

FOUNDATION FUNDING OF GRASSROOTS ORGANIZATIONS

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ABSTRACT

According to grassroots scholar David Horton Smith, there are 7.5 million grassroots associations in the U.S. (compared to two million paid staff nonprofits). He states that "Associational participation is a major engine of democratic participation."

J. Craig Jenkins and Abigail Halcli found that foundations commit only 0.2% of all their grants for indigenous social movement organizations. The Foundation Center collects no statistics concerning foundation funding of grassroots organizations.

Why don't grassroots organizations receive more foundation money? What could foundations do differently to get more money into their hands? And what could grassroots organizations do differently to obtain more foundation money? These are the central questions addressed in this study.

To obtain answers to these questions, 48 people were interviewed by telephone: 26 grassroots organization leaders and 22 foundation executives.

The findings of this study defy easy summary. What is surprising is the degree to which both grassroots leaders and foundation officials think alike in analyzing why foundations give so little money to grassroots organizations, and how both sets of leaders believe that money flows as partnerships exist.

Another surprising finding is how much foundation officials believe different social class between themselves and grassroots organizations is crucial to the minimal funding, and how little the grassroots leaders assert that.

Foundation or grassroots leaders who read the study findings carefully, and put them into operation in their grant-making or grant-seeking programs, might reach a new, higher level of foundation funding of grassroots organizations.

INTRODUCTION

David Horton Smith, in *Grassroots Associations* (2000), writes that grassroots associations “tend to depend little or not at all on government contracts and foundation or business grants” (p. 131). He adds that “Most (grassroots associations) tend to be internally dependent for funds, based on dues and donations and sometimes with small amounts of fees. They also raise money from nonmembers through special fund-raising events...” (P.132, emphasis added). Smith, however, offers no foundation grants data in his compendium on grassroots organizations, either from his research or others’.

Moreover, the Foundation Center does not classify foundation grants for grassroots organizations.

The only available academic study looking at this phenomenon focused on foundation support for social movement organizations. Within their study, J. Craig Jenkins and Abigail Halcli discovered that foundations commit only 0.2% of all foundation grants to indigenous social movement organizations. (Jenkins and Halcli, 1999).

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What Is Truly Important about Grassroots Organizations?

Why Should We Care about Them?

According to Smith, there are 7.5 million grassroots associations in the U.S. (compared to two million paid staff nonprofits) (Smith, 1997a, p. 118-119). He writes that “Members (of grassroots associations) learn democracy directly from participation in (their) associations, partly because nearly every grassroots association sometimes gets involved in public affairs/issues when they are relevant to continued...association existence and/or to specific...association goals (e.g., health, education.)” (Smith, 1997b, p.278).

“In their path-breaking book, Verba and Nie (1972) show rather conclusively, for their U.S. national sample data, that associational ‘affiliation has a positive effect on political participation over and above the social and psychological factors that lead to political participation’ (p.198)” (Smith, 1997b, p. 286).

“Grassroots associations are the bedrock of the theory of citizen participation in democratic society (Pateman, 1970). Such groups are how citizens can participate most meaningfully in political decision making in a democracy. Verba and Nie (1972) state, ‘Participatory acts [including associational participation] are, we believe, the major means by which citizen preferences are communicated to government, and participation has a highly valued status in democratic theory for this reason’ (p.284)...Without a flourishing nonprofit sector, particularly the associational segment, a healthy democracy is impossible. Provision of

citizen participation opportunities in a participatory democracy is an important impact of grassroots associations (Schlozman & Tierney, 1986; Verba, Schlozman & Brady, 1995). Sills (1968) argues further for the related impact that grassroots associations distribute power in society, spreading it around so more people have access to it" (Smith, 1997b, p. 293).

Richard A. Couto agrees, based on his study of 24 community organizations in Appalachia. He concludes, "An increase in local social capital goods and services and moral resources appears first and foremost on the list of successes of community-based (organizations)...some form of leadership development" is part of "all serious efforts at community change, ...although the methods vary from organization to organization..." He uncovered "new forms of participation and trust in networks of influence and resources" constructed and/or entered by these community organizations, and "the subtle social capital of network infiltration means political participation" (Couto, 1999, pp. 279 & 284).

Smith maintains that "...all kinds of grassroots associations are to some significant extent potentially political and part of the process of maintaining a participatory democratic society. Specific major changes in the broad sweep of American history have been the result of various women's groups on women's rights,...abolitionist groups for the eventual abolition of slavery in the 1860s (Aptheker, 1989), civil rights groups for minority rights legislation in the 1960s (Blumberg, 1991), antiwar groups for the ending of the Vietnam War in the early 1970s (Chatfield, 1992), gay and lesbian rights groups for recent nondiscrimination legislation (Adam, 1987), children's rights groups for recent protective legislation (Hawes, 1991), and so on for many other egalitarian changes in our history" (Smith, 1997b, p.294).

Against this backdrop of accomplishment, grassroots organizations take on another major significance when considering Lester M. Salamon's "critique of professionalism" in the nonprofit sector that he claims "has gained increased force in recent years" (Salamon, 1997, p.39). He quotes John McKnight saying, "'Through the propagation of belief in authoritarian expertise, professionals cut through the social fabric of community and sow clienthood where citizenship once grew'" (McKnight, p.10). Salamon elaborates, "Not only does this undermine community, but it also typically fails to meet the need. Far from fostering social capital and building a sense of community,...nonprofit organizations, by embracing professionalism, have become an enemy of community instead" (Salamon, 1997, p.39). Without their professionalism, grassroots associations offer greater hope to community than professionalized nonprofits.

Describing grassroots organizations engaged in community organizing, Susan Ostrander, co-chair of the Women's Funding Network, says they build community, develop leadership and educate for social justice. She notes that "Creating connection and community is seen as a way to 'sustain and nurture...political activism' (Naples, p.15); and as a strategy for 'teach[ing] others how to win their [own] collective rights' (Kaplan, p.180)"...also how "Educating about root causes and just solutions as part of organizing for social change...[involves] 'transformation of consciousness through empowerment' (Kennedy and Tilly, p.302)" (Ostrander 1998, p.5).

Writing about the work of organizations focused on immigrants' rights, gays and lesbians, disabled people and people of color, organizer Gary Delgado says, "...the ground-breaking work, the innovation, the experimentation, and the motivating livid anger that comes from the truly oppressed is at the heart of (their) work..." (Delgado, 1994, p.7).

Smith concludes that "Individual grassroots association activity...tends to support participatory democracy and a civil society more broadly and also fosters the idea of service to others inside and outside one's grassroots association...In simple terms, essentially local or grassroots associational participation makes people more likely to get involved in other kinds of individual democratic political participation. Associational participation is a major engine of democratic participation...Grassroots associations of all kinds make us a democratic society in a basic way....Cumulatively, grassroots associations have a very substantial effect on American society and on the lives of its citizens" (Smith, 1997b, p.296).

METHODOLOGY

To obtain answers to the questions posed above, 48 people were interviewed by telephone. Leaders of 26 grassroots organizations were interviewed, as were 22 foundation executives at 21 foundations.

Structured interview questions were used with all interviewees, encouraging open ended responses to most questions. The interview protocols were as similar as possible for both grassroots and foundation interviewees to allow for comparison of answers. Each interview took an average of 39 minutes. There was only about four minutes difference between the average interviews with foundation officials and grassroots organization leaders; the foundation interviews lasted longer.

Answers to each interview question were tracked according to the two categories of foundations identified above and reported as differences among the foundations only when the differences were large (Patton, 1990).

Responses to each question on the foundation interview protocol were compared, grouped according to commonalities, revisited for consistency within each grouping, reassigned as appropriate, and tallied. The same was done for each question on the grassroots interview protocol. The two sets of qualitative and quantitative data were then compared for each similar question. Analytic categories/groupings were chosen to best illustrate significant differences among the answers, but were arbitrary, based on the author's knowledge of the field.

The Characteristics of Those Interviewed: Grassroots Organizations

"Authentic grassroots organizations" were identified as such by 12 academic and community consultants around the U.S. These academicians and community consultants were selected as people known to have studied or worked closely with grassroots organizations. Each was

asked to identify three such organizations, and nearly half named additional ones. A total of 50 grassroots organizations was identified.

Each of the 50 organizations was called to conduct or schedule an interview with either the chief executive of the organization or the person suggested by the academic or community consultant. Those who were unavailable initially were repeatedly called. In the end, 26 organizations agreed to be interviewed, and were in fact interviewed, by phone.

David Horton Smith defines “grassroots associations” as locally based, significantly autonomous, volunteer-run, formal, nonprofit groups with official memberships of volunteers that manifest significant voluntary altruism. Many are “only semi-formal and most are not formally incorporated as separate entities.” Smith adds that some grassroots associations have paid staff -- “at most one or two” - even if “generally (they) have no employees” (Smith, 1997a, pp. 115 & 124).

To some people, “grassroots organization” strictly means a local, community-based organization with strong connections to residents of a neighborhood. To others, the term can include city-wide organizations with solid participation from many city residents. To still others, “grassroots organizations” can be state-wide or even national (like ACORN, Greenpeace and the Sierra Club), but again, with strong participation from many within the geographical boundaries.

Delgado says community organizations nowadays often go beyond geographical boundaries to “identity and interest” (Delgado, 1994, p.7). They can be communities of color, associations of immigrants, of gays and lesbians, of disabled people, to whom neighborhood, state and even national boundaries are meaningless.

The “authentic grassroots organizations” identified for inclusion in this study range from Smith’s arch-typical volunteer groups to organizations Smith would contrastingly label as “paid staff nonprofits,” state and national groups and Delgado’s community organizations of “identity and interest.” According to the 12 academicians and community consultants who identified the 50 organizations initially considered for this study, each organization has characteristics which mean a “grassroots” grounding to them, even if paid staff are employed.

The Characteristics of Those Interviewed: Foundations

The foundations selected were the 20 in Jenkins and Halcli’s study which made the most grants to indigenous social movement organizations and the 20 which made the least, though at least one grant each. This author believed that the former would have the greatest understanding of the issues facing foundation funding of grassroots organizations, while the latter -- having funded at least one grassroots organization -- might have something to contribute to the research, particularly in contrast to those who frequently funded indigenous social movement groups (Patton, 1990). Jenkins and Halcli’s study of foundation funding of social movements in 1990 was utilized to identify foundations to interview because there has been no subsequent study produced by academia which offered a better starting point.

All 40 foundations were contacted repeatedly by telephone or letter, except for a few for which no addresses or phone numbers were available after checking several directories in The Foundation Center library in Washington, DC. These calls and letters resulted in 21 foundations being interviewed: 14 of those making the most grants to indigenous social movement groups, and seven of those making the least grants for this purpose, though at least one grant each.

Foundations which had made no grants at all to indigenous social movement organizations - though they may have made grants for non-indigenous social movement organizations - were excluded from the study. The author believed that the lack of involvement of these foundations with grassroots social movement organizations would preclude them from providing understanding and practical guidance for foundation funding of grassroots groups.

FINDINGS & COMMENTS

The overwhelming majority of grassroots organizations do not think they receive an "adequate" level of support from foundations.

No definition of "adequate" was provided to any of those interviewed. They were asked to supply their own definitions. Six of the 26 grassroots organizations believe they currently receive adequate funding from foundations. The rest respond to the question about adequate funding with answers ranging from a simple "no" to "absolutely not." One added that "There's certainly more work we could do if we had more dollars." Another added, "We need a lot more." (Throughout this report, comments from people interviewed will be in *Italics*.)

Susan Ostrander has written of "the...decline in the role of the state" which requires "women to turn more and more to alternative sources to support the work of creating change" (1998, p.1). Grassroots groups of all types have had to face this situation.

Ostrander adds, "Activists, practitioners, and scholars alike recognize that obtaining funding -- especially for organizations that engage in advocacy or organizing for change -- is 'one of the most vexing problems' that nonprofit organizations face (Reinelt, p.85)," adding further that "the amount of time and energy that it takes to deal with...a bewildering array of money sources' as a condition of keeping an organization alive is considerable (Gronbjerg, p.22)" (Ostrander, 1998, pp.2,8).

Half the foundations interviewed agree that grassroots organizations do not receive an "adequate" level of foundation support. However, the other half of the foundations interviewed think grassroots organizations do receive adequate support, at least from the limited resources of their own foundations. Foundations are torn between knowing that the grassroots organizations' needs are great, but that foundation resources - especially their own - are so limited.

A clear majority of the grassroots organizations believe that responsibility to expand foundation grants to grassroots organizations is 50% theirs and 50% foundations.' Yet, few of the foundations surveyed think the deal is 50:50.

Half the foundations interviewed believe that grassroots organizations have greater responsibility to expand foundation dollars to grassroots groups. (After all, they say, grassroots organizations' survival and effectiveness are at stake.) But the reverse is felt by one-third of the grassroots organizations, who think that foundations have decidedly more responsibility to expand funding for grassroots groups. ("They have the money and the power," as one grassroots leader succinctly puts it.) Many foundations agree.

To create a "major positive impact" on their organizations, grassroots leaders say they need a substantial increase in their current foundation grants. The median amount cited is a doubling of their foundation income (i.e., 100% increase). Foundations think a 250% increase is necessary. The median 100% increase in foundation grants desired by grassroots organizations would be a 43% expansion in their total annual revenues from all sources.

This is a modest desire, by any standards. By contrast, the 250% increase in foundation grants that foundations think grassroots organizations need would be a doubling of the organizations' total revenues.

Two-thirds of the grassroots organizations believe they do not get an adequate level of core or general operating support from foundations.

For many grassroots groups, 0-60% of their foundation grants are for core funding, the average and the median being 25%. The others, which get between 80-100% of their foundation dollars as core support, generally feel quite comfortable with their level.

Those who believe they should have more core support, offer the following reasons:

We could be more flexible; it would be easier to build long term capacity.

We wouldn't have to do so many little specific projects.

We could do what we wanted!

You can't do a project if you can't do your core work; you have to take care of basic needs, just like for a family.

Project dollars don't pay for essential overhead costs.

Core support is essential to do actual programs, to maintain the organization, to continue the organization.

You need core support for necessary shifts in your program; you can't shift so easily if you are locked into funded projects.

We need core support to make us a stronger group.

Grassroots organizations with paid staff, or with mixed paid and volunteer staff, are much more likely to obtain foundation grants than organizations with just volunteer staff, or with no staff, only a volunteer board of directors.

The foundations active in funding indigenous movement groups mostly fund organizations with paid staff, while foundations which only occasionally fund indigenous groups generally make grants to them when they have mixed paid and volunteer staff.

This is not to say that organizations with only volunteer staff or no staff at all never get foundation grants. They do. But the odds are longer for them

When asked why grassroots organizations do not get more foundation dollars, grassroots organizations principally blame foundations for denying them the money.

Grassroots leaders' comments fall into two basic camps. They primarily fault foundations because of their funding decisions, i.e., foundations make the “wrong” decisions. And they also significantly blame foundations’ bureaucracies and policies.

Two grassroots leaders identify social class as the issue as to why foundations don’t fund grassroots groups. One says, “Foundation program people are not my peers, they don’t know what we are about.” Another says, “Foundations are prejudiced against the grassroots.”

Foundations agree that they are primarily to blame for the very limited funding of grassroots organizations.

Three-quarters of the foundations who are leaders in funding indigenous social movements squarely place the blame on foundations for the scarcity of foundation grants given to grassroots organizations, while only half the foundations who only occasionally fund indigenous movements blame foundations for this. Typically, foundations blame themselves for the same reasons as grassroots leaders - with one big exception.

Foundations also place substantial blame on themselves because of the gap in social class and culture between foundation people and grassroots people, whereas, as noted above, only two grassroots leaders mentioned this.

Foundation leaders comments which best express this social class and culture gap are the following: “Foundations don’t share the politics of grassroots organizations.” “...it is not the culture of philanthropy to change power structures.” “Foundations have distaste for divisiveness, which grassroots organizations are perceived to embody; foundations are populated by corporate and other people who are likely to be targets of grassroots action.”

Sally Covington addresses this latter issue: “Most of the projects developed by community foundations to impact poverty or discrimination were designed and implemented by people whose credentials, social status, and occupational status would generally identify them as members of the community elite...” (Covington, 1994, p.8).

While grassroots organizations principally blame foundations for denying them more foundation grants, they also see themselves as part of the problem -- though to a lesser extent. Foundations agree.

Grassroots leaders are quite candid about why their organizations are at fault. Mostly they believe they don't have the skills or capacity:

Our Executive Director is a mediocre fund raiser.

We may not be good enough at building relationships.

We haven't adequate capacity to submit proposals.

We have infrastructure problems: we don't have the right kind of resource people; our data base functions poorly.

We are evolving, we don't have expertise to write grant proposals.

We don't have ability to tell our story clearly enough, nor do we have the numbers to document it.

But grassroots leaders also plead ignorance as to why they don't raise more foundation money:

We are ignorant, not aware of opportunities.

We and other community organizations have a lack of sophistication about how to seek foundation grants.

We are so new as a formal organization.

And they recognize that their lack of effort plays a role:

We don't do enough asking.

We haven't tried hard enough to get more grants.

We have to get out and knock on doors.

We haven't actively pursued this foundation fund raising enough.

Grassroots organizations also say frequently that they don't have the time necessary to obtain more grant money.

One-quarter of the 26 organizations interviewed say they have "no time" to do more fund raising. When asked if they know other foundations that might have funded them if they had submitted proposals, 60% of the 26 organizations acknowledge they do, but most say they have "no time" to prepare the proposals.

Nor do they submit an adequate number of proposals.

The 26 grassroots organizations surveyed submitted 1175 proposals last year, but three organizations alone sent in 800 of these. Thus, the other 23 organizations submitted 375 proposals, for which they received funding for 235 (a 63% success rate).

Yet, a rule of thumb of professional fund raisers is to submit 6-10 proposals for every one they expect to be funded, which is only a 10-17% success rate. Like grassroots leaders,

foundations say that grassroots organizations' limited capacity and lack of skills are the biggest problems keeping them from getting more foundation grants.

In fact, two-thirds of the foundation responses make these same points:

Grassroots organizations are often weak; they don't have tons of dollars; they don't have institutional weight; and they are too dependent on one person -- the founder-leader.

They don't have enough capacity to begin with to do development work.

They don't have fancy development staffs; some foundations want 40-page proposals.

National umbrella groups don't really connect with their own base of grassroots organizations; their structures have ossified.

Grassroots groups are very localized; they don't have the larger perspectives that foundations want.

The environmental field requires scientific and economic information for developing and advocating environmental policy; grassroots organizations don't have this.

Their infrastructure is smaller, there is less of it; this makes it hard to raise dollars.

Some funders don't think grassroots organizations have the capacity to spend money well and wisely, or to track it.

Surprisingly, no foundations blame grassroots organizations' lack of effort, even though this is on grassroots leaders' list of reasons for their failure to attract more foundation grants.

Three foundations, who only occasionally fund indigenous movement groups, cite the threatening or very different nature of grassroots organizations as to why they don't get more money:

Grassroots organizations challenge the current ways of thinking, therefore the comfort level of foundations.

Grassroots organizations may be less safe and stable, therefore are unlikely to appeal to our corporate foundation and its business objectives.

Grassroots groups have a lot of fraud; foundations don't really know to whom they are giving or for what; a grassroots organization board who is not well known, will not get money.

When asked why they get foundation funding, grassroots leaders and foundations agree, up to a point. Grassroots leaders cite three basic reasons:

Relationships matter,

Their track records and capacity are important, and

Their organizations fit with foundations' programs.

Foundation leaders make more varied responses. They cite the same three basic reasons that grassroots groups do. But foundations identify four additional important rationales that none of the grassroots leaders mention:

The nature of proposals and plans,

Involvement in networks,

Community base, membership and non-grant income, and

Foundation processes.

Grassroots' best relationships with foundations often are considered "partnerships"

As indicated above, both grassroots and foundation leaders think relationships are important in foundation grant-making to grassroots organizations. Each grassroots leader was asked to "Describe your organization's best relationship with a foundation." Some express a simple appreciation for how particular foundations operate. Often they just appreciate the grant money the foundations have provided. However, nearly half the grassroots organizations express quintessential partnership feelings, often starting their responses with "We..."

Foundation leaders also think in terms of partnership and mutual benefit

When asked to "Describe their best relationships with grassroots organizations," 60% of foundation responses describe relationships characterized by mutual benefit: partnership, reciprocal and long term. The other responses identify grantees' programs or success as the relationship focus (30%) or paternalism/maternalism ("We gave them their first grant") (10%).

The worst relationships between grassroots groups and foundations are more complex

Each grassroots leader was asked to "Describe your organization's worst or most disappointing relationship with a foundation." Grassroots groups talk about problems during the application process, the lack of institutional consistency, and the arbitrary and unilateral nature of foundation decision-making processes.

Asked to "describe their worst or most disappointing relationship with a grassroots organization," foundations identify grantees who keep key information a secret and don't tell their foundation grantors, who lie to the foundations, or who steal grant funds. Half the time foundations label relationships "worst or disappointing" because grassroots organizations have not delivered programmatically.

CONCLUSIONS

The findings of this study defy easy summary. What is surprising is the degree to which both grassroots leaders and foundation officials think alike in analyzing why foundations give so little money to grassroots organizations, and how both sets of leaders believe that money flows as partnerships exist.

Another surprising finding is how much foundation officials believe different social class between themselves and grassroots organizations is crucial to the minimal funding, and how little the grassroots leaders assert that.

Foundation or grassroots leaders who read the study findings carefully, and put them into operation in their grant-making or grant-seeking programs, might reach a new, higher level of foundation funding of grassroots organizations.

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