

The Economic Crisis: It's Going to Demand More than Grantmaking

By Emmett D. Carson, Ph.D.

It is in times of crisis that we demonstrate what matters to us.

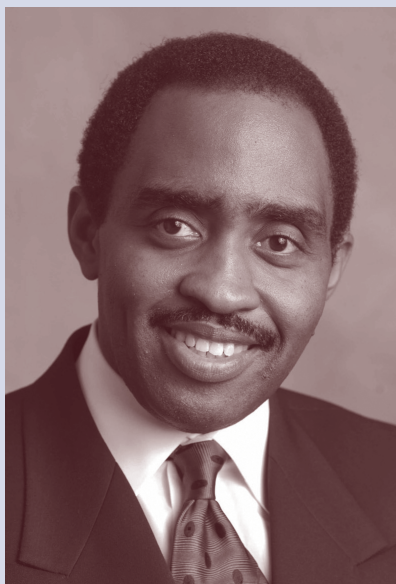
Today, our country and our communities are facing one of the most significant economic crises since the Great Depression, one that is having a profound effect on nonprofit groups that provide a safety net for those with the least wealth and opportunity.

Hundreds of families have lost their homes in the foreclosure crisis. Unemployment in California is rising to levels not seen in more than a decade. And nonprofit providers are seeing a dramatic jump in the demand for food, shelter and other services.

As a community foundation, we have some advantages in responding quickly to this crisis.

We have access to real-time information from grantees, donors, trustees and the public about changing circumstances in our region. We can engage donors and others to support unexpected emergencies, such as the difficulties that nonprofits are facing in this environment. Finally, we can use convening and our public voice to bring attention to issues and help identify solutions.

Silicon Valley Community Foundation used all of these tools to develop and implement our new grantmaking strategies, which positioned us to begin to address some of the underlying causes contributing to the economic crisis.



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Those strategies, which were announced in September 2008, grew out of a thorough review of local data and the many existing assessments of the region's needs. A key component of our process was a series of community conversations in which hundreds of nonprofit and government officials, academics, grantees, donors and funders offered ideas and suggestions.

Based on the feedback we received, our board of directors selected five strategies: economic security, immigration integration, closing the middle school achievement gap in math, regional planning and a community opportunity fund, which currently is focused on helping

food and shelter providers who are struggling to meet the growing demand for their services.

These strategies, particularly immigrant integration, economic security and the new community opportunity fund, positioned us to begin working immediately on the challenges caused by the current economic downturn.

Our immigration integration strategy focuses on strengthening the legal services infrastructure for immigrants, supporting effective adult English language acquisition and bridging the cultural gap between immigrants and their receiving communities. *(continued on page 14)*

IN THIS EDITION

| | |
|--|----|
| The Economic Crisis: It's Going to Demand More than Grantmaking | 1 |
| Nonprofits Extend a Hand to Foundations | 2 |
| Grantmaking for Community Impact Project in New Mexico | 7 |
| Project Streamline's Charge: Changing the Grantmaking Status Quo | 11 |

Grantmaking During an Economic Crisis

(continued from page 1)

Like many parts of the nation, Silicon Valley has experienced rapid demographic change in the past decade. More than one third of our residents are immigrants and nearly half of our work force is foreign-born. The immigrants who come to our region arrive with the potential to contribute, but for many, the lack of English competency and legal status prevents them from using their skills and talents fully. In our region, the integration of immigrants is vital to our continued economic success.

In the area of economic security, our strategy focuses on building financial literacy and assets, preventing foreclosure and promoting policy advocacy that combats predatory lending.

During the past 10 years, an increasingly complex financial landscape of exotic home mortgages and proliferating credit and savings products has led to confusion among consumers and poor financial decision-making. While we have not been hit by the foreclosure crisis as hard as some regions, hundreds of families—many in communities of color—have lost their homes.

In addition, 20 percent of the residents in our region earn less than \$35,000 a year. One in five is asset poor, which means they do not have access to a three-month cash reserve for unexpected emergencies, such as a lay-off.

These statistics led us to recognize that families on the edge have few opportunities and little understanding of how to build wealth. They have limited access to legitimate financial services and little recourse but to rely on predatory lenders.

By supporting programs that combine financial education with asset-building, we hope to help mitigate the effects of the economic downturn and lay a stronger foundation for economic resilience.

Finally, our community opportunity fund will provide \$1 million in grants by the end of 2008 to nonprofit organizations that provide the most basic of needs: food and shelter. When the crisis deepened, we announced a community-wide challenge grant. We pledged to match, dollar for dollar, all donations made by the end of the year up to \$1 million. As a result, we will award at least \$3 million in safety net grants in 2008.

Many have asked us: How is it that the community foun-

ation was so prescient in the areas that were selected, especially with regard to immigrant integration, economic security and safety net issues? The short answer is that we asked and, more importantly, we listened to the community.

During the nine community conversations that we had prior to announcing our new strategies, hundreds of people offered ideas on both new and existing approaches. Like the proverbial canaries in the coal mine, these participants told us from multiple perspectives that the economy was getting progressively worse. Many were united

Each of us has an obligation to consider whether, and how, to respond to this crisis, looking first to our underlying missions to determine what, if any, action we should take.

in their belief that strengthening the region's social safety net was critical.

In August 2008, before our grantmaking strategies were unveiled, we convened a meeting of roughly 30 nonprofit leaders. With great passion and heartache, they told us about the challenges they were facing. We knew that the situation was grave. But by the end of the day, we realized just how grave. We were stunned by the magnitude of what we heard.

This economic downturn, they told us, was different and deeper than the dot.com bust that our region experienced just nine years ago. These nonprofit leaders were seeing different types of clients: more seniors, more veterans and most troubling of all, former food bank donors who now were returning to seek assistance.

Job losses and the foreclosure crisis had caused a dramatic increase in demand for services. Even worse, that demand was coming as nonprofits faced economic pressures of their own: spikes in prices for gas and food, significant declines in government support and one of the most challenging fundraising climates in recent memory.

That day, these leaders asked the community foundation to be their public advocate, to help them tell their stories.

To honor that request, we have employed a variety of strategies:

- > We have committed to making up to \$3 million in grants to food and shelter providers.
- > We are engaged actively in raising money to meet the safety net challenge we have issued.

- > We have taken the case to the community at large as well as our own donors, who have contributed generously to the safety net fund while also giving nearly \$1 million more to safety net groups from donor-advised funds since mid-October.
- > We have helped tell the story of this crisis—on our web site, in interviews with the media and at our Regional Meeting, which was attended by hundreds of donors, interested citizens, partners and community leaders.

For us, all of this work is in line with the mission of the Silicon Valley Community Foundation, which is to strengthen the common good, improve the quality of life and address the most challenging problems in our region. There is little debate that the economic downturn is one of the most challenging problems for our region.

But helping nonprofit organizations during times of crisis is a critical part of philanthropy as a whole, not just for community foundations. Without a strong safety net, communities are at risk. Children who have no food cannot learn in school and develop the skills they need to enter college and obtain jobs. Families with no shelter are at greater risk for illness, breakup and stress. All of us are entitled to these most basic of needs.

Under normal circumstances, a foundation’s vision and mission should not be subject to change. The benefit of an endowment is that it allows a foundation to pursue its mission regardless of the economic climate or prevailing attitudes. However, a foundation’s strategies and tactics for achieving its mission should undergo frequent

lying missions to determine what, if any, action we should take.

Unfortunately, this is a crisis that cannot be solved by foundation grantmaking alone. Its roots are too deep and the needs it is creating are too vast. Instead, we must examine whether the system itself has broken down. If so, we must make a new commitment to advocate for change and consider public policy engagement to ensure that those who provide effective safety net services can continue to meet the rising demands they are facing.

Public policy engagement can be a useful addition to the tools a foundation uses when it is working to improve community. There is a widespread perception that public policy engagement requires political partisanship and lobbying. It does not. Public policy engagement can involve research and convening, tools that many foundations already use, as well as advocacy and lobbying.

At its core, public policy can correct injustices rather than merely treat their symptoms.

Is there another way to ensure a more stable source of funding for the essential social programs of effective safety net providers? What role should government play? And shouldn’t foundations with change-oriented missions examine tools that might allow them to work more effectively to resolve the underlying causes of poverty and injustice?

In December, the Silicon Valley Community Foundation hosted a food and shelter summit for CEOs and board members. Our goal in bringing leaders of these safety net organizations together was to start a collective discussion about the best way to frame the current crisis for the broad-

er public, to begin planning how to get in front of a state budget process that is likely to negatively impact safety net services further, and to explore interest in a shared public policy and advocacy agenda.

A summit is only a beginning. We do not have all the answers yet. But in the months ahead, we hope to find them, as we have in the past: by working with the community we serve, by listening and by using all the tools that we have available to achieve the promise of our mission. ■

Emmett Carson, Ph.D., is president and CEO of the Silicon Valley Community Foundation.

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review based on changing circumstances, evaluation of results and best practices.

The economic crisis clearly qualifies as a changing circumstance. It should compel every foundation to examine its current strategies and, in rare cases, lead some foundations to reconsider their missions.

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