

# **ASSISTING COMMUNITY FOUNDATIONS: RECOMMENDATIONS FOR FUNDERS**

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## ***Introduction***

*Michigan has been intentional about growing community foundations since the late 1980's. Local efforts have been supported by the Council of Michigan Foundations with funding from the W.K. Kellogg Foundation. FERA (Formative Evaluation Research Associates), an independent evaluation group, has documented growth, identified supports and obstacles, and developed lessons learned across multiple statewide initiatives designed to support community foundations. This document is part of a larger set of lessons learned about community foundation growth. To learn more about a conceptual framework and methods for developing lessons learned see Evaluation Overview found in "Introduction" on [www.GrowingCF.org](http://www.GrowingCF.org).*

## **Background**

National and international funders have supported and continue to support the growth and development of community foundations. Michigan community foundations have been supported by major funding from the W.K. Kellogg Foundation and additional support for technical assistance from the C.S. Mott Foundation. FERA interviewed four foundation leaders with key knowledge about the Michigan Community Foundations' Youth Project. **The purpose of these interviews was to develop recommendations for funders about offering challenge grants as a strategy for growing community foundations.**

Four funders, Dr. Russell G. Mawby (chairman emeritus of the W. K. Kellogg Foundation), Dr. Joel J. Orosz (past coordinator of Leadership, Philanthropy, and Volunteerism at the W. K. Kellogg Foundation, current distinguished professor of philanthropic studies at the Dorothy A. Johnson Center for Philanthropy and Nonprofit Leadership – Grand Valley State University), Suzanne L. Fuert (past program officer at the Charles Stewart Mott Foundation current Director, Community Foundations at the Council on Foundations), John E. Marshall III (past Michigan Community Foundations' Youth Project Board chair, current president of the Kresge Foundation), offer the

following suggestions and recommendations to funders. Recommendations related to the youth portion of the project are documented in “Youth Grantmakers: More Than a Decade of Outcomes and Lessons Learned from the Michigan Community Foundations’ Youth Project.” (Available in PDF format from [www.youthgrantmakers.org](http://www.youthgrantmakers.org))

## Recommendations

The following recommendations were synthesized from their interviews reflecting on what they had learned from the funder perspective about supporting community foundation growth.

1. Funders, however large or small their geographic service area, can help generate one or more community foundations or geographic component funds with a challenge grant.
2. Foundations and corporations can become catalysts for starting community foundations by offering their resources. They can provide support for community foundations’ administrative and start-up costs and/or provide local challenge grant dollars.
3. Funders should deal with concepts and principles and not with details. We need variety and pluralism, so leave the details up to local communities.
4. Funders should invest heavily in technical assistance. Technical assistance is critical to the success of the Michigan Community Foundations’ Youth Project for these key reasons: (1) New and emerging community foundations need a lot of “hand holding” and encouragement as well as specific technical assistance in fundraising strategies, board selection and development, accounting procedures, strategic planning and legal issues. (2) Rapidly growing community foundations have similar needs for encouragement and technical assistance as they experience the growing pains related to entering a different organizational stage. Staffing needs change and expand often before administrative dollars are available to support needed changes.
5. Anticipate that communities may meet their challenge much faster than you expect. For a small funder the rapid completion of challenge grants could pose a cash flow problem if not anticipated. It is helpful to figure the maximum amount in challenge grant dollars that can be paid out each year and tell potential grantees up front.
6. Keep the challenge rules as flexible as possible. Be truly flexible and not too prescriptive. The Michigan Community Foundations’ Youth Project allowed communities to apply as many times as they want until they reach the maximum amount of the challenge (\$1 million). The minimum challenge a community can request is \$10,000. Community foundation boards, especially of the new and smaller community foundations, were

sometimes unsure of their fundraising capabilities—often, because they did not have much information about the available wealth in their communities. As they become successful at fundraising, they gain confidence and apply for larger amounts.

7. Challenge communities—don't just give them the money. “Challenge grants are a useful strategy for creating capacity by building resources and people. Truly challenging ratios such as 2:1 or 3:1 can be used to maximize the resources that are locally raised. Individuals who “dig deep” to make the challenge successful become community foundation stakeholders. They develop a sense of ownership and it gives them a way to become involved in the foundation.
8. Allow existing philanthropic dollars outside the community foundation to be used to meet the challenge. This strategy involves allowing part or all of the resources from an existing private foundation to qualify for the challenge when the foundation is terminated into the community foundation. Community foundations can provide a service to family foundations—especially when family members do not have the time or interest in managing the foundation—by preserving their philanthropic intentions while reducing administrative costs and transferring the administrative burden away from the family.

John E. Marshall III cautions, “The temptation will be to decrease the budget for technical assistance. Don't!” Suzanne L. Fuert encourages funders to “recognize the value that community foundations bring to the table, invest in building their capacity, and then consider program elements.”