read.


Rick Cohen.

So when I wade through the torrent of heartfelt and other less-than-sincere sentiments expressed by national nonprofit leaders suffused with concern for the community-based nonprofit sector in the Gulf region, I think of the following:

Most of these experts have never walked the low-income neighborhoods and public housing projects of New Orleans or the Mid-South Delta patch towns of rural Louisiana, Arkansas, and Mississippi and seen the depth of challenges facing the nonprofit sector there prior to Katrina, not to mention how much the hurricane's devastation made conditions so much worse. They haven't stood in what arguably have been candidates for the nation's worst public housing complexes—the Desire Project being a standout—and realized what decades of public sector disinterest and disinvestment wrought in the lives of these families.

The calls of concern from some national players ring a bit hollow when the public and private disinvestment in desperately poor inner city neighborhoods and rural communities was visible and real long before anyone ever detected and named the hurricane called Katrina. While national nonprofits with their legions of speechwriters and public relations firms may be recruiting groups for photo ops and site visits, the local groups in the Lower Ninth Ward and Mid-South Delta towns—and their constituents—have plenty of experience with what it means to be the objects of bus tours during national nonprofit conference site visits, on the radar screen for moments here and there but quickly forgotten when their utility is over.

All too many instant national experts have never really gotten into the details at the city or neighborhood level of making federal program funds work, crafting the intersections for the effective leveraging of federal, state, and local program dollars, reading and understanding the financial pro formas of housing and economic development projects. Lacking much real connection to these dynamics, these national observers may not fully realize what it means to be a local agency official or a community-based nonprofit packaging deals with behemoth corporations and national banks, plus multiple layers of state and federal bureaucracies.

Let's face it: The rebuilding of the Gulf Coast region is a multiyear challenge that makes all previous urban and rural development efforts look minuscule in comparison. Conservatives will ply the region with a potpourri of half-baked program ideas that many of us know from experience aren't loaded with great promise, and their ideological opposites don't seem ready to offer a compelling alternative vision. In all likelihood, the tools at the disposal of local officials and community-based nonprofits will be just as unworkable and marginally effective as in the past, with the big winners as always being the Halliburton-like corporations lining up at federal contract troughs.

The climate has turned against the federal program slashers, with the public showing signs of renewed support for real public investment in the Community Development Block Grants, housing subsidies, and economic development grants that the Bush administration originally targeted for reductions or extinction in its fiscal year 2006 proposals. But having tried to make these programs work at the municipal government level, I think the time has come to demand a new deal for the Gulf Coast.

It's time for public investment that doesn't end up in the coffers of tax-incentivized and contract-laden private corporations, but under the control of community-based, constituency-led nonprofits that truly represent the families and communities victimized by the decades of disinvestment reflected most poignantly in the collapse of the Lake Pontchartrain levees. It's time to demand high-quality, competent government program implementation that doesn't further victimize the community-based organizations and their stakeholders. It's time to demand hard-core accountability through a Gulf Coast reconstruction inspector general with the power to finger the abusers—whether for-profit or nonprofit—and demand repair and restitution, as well as fines, penalties, and, if necessary, incarceration. Gulf Coast profiteers ought to feel the pressure of a potential "perp walk."

More than ever, it's time to reinvest in the community-based nonprofit infrastructure of the Gulf Coast region—urban and rural—so that the reconstruction of the region reflects what ought to be the core democratic principles of our sector. It's time to ditch the national spin and PR and reinvest in the organizations that will make the reconstruction of the region a long-term, sustainable enterprise. That's what I think I know from working in urban and rural neighborhoods, not just studying them or spinning them; that's what I think I know from administering the governmental programs that will be needed in the rebuilding process.

Rick Cohen is executive director of the National Committee for Responsive Philanthropy (NCRP). Since 1976, NCRP has advocated for the philanthropic community to provide nonprofit organizations with essential resources and opportunities to work toward social and economic justice for disadvantaged and disenfranchised populations and communities.

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Executive Compensation: More at the Top

By Omolara Fatiregun and Betsy Williams

As part of its ongoing efforts to encourage transparency and strict accountability for foundations, NCRP has examined the financial compensation that the largest foundations provide to their executives, board members, and employees. Among others things, we reviewed the positions awarded the highest levels of compensation, how compensation is distributed to the top brass and the rest of the staff, and how foundation payroll expenses stack up against grantmaking—in other words, what does a foundation value?

We identified the top 100 foundations by asset size in 2003, as published by the Foundation Center. Using this list, we obtained IRS 990-PF data for the fiscal year ending in 2002 available on www.GuideStar.org.[1] Because of their unique revenue streams and grantmaking strategies, we excluded community foundations from this analysis. Also, because this excludes organizations for which someone with no compensation makes the top five; it does not exclude the two foundations with only four employees. Our foundation sample size is 72 at its lowest, when we include only foundations that compensate at least five individuals. In addition, there were two foundations (J. Seward Johnson, Sr. Charitable Trusts and The Pew Charitable Trusts) we had to exclude for lack of adequate information: their 2002 tax information was not available through the GuideStar database. We were left with a sample of 77 foundations and subsequently focused our research on the compensation and roles of the top five highest-paid people.[2] We dubbed these top earners "executives," though this category includes any of the best-paid management, officers, trustees, and staff. We counted as compensation their salaries, retirement contributions, and all other appraisable benefits and expense account funds.

In this preliminary summary of our research, we offer insight into overall trends in executive compensation, as well as reflect on the glaring reporting and data problems found in the 990-PF form. Additional results will be released in a full report at a later date.

PRELIMINARY FINDINGS

Compensation to top executives varies considerably among large foundations. The highest-paid foundation individual in our sample was paid $1,212,132; one nonprofit foundation split nearly $4 million of compensation among its top five executives. Of the foundations that offer compensation, the lowest compensation to the top-paid individual was the Freeman Foundation's Graeme Freeman, who, as full-time executive director, was paid $127,500. This is about 10 percent of the compensation given to the top-paid individual in the sample, $1,212,132 to Thomas M. Lofton, chairman and director of the Lilly Endowment Inc.

Even more revealing, perhaps, is how

Salaries of Top Five Highest-Paid Individuals as Reported on IRS Form 990-PF, Based on a Sample of 77 Organizations[3]

	Highest Paid	Second Highest	Third Highest	Fourth Highest	Fifth Highest	Top Five	Total Staff
Maximum	$1,212,132	$860,202	$692,507	$619,416	$613,784	$3,998,041	$67,959,653
Average	$440,073	$287,665	$220,358	$192,044	$176,685	$1,209,828	$6,055,793
Median	$352,439	$239,154	$188,529	$159,224	$144,948	$997,368	$2,755,232
Minimum	$12,000	$51,528	$25,000	$132	$30,000	$235,601	$348,878
Standard deviation	$266,060	$166,097	$127,738	$116,519	$108,353	$743,990	$9,642,338

much top foundation executives earn per hour (assuming 40-hour weeks and 52 weeks per year[4]). Thomas Lofton of the Lilly Endowment pulled in an hourly wage of $583 an hour. A retiring executive, Dennis Collins of the Irvine Foundation, got the third-highest compensation in our sample. He was a full-time president, chief executive officer, and director for one month before becoming a part-time transition adviser for the next 11 months of the tax year; assuming he worked 20 hours per week for the final 48 weeks, his compensation translated to an hourly wage of $819.60, or 159 times the federal minimum wage.

In our sample, the total compensation for the top five highest-paid individuals ranged from zero, at organizations that do not pay board members and list no compensated employees (the Hall Family Foundation and the Michael and Susan Dell Foundation), to $3,998,041 at the Lilly Endowment. The median total compensation for the top five individuals was $997,368. Together, the 77 foundations spent $93,156,826 on their top five executives. The middle of the pack[5] executive makes about $210,754 a year.

FOUNDATION ROLES

What do executives do for their money? And which positions get paid the most? Although investment professionals consistently have the highest salaries in our sample, the majority of the highest-paid people are noninvestment professionals (which include executives[6] and management) and board members. As for the top 10 highest-compensated individuals, we found that nine were executives—one was a trustee—and three had investment duties. This predominance of executives parallels what we discovered for all of the top-compensated individuals at foundations—34 percent were solely executives, and 54 percent were both in management and on boards. Program officers, who work directly with some aspect of grantmaking, education, or the foundation's charitable purpose, rarely make it into this top five in terms of salary; when they do, their pay is much lower than executives, management, and board members.

Of the top 10 compensated individuals in our sample, not one was a program officer or had a job title that suggested involvement in running programs or grantmaking. The highest-paid foundation employee who had programmatic duties is ranked 13th overall, earning $692,507 (the Lilly Endowment's third-highest-paid employee), as the vice president for community development. In fact, of the 390 top-paid employees in our sample, only about 25 percent had job titles indicating they did any work with programs, and only four of these were the top-paid employees at their own foundations. The average compensation for program officers in the top five of their organizations is $177,413, not quite two-thirds of the average pay of others in our sample who play another role.[7]

SALARIES ACCORDING TO JOB ROLE, FOR ALL COMPENSATED INDIVIDUALS[8]

To examine more closely how executives in different or multiple roles are compensated, we analyzed all of the salaries in the sample by the kind of job with which they were associated. Some individuals played several different roles at one foundation. The people who play multiple roles earn some of the highest salaries, but it is often unclear whether they are paid primarily for one or all roles.

The highest "noninvestment professional" earners or executives[9] in our sample are typically on the board or in management. Indeed, board members and executives have the highest compensation—each individual for each category earns an average of more than a million dollars. Such sky-high pay is nowhere near routine, but when it does happen, it goes to individuals in those roles.

Executives who play multiple roles at their foundations had the highest maximum and average compensation packages, as well as some of the lowest (including 10 individuals who are not compensated). Occasionally, the compensation for specific roles is apparent from the 990-PFs, but usually the information was not adequate to make this distinction. However, it is still useful to correlate how much individuals are making with the tasks they perform. Even if the position of board member is itself unpaid at a foundation, it can be helpful to know whether those on the board are pulling in large salaries from their other work at the foundation.

Of the 91 individuals who held multiple roles, 82 percent served as a trustee or board member, in addition to at least one other role. The most popular combination, which occurred almost 90 percent of the time among the highest-paid people at each foundation who hold multiple roles (24 out of 27) and 78 percent of the time among top five people playing multiple roles, was noninvestment professional and board member. Compensation in this

Program officers, who work directly with some aspect of grantmaking, education, or the foundation's charitable purpose, rarely make it into this top five in terms of salary; when they do, their pay is much lower than executives, management, and board members.

group spanned nearly a million dollars, from zero to $917,949.

GRANTMAKING AND FOUNDATION EXPENDITURES

In our sample, the value of grants paid was closely linked to a foundation's total expenses. For the typical foundation, 84.8 percent of expenses were grants or gifts to outside organizations, no matter how large their assets.

In contrast, investment expenses and officer and board pay have little relation to the size of the foundation or its annual expenses. Investment expenses of the typical foundation averaged about 5 percent of total expenses, though at the Kimbell Art Foundation, they ran as high as 32.3 percent of total expenses; officer and board member pay was routinely 1 percent of expenses, reaching 8.8 percent at Freedom Forum Inc.[10] The remaining expenses tend to be operating and administrative costs, such as outside professional fees, taxes, rent, and printing and publications.

NAMING NAMES: The 10 Highest-Compensated Individuals at the Largest 77 Foundations (Tax Year 2002)

Foundation executive	Foundation (rank in gross assets)	Executive's total compensation (hourly wage[11])
1. Thomas M. Lofton, chairman and director	Lilly Endowment Inc. (2)	$1,212,132 ($582.76)
2. Steven Schroeder, president	The Robert Wood Johnson Foundation (5)	$1,025,104 ($492.84)
3. Dennis Collins, president, chief executive officer, director, and transition adviser	The James Irvine Foundation (38)	$917,949 ($441.32)[12]
4. Linda Strumpf, vice president and chief investment officer	The Ford Foundation (3)	$884,345 ($425.17)
5. N. Clay Robbins, president and director	Lilly Endowment Inc. (2)	$860,202 ($413.56)
6. Susan V. Berresford, president and trustee	The Ford Foundation (3)	$828,681 ($398.40)
7. Lyn Hutton, vice president and chief financial officer	John D. and Catherine T. MacArthur Foundation (10)	$765,324 ($367.94)
8. William C. Richardson, president and chief executive officer	W.K. Kellogg Foundation (7)	$736,864 ($354.26)
9. Donna J. Dean, treasurer and chief investment officer	Rockefeller Foundation(14)	$728,642 ($350.30)
10. Robert E. Swaney Jr., vice president for investments	Charles Stewart Mott Foundation (19)	$717,060 ($344.74)

LIMITATIONS OF THE 990 DATA: FOOD FOR THOUGHT

Some clear trends have emerged from studying executive pay at America's largest foundations. While we saw that compensation to top executives varies tremendously among large foundations, from the austere to the exorbitant, we also see conspicuous practices strikingly disharmonious with foundations' bottom line missions of grantmaking for the public good, such as rewarding investment officers more than program officers, and compensating board members or upper management more than any other group of employees.

The data collected from current 990-PF forms only scratches the surface. The design of the 990-PF forms actually hinders accurate and efficient collection of foundation activity data, and in this case specifically, compensation data. First, operating and community foundations, as well as some private and corporate foundations, are required to file form 990, not 990-PF. A number of foundations in our sample did not follow this rule. Second, in terms of the reported information itself, we had to limit this study to the top five people at each foundation because the 990-PF asks only for information on the five highest-compensated employees, and all officers and board members. The form provides little information about compensation for other employees, contractors, or contracting firms beyond the five highest-paid that are not listed. Although foundations are required to list employees who earn at least $50,000 a year, foundations are not required to indicate how much above that amount those employees make.

990S & GOVERNMENT OVERSIGHT: THE KEY TO TRANSPARENCY

A radical overhaul of the 990 is needed to reveal important information about foundations for necessary oversight and transparency. Changes need to be made to the form so that the collected data could easily point to potential self-dealing and conflicts of interest among foundation board and staff and consulting firms. Improvement of the 990-PF would mean accurate and complete tracking of numerous compensation, salary, and giving trends in the philanthropic sector. It is also absolutely crucial to ensuring transparency and accountability of the philanthropic sector.

Part and parcel to an overhaul of the 990 is providing sufficient resources to the Internal Revenue Service and state government officials to efficient-

Foundation Compensation to Top Five Earners (Tax Year 2002)

Foundation (rank in gross assets)	Compensation to top five earners	Total staff salary	Percentage of total staff compensation that goes to top five earners
1. Lilly Endowment Inc. (2)	$3,998,041	$9,873,320	40.5
2. The Ford Foundation (3)	$3,470,192	$67,959,663	5.1
3. The Robert Wood Johnson Foundation (5)	$3,018,732	$30,305,397	10
4. John D. and Catherine T. MacArthur Foundation (10)	$2,490,672	$23,074,365	10.8
5. The James Irvine Foundation (38)	$2,299,185	$5,301,880	43.4
6. Charles Stewart Mott Foundation (19)	$2,129,986	$13,512,882	15.8
7. The Commonwealth Fund (85)	$2,102,144	$6,837,538	30.7
8. The William and Flora Hewlett Foundation (8)	$2,097,970	$11,039,354	19
9. Alfred P. Sloan Foundation (30)	$2,064,240	$4,923,529	41.9
10. Carnegie Corporation of New York (22)	$1,999,970	$9,657,221	20.7

ly and consistently enforce proper and accurate filing among foundations. Without sufficient funding, the IRS can do little to nothing about foundations' haphazard compliance in filing the 990s.

NCRP's difficulties in our ongoing research on foundation trustee compensation is clear evidence of the inconsistencies of the 990. As long as the current 990 is in use, and as long as the IRS is not fully funded and is not able to, at minimum, enforce accurate and timely compliance, and at best, investigate and prosecute foundation abuse of their tax-exempt status and any self-dealing, the full extent of foundation behavior remains unseen and open to abuse and excess.

Notes

1. For the purpose of uniformity, we used 2002 990-PF data. Some foundations end their fiscal year in July 2002, others in December 2002. Regardless, many foundations submit their tax forms late. All of these factors slow down GuideStar's process of digitizing and publishing tax data online. Using 2002 990-PFs allowed us to obtain complete information with data all from the same year.
2. Because operating foundations run their own charitable programs and use the bulk of their resources to support these programs, they make few grants to outside organizations. This analysis explores the compensation trends of nonoperating foundations.
3. This excludes organizations for which someone with no compensation makes the top five; it does not exclude the two foundations with only four employees. Our foundation sample size is 72 at its lowest, when we include only foundations that compensate at least five individuals.
4. This produces a conservative estimate of their "hourly wage"; though the 990-PF requires reporting hours worked, reporting is spotty. However, because most of those in our sample noted roughly 40 hours a week (or wrote "full-time," to the contrary of what directions specify), our assumption is reasonable.
5. The median value for all positions in our sample.
6. We are assuming that any financial executive would be categorized as an investment professional.
7. $267,021 is the average pay for positions in the sample, excluding positions which are purely program related. The median compensation for the sample, excluding program officers, is $230,396, while the median pay for program officers is $141,115.
8. Those who earn no compensation are counted in the bottom row, but their numbers are excluded from the calculations of averages, medians, and minima. It would be inappropriate to include those zero values in the calculations, since only unusual circumstances put these volunteers on a list of highly paid foundation executives. This chart also excludes the banks and management companies that the Walton Foundation, the Kate B. Reynolds Charitable Trust, the J. Bulow Campbell Foundation, and the McCune Family Foundation list, since those are not individuals.
9. We are assuming here that any financial executive would be categorized as an investment professional.
10. Calculated with the sample means of Form 990 Line 24b (investment expenses), Line 13 (compensation to officers, directors, trustees, etc.), and Line 26 (total expenses).
11. Based on 40 hours a week, 52 weeks a year.
12. Collins headed the Irvine Foundation for one month, full time, and then served as the part-time transition adviser for 11 months of the tax year, as part of a severance plan. Assuming he worked 20 hours per week for 48 weeks in his adviser role, Collins earned $819.60 an hour throughout the year.

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The Arts Angle in Social Justice Grantmaking

Results-Oriented Foundation World Takes on the Challenge and Unpredictability of Art's Creativity and Innovation

By Heidi K. Rettig

WALKING TALL IN MIAMI: A CASE STUDY OF ART AS COMMUNITY EMPOWERMENT

The Walking Tall Circus in Miami isn't just an ordinary circus. As part of its community outreach initiative, the Miami Performing Arts Center gathers more than 100 children from numerous Miami neighborhoods to rehearse for eight weeks and produce the circus.

Using physical theater and folk traditions like storytelling, puppetry, circus arts and public spectacle as a means to "change the world," Wise Fool partners with the Miami Performing Arts Center and local clinics and social service organizations on Walking Tall Circus, a physical theater program for children attending after-school programs at community centers in some of Miami's poorest neighborhoods. For the past three years, the partners, led by the center, have squeezed their limited budgets to pay for Walking Tall Circus. "Even though it was a challenge for the partners to piece the resources together, it was worth it," says Kim Walsh, recreation superintendent at North Miami Parks and Recreation. "Circus develops aerobic capacity and agility. After eight weeks … in Walking Tall, the kids notice that their bodies are stronger, and this is a big boost to their self-esteem," says Justin Macdonnell, artistic director of Miami Performing Arts Center. "But the best thing they get out of it is an 'I can' feeling. So many of them feel defeated by their family's economic status; this program gives them the opportunity to really blow the top off the expectations that many of these kids have set for themselves."

NCRP defines social justice philanthropy as "grantmaking that attempts to create a more equitable distribution of social, economic, and political power—to truly reform society's institutions so that they are better able to meet existing needs, and eliminate or at least reduce reliance on short-term and emergency service provisioning or representation."[1] Though arts-based social justice projects like Walking Tall often produce professional quality visual or performance material, more often than not they survive only as "labors of love" with a minimum amount of support from private philanthropy. Historically, arts-based social justice projects have been the work of smaller community-based organizations, many of which have a cultural heritage focus or serve minority populations. While projects like the Walking Tall Circus struggle to survive, there is evidence of a steady increase in foundation support for arts and culture program activities with social justice outcomes. More private philanthropies are now focusing grant guidelines to heighten the impact of investments in arts and culture programs—a trend most often observed among large, independent foundations with significant assets. Foundation Center data indicates that the number of organizations receiving grant money for social justice-related projects[2] grew about 31 percent between 1998 and 2002.

KNIGHT & CUMMINGS: A COMMITMENT TO SOCIAL JUSTICE ARTS FUNDING

The Foundation Center's *Social Justice Grantmaking* report suggests that now, more than ever, major funders are extending support to community-based arts and culture organizations with deep neighborhood-level connections. The John S. and James L. Knight Foundation has always been a major funder of arts, culture, and media, but a new strategic plan encouraged the foundation to seek new connections between the arts and priority outcomes in other program areas. Through the Community Partners Program, Knight aims to improve the quality of life in 26 U.S. communities where the Knight brothers owned newspapers by establishing community advisory committees to advise program officers of local priorities and needs. The local committees also help Knight develop a set of tightly focused desired outcomes for multiyear community investment plans.

Knight's community advisory committee in

Miami makes grants in two of the city's economically depressed neighborhoods: East Little Havana and Overtown. The foundation's five-year community investment plan seeks increased community development and civic engagement in both neighborhoods. Suzette L. Harvey, community liaison program officer for the Knight Foundation says, "Knight Foundation wanted to increase participation of neighborhood residents in East Little Havana and build the capacity of local nonprofits to engage residents in meaningful community improvement activities. Many of the families living in the area are recent immigrants who may not know of services and programs that are available to them for low or no cost." In 2002, Knight made a grant to the Rafael Peñalver Clinic in East Little Havana to support three community art fairs (The Clinic is also a partner of the Walking Tall Circus program). Through its distinctive service model, "*The Arts, Your Health, and You*," implemented in 1999, the clinic seeks to connect residents of Little Havana to free or affordable health care and social services, as well as family-friendly cultural programs offered at the clinic. It was an instant success in a community that needed affordable medical services and craved affordable artistic activities suited to its cultural diversity. Each fair uses the arts to build awareness of health concerns of the community and also offers performances and visual arts exhibits by professional artists. Average attendance at the fairs is 1,200, composed mainly of families. "We think participation in the arts is an important part of a healthy lifestyle," says Sergio Fiallo, executive director of the clinic, "and we want to integrate arts experiences into the lives of working people. At the same time, we try to connect them to the clinic and encourage them to use the free or low-cost health care services at our site."

Harvey says that the Knight Foundation knew that the Rafael Peñalver Clinic has a strong connection to the neighborhood, and the arts were an integral part of that connection. "We saw the grant not only as a way to encourage access to services that led to positive health outcomes for individuals, but as a potential catalyst for community engagement," says Harvey. "The clinic's art fairs are an invitation to families to participate in a positive community event, bringing new residents into the conversation about the social, civic and cultural issues critical to East Little Havana."

In 2001, the Nathan Cummings Foundation expanded its grantmaking guidelines to include arts and social justice. The foundation, which has always been a strong advocate for small and midsized arts institutions that are culturally specific and community based, now funds four types of organizations under the new arts and social justice guidelines: universities that have community-based art programs that train artists to work with and be accountable to the communities they serve; membership organizations or service organizations that regrant to individual artists engaged in community-based work; arts groups with a long history of community-based work; and social justice organizations that work with artists to distribute a message. The program also includes policy practitioners that engage constituents on the ground. Claudine Brown, arts director for the foundation says, "We support policy practitioners who talk to the constituents. We really are not interested in supporting policy think tanks where the really smart people talk to each other. We are interested in think tanks that are developing case studies and confer with those who are on the ground doing the work. The theory and practice must be connected."[3]

THE CONUNDRUM OF GRANTS GUIDELINES IN THE ART WORLD

While Knight Foundation and Nathan Cummings have grasped the connections between the arts and social justice and community empowerment , there still remains the challenge of remedying inherent gaps and disconnects among foundations and arts nonprofits.

According to the Urban Institute, about 70 percent of large foundations participating in a recent study reported that it was "very impor-

"We saw the grant not only as a way to encourage access to services that led to positive health outcomes for individuals, but as a potential catalyst for community engagement."

—Suzette Harvey of the Knight Foundation, on a grant made to the Rafael Peñalver Clinic for three community art fairs

These aerial acrobats from the Dr. Rafael A. Peñalver Clinic in Little Havana spent five weeks learning their craft in preparation for this trapeze performance during the Walking Tall Circus.

Photo Courtesy of Miami Performing Arts Center.

tant" for the foundation to establish focused and limited grantmaking areas. About half said that the presence of measurable outcomes was a "very important criterion" in grantmaking decisions.[4] How do "focused and limited grantmaking areas" affect the funding stream going to arts organizations?

Residual Funding Gaps

Arts organizations say that as foundations become more strategic in their grantmaking, specific gaps in support deepen or emerge. Funds available for general operating support, grants to individual artists and support for the creation of new work are three such areas, and all are considered critical for maintaining and renewing a vibrant cultural sector.

Tunnel Vision

A key concern is that grantmaking guidelines limit foundation flexibility to act beyond the priorities stated by the donor or executive staff and that this approach will lead to "tunnel vision" in grantmaking, distancing the foundation from the needs of arts nonprofits. Artists also believe that the resulting administrative process prevents program officers from connecting to and understanding the quality and content of proposed programs. "Filling out an online grant application can never be a proper relationship between an artist and foundation," asserts Justin Macdonnell, artistic director at the Miami Performing Arts Center. "The performing arts are social activities; they mean the most in a social context—in front of a live audience. When you reduce them to a piece of paper or electronic form, you compromise some of the most important elements of the work. There is a real maturity when you can come face-to-face in a conversation with an artist," says Macdonnell, "to learn about how they conceived of their idea and then give them honest feedback about their work samples—there is no better way for funders to find out what artists really do." Peggy Amsterdam, president of the Greater Philadelphia Cultural Alliance, argues that nonprofits also have a responsibility to meet funders halfway: "To be fair, we must agree that grantees have a serious responsibility. They need to think more broadly about how specific grants will impact their organization and prepare grant applications that include realistic budgets and thoughtful program plans."

Students of the Walking Tall program from North Miami Parks and Recreation perform on stilts in the Walking Tall Circus. The Miami Performing Arts Center partners with the community on Walking Tall Circus, a physical theater program for children attending after-school programs at community centers in some of Miami's poorest neighborhoods.

Photo Courtesy of Miami Performing Arts Center.

Arts and cultural organizations recognize the importance and potential value of evaluation for more tangible outcomes, but wish they had the resources to develop plans designed to include more meaningful qualitative measurements that track the creative *process* rather than just focusing on the end *product*. Many artists feel that the elements of surprise and chance during the creative process will lead to their best work. For artists, this is the critical difference between the arts and health or social welfare projects directed at the same goals. In the classroom, a teaching artist's interactions with students will often steer projects in unanticipated directions. "Some of the most rewarding experiences I've had in the classroom grew out of ideas that children brought into the art studio," says Debra Tomson, a visual artist based in Pittsburgh. "Those are the positive outcomes worth noting and the outcomes most difficult to predict."

Occasionally, narrowly focused grant guidelines may not even be able to connect the foundation to the board's desired outcomes. The kinds of arts activities supported through program grants may not lead to intended benefits for targeted populations. Ruby Lerner, executive director of Creative Capital, went to a large foundation on behalf of an artist who had written a fictional screenplay about young women of color. Creative Capital is a New York City-based nonprofit that supports innovative work in the performing and visual arts, film and video, and emerging fields. "I knew that the foundation was interested in reaching youth and that the resulting film would speak to young people in a unique and powerful way," says Lerner, "but the funder declined the application, noting that they only supported documentaries." Foundations can make arts and culture grants without compromising the impact of the program, but not unless they clearly understand the needs of their target population. "Is a nonfiction documentary the best way to engage the attention of teenagers?" says Lerner.

Though arts program officers are almost always advocates for a diverse range of work, it remains a challenge to communicate the more ambiguous outcomes of arts and cultural programs to conservative boards. Lerner adds, "If you have a foundation supporting social justice in the community, how can the program officer articulate anticipated outcomes of an artist's piece without compromising the creativity of their work? Program officers face this dilemma every day," says Lerner. "They wind up stretching grantees into pretzels trying to make it work or are forced to disregard imaginative projects that are just too difficult to sell."

Program Support Versus Core Operating Support

General operating support gives nonprofits flexibility to deliver programs effectively and respond to change. Most foundations do not support administrative costs or overhead, which leaves organizations of all sizes scrambling to cover the costs of rent, salaries, and employee benefits. "The pressure to make ends meet has backed some larger institutions into the corner," says Beth Boone, artistic director of the Miami Light Project. "I have heard about organizations that create new programs just to get grant money to survive. You need to be nimble and creative to grow with the times," she says, "but changing core programming to continue to receive funding from an entity that has clearly changed direction is unwise. It also dilutes the quality of arts and cultural programs that are truly issue or community-based."

Funding an Individual Artist

Individual artists are often the catalyst behind new ideas—experimenting with forms and materials, developing concepts, and forming collaborations that build networks of creative innovation. They also may work in ways that are vastly different from creatives working within formal institutions. Because most private foundations do not make grants to individuals, awards are heavily weighted toward projects that encourage collaboration with a 501(c)3 arts organization. While these collaborations can be rich and productive, they are most effective when they arise out of organic creative needs rather than financial pressures. "There is an issue of equity here, and funders should balance their support between artists and organizations," says Macdonnell. "Individual artists shouldn't be left out of the funding stream because they don't have access to organizational resources like grant writers, public relations experts, and accountants."

Funding New Work

New and controversial ideas have driven the success of the commercial entertainment industry in the United States. Hollywood isn't afraid of controversy, and networks are constantly challenging popular assumptions and making those ideas broadly accessible to the general public through the media. Similarly, the creation of new work is critical to the ongoing renewal of the arts sector, but it is rather difficult for nonprofits to leverage support for this kind of work. In its most recent Arts Funding Update, the Foundation Center reports that just one-tenth of grants reported in the sample were for the creation of new work. The long-term future of arts nonprofits is dependent on engaging new audiences. Nonprofit arts and culture organizations need some financial flexibility to experiment without being tethered to exhaustive social outcomes. "Many of the large foundations like Rockefeller and Carnegie were started by visionary, innovative leaders who didn't always do what was popular," says the Miami Light Project's

Resources

Creative Capital www.creative-capital.org

John S. and James L. Knight Foundation
www.knightfdn.org

Miami Performing Arts Center
www.miamipac.org

Nathan Cummings Foundation
www.nathancummings.org

Rafael Penalver Clinic
www.um-jmh.org/body.cfm?id=102

Urban Institute: www.urban.org

Wise Fool: www.wisefoolnm.org

Boone. "We shouldn't be afraid to embrace what artists have to say." Not all new ventures will be popular or commercially successful, but artists argue that there is a great deal of learning in the creative process retained within the organization.

CONCLUSION

In spite of the many challenges, most arts organizations believe that shifts in funding priorities have been very positive for organizations whose mission extends beyond "art for art's sake." Historically, issue-based projects have been the work of community-based arts, ethnic and cultural heritage organizations operating on shoestring budgets with few paid staff. Private philanthropy's growing interest in supporting social justice initiatives means that these organizations are seeing greater support. As foundations extend funding initiatives beyond the symphony, opera, and ballet, the pool of grantees has diversified to include more organizations with a minority-ethnic or cultural heritage focus. "There is room for everyone at the table," says Ruby Lerner, executive director of Creative Capital. "These organizations do important work and haven't always gotten the recognition they deserve. Artists who make work that is socially engaged can be influenced by those who work in more 'traditional' fields of practice and vice versa. The movement between public community-based art and more traditional art forms has greatly enhanced the cultural community."

Notes

1. *Social Justice Philanthropy: The Latest Trend or a Lasting Lens in Grantmaking?*, NCRP, April 2005.
2. *Social Justice Grantmaking: A Report on Foundation Trends*, Independent Sector and The Foundation Center, 2005. Page 2.
3. Ibid.
4. Attitudes and Practices Concerning Effective Philanthropy, Francie Ostrower, Ph.D., Urban Institute: 2004.

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Monaghan's Philanthropy Encompasses Education, Law, Politics

"Domino's Founder Delivers More than Just Pizza" continued from page 1

president of the Ave Maria Foundation, which he established in 1983 with earnings from his pizza chain. The foundation—according to its 2003 IRS tax filing, the most recent one available—currently has assets of nearly $180 million, giving away about $42 million in grants in 2003. According to its Web site, the foundation has the rather banal mission to "support a variety of organizations which bring Catholic life and culture to the world."

Monaghan, however, is rather selective about which parts of Catholicism he brings to the world. For the most part, his money supports organizations that are anti-choice, anti-gay, and generally exclusionary.

More than half of his foundation's 2003 grantmaking ($24 million) was given to two institutions of higher education, the Ave Maria School of Law and Ave Maria University, both of which were in Michigan at the time the grants were made. Monaghan founded these schools in the late 1990s as an alternative to mainstream Catholic colleges and universities, which he believed had lost their orthodox Catholic focus. The law school's faculty includes failed Supreme Court nominee Robert Bork, and has hosted current Supreme Court justices Antonin Scalia and Clarence Thomas as guest speakers.

Establishing a strict Catholic university is not enough for Monaghan, however. Ave Maria University was recently relocated from Michigan to the Naples, Florida, area. Monaghan's goal: to build a gated Catholic community around the campus.

A story on Monaghan in the June 17, 2005, edition of the *Boston Phoenix* by Adam Reilly detailed his development plans: "We're going to control all the commercial real estate, so there's not going to be any pornography sold in this town. We're controlling the cable system. The pharmacies are not going to be able to sell condoms or dispense contraceptives."

Father Joseph Fessio is currently Ave Maria University's provost—Reilly refers to him as the "spiritual DNA" of Ave Maria (the town and university). Fessio is reportedly a close associate of newly elected Pope Benedict XVI, and has a rather selective view of Catholicism. In Reilly's interview, Fessio explains that Catholics need to adopt a political ideology that is strictly anti-Democratic, given the party's supposed true-blue support of abortion rights and gay marriage. When Reilly suggested to Fessio during the interview that Republicans tend to do less for the poor than Democrats do—even though helping the poor is a key part of Catholic doctrine—Fessio responded that, unlike abortion or gay marriage, "These are things which the Catholic Church can accept different points of view on."

Another of Monaghan's "charitable" endeavors is the Thomas More Law Center, which he established in 1999. According to its Web site, the Thomas More Law Center "is a not-for-profit public interest law firm dedicated to the defense and promotion of the religious freedom of Christians, time-honored family values, and the sanctity of human life. Our purpose is to be the sword and shield for people of faith, providing legal representation without charge to defend and protect Christians and their religious beliefs in the public square."

According to the organization's IRS documents, Monaghan's foundation is its biggest source of financial support, providing nearly $4.4 million from 2000 through 2003. The center's advisory board includes Bowie Kuhn (the former commissioner of Major League Baseball), Senator Rick Santorum (R-Penn.), and Alan Keyes, who recently disowned his daughter when she told him that she is a lesbian.

In 2002, Monaghan forced an anti-gay ballot initiative on the residents of Ypsilanti, Michigan—even though he wasn't a resident of the town. In 1998, the town passed a nondiscrimination ordinance that protected people based on a variety of characteristics, including religion, age, race, and sexual orientation. The ballot initiative that Monaghan funded—through a front group called Ypsilanti Citizens Voting Yes for Equal Rights Not Special Rights—would have removed the protections related to sexual orientation, but would have left the other provisions in place.

"… American Prospect on hard-right religious colleges and universities, concluded that students are taught to live out a 'Christ-centered' existence… but actually learn to become Republicans."

To their credit, the voters of Ypsilanti defeated Monaghan's attempt at furthering his own political agenda.

Although most of his philanthropy has a decidedly political edge, Monaghan also devotes a substantial amount of his wealth to direct political causes. In 2004, he launched the Ave Maria List, a PAC established to counter the pro-choice (and often pro-Democratic) EMILY's List. Through this PAC, Monaghan is credited with lending considerable support to the successful effort to defeat Senate Minority Leader Tom Daschle in his reelection campaign in South Dakota in 2004. Granted, Daschle's own convoluted stances on policy issues (and not just abortion and reproductive choice, which is what Monaghan targeted) were possibly among the biggest reasons for his political demise, but Monaghan's money certainly helped.

According to filings with the Federal Election Commission (available at www.politicalmoneyline.com), in the 2002 and 2004 election cycles, and so far in the 2006 cycle, Monaghan has contributed approximately $210,000 to candidates for public office (including Santorum, Florida Representative Katherine Harris, and Florida Senator Mel Martinez) and various leadership PACs. Based on the records reviewed, all of his political giving was to Republican candidates and PACs.

Monaghan's Ave Maria University isn't the only prospective college that students can attend if they want a lesson in conservative politics disguised as religious devotion—and he's hardly the only philanthropist providing substantial support to these kinds of institutions.

When *U.S. News and World Report* recently released its annual rankings of "America's Best Colleges—2006," the Council for Christian Colleges and Universities (CCCU), an umbrella group that represents evangelical and fundamentalist colleges and universities, boasted that almost every one of its 105 members in North America was on the list. Many of its members were also singled out for specialized rankings, including racial diversity, undergraduate research/creative projects, service learning, study abroad programs, and least student debt. Twelve of its members were on the list of schools that provided the best overall value for students.

The mission of CCCU is "to advance the cause of Christ-centered higher education and to help our institutions transform lives by faithfully relating scholarship and service to biblical truth." Not surprisingly, most of its members have a statement of faith posted on their Web sites or admission materials, which—among other things—states that the Bible is an infallible source of truth and that learning should be based on it.

Grantmaking foundations provide substantial support to these institutions of higher learning, with approximately 130 funders awarding them nearly $30 million in 2003. Most of this money came from relatively small independent family foundations—some of which have alumni connections to the schools. Close to $1.5 million comes from community foundations, which could reflect giving from alumni who have donor-advised funds established at the community foundations. Somewhat surprisingly—considering the fundamentalist religious approach of most of these colleges—a diverse group of corporate funders awarded these schools approximately $1 million in 2003.

These colleges and universities also almost always require their students to conform to strict codes of conduct that usually forbid the consumption of alcohol, tobacco, or other drugs, as well as partaking in any kind of sexual activity, unless it is between a married heterosexual couple. Many of the schools also explicitly denounce homosexual activity, and a few denounce gay, lesbian, bisexual, or transgendered people themselves.

One school—Messiah College, in Pennsylvania—even posts on its Web site a "Homosexuals Anonymous" program, complete with 12 steps that will help homosexuals find relief from their supposed disorder. The Verizon Foundation gave Messiah a $16,000 grant in 2003, while three independent family foundations gave the school grants totaling $54,000 that year.

The Proctor and Gamble Fund, along with the Communities Foundation of Texas and two independent foundations, provided support to Asbury College in Kentucky, which also seems to have an anti-gay sentiment running through its campus community. For example, the campus newspaper at Asbury recently ran an editorial that stated, "Scientific research suggests that genetics may lead to or cause one's sexuality. However, as Christians, we cannot put limits on what God can do. The same God who parted the Red Sea and toppled the walls of Jericho can certainly deliver people from homosexuality." All told, Asbury received nearly $350,000 from foundations in 2003.

Homophobia is also alive and well at Milligan College, in Tennessee, which received nearly $500,000 in foundation grants in 2003. Bertram Allen, the chairperson of the school's social learning department and a professor of psychology, recently stated to a reporter from the college's newspaper, "Yes, [gays and lesbians would be welcomed on campus] as long as we don't know they are gay or lesbian."

Homophobia appears even more elevated at the Oklahoma Christian University of Science and Art, which in 2003 received a grant from the Bank of America Foundation. The school's handbook—available online—states the following (all grammatical errors are *sic*):

> "Oklahoma Christian University believes the Bible and believes that the Bible does not recognize homosexual lifestyles as an acceptable human behavior. For this reason the University does not tolerate activities and promotion of homosexual lifestyles on campus or at University sponsored events. If a student is found to be advocating or practicing homosexual lifestyles or activities they will be required to attend professional counseling or be removed from the University. The violation of this policy and refusal to participate in counseling will be cause for immediate dismissal for the University."

It is not clear, however, what constitutes homosexual activity or advocating a homosexual lifestyle. Perhaps next year's issue of the handbook will provide some clarity (as well as be shown to someone with basic grammatical skills before printing). The university might also want to review the American Psychological Association's "Resolution on Appropriate Therapeutic Responses to Sexual Orientation" (which is also endorsed by the National Association of School Psychologists). The resolution states: "The American Psychological Association opposes portrayals of lesbian, gay, and bisexual youth and adults as mentally ill due to their sexual orientation and supports the dissemination of accurate information about sexual orientation and mental health, and appropriate interventions in order to counteract bias that is based in ignorance or unfounded beliefs about sexual orientation."

Other corporate funders giving to CCCU's members include the Dow Chemical Company Foundation, the Bank One Foundation, the Shell Oil Company Foundation, The 3M Foundation, the Eastman Kodak Charitable Trust, the Daimler Chrysler Corporation Fund, and the Wells Fargo Foundation.

Christopher Hayes, in a recent in-depth report in *American Prospect* on hard-right religious colleges and universities, concluded that students at these institutions of higher learning are *taught* to live out a "Christ-centered" existence in their lives, but actually *learn* to become Republicans. The close ties between Thomas Monaghan's political and charitable goals, and the views on homosexuality of several members of CCCU (as well as those on abortion, gay marriage, and poverty expressed by Ave Maria's Fessio), lend substantial support to Hayes' theory.

These close ties should serve as a wake-up call to some of the nation's corporate philanthropists, which at the very least need to better vet the organizations to which they donate. For example, the Verizon Foundation's grant to Messiah College—whose Web site advertises a Homosexuals Anonymous program—might conflict with its policy of not giving to organizations that discriminate on a wide variety of characteristics, including sexual orientation. The Bank of America Foundation claims that it doesn't give to religious organizations that have a sectarian purpose, yet it gave money to the Oklahoma Christian University of Science and Art, whose student handbook denounces gay people based on supposed biblical truths.

Finally, perhaps next year's edition of *U.S. News and World Report*'s college rankings could take into account schools' culture as well as curricula. Schools that do not encourage open minds, and that shun independent thought and expression, should not rank among America's best colleges and universities.

Jeff Krehely is deputy director of NCRP.

new from ncrp

The Waltons and Wal-Mart:
Self-Interested Philanthropy (Sept. 2005)

NCRP's examination of conservative grantmaking continues in this report profiling the Waltons' and Wal-Mart Corporation's philanthropy. Upon closer examination of the Walton Family Foundation and the Wal-Mart Foundation, this report reveals more than just charitable intentions, as well as an increasing involvement in public policy.

Not All Grants are Created Equal:
Why Nonprofits Need General Operating Support from Foundation (Sept. 2005)

Not All Grants are Created Equal further explores the debate about foundations providing project support versus general operating support. The report examines operating support grant trends among conservative and mainstream foundations, and different types of nonprofits.

A Call for Mission-Based Investing By America's Private Foundations (Sept. 2005)

A Call for Mission-Based Investing By America's Private Foundations presents an argument for a different kind of foundation investment strategy. The report calls for foundations to be more creative in their investments and advocates for increased support for mission-related ventures of nonprofits and a benchmark of 5 percent of foundation assets to mission-related investing.

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