

## WHERE'S THE COMMUNITY IN COMMUNITY FOUNDATIONS?

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The mission statements of most community foundations (CFs) reflect a desire to improve the community. Their newsletters and annual reports, even their stationery, contain such tag lines as “Promoting sustainable communities,” or “Creating communities for good!” or “Connecting people,” or “Building Tomorrow’s Community.”

CFs openly describe their institutions as a unique vehicle for connecting community members’ charitable impulses with opportunities to improve the quality of life in their community. The warm feelings generated at gatherings of CF officials are based in their concept of themselves as community builders. They believe in their rhetoric. It’s good and honorable work, and it’s why both they and I care about this field.

One would think, then, that community foundations are staffed by people working as community builders, people whose job it is to connect people, promote sustainable communities, or create communities for good. But this is not the case. Instead, their staffing pattern reveals a different purpose: to build and manage big endowments.

As part of a larger project looking at the role of philanthropy in the American South, the Effective Communities Project examined the staffing patterns of 20 community foundations drawn randomly from the membership of the Council on Foundations, as listed in their annual reports. According to our analysis, with an average staff size of 9 people, 5.46 were staffing administration and financial management, 1.62 staffed the resource development and communications function, 1.54 staffed the grantmaking function, and 0.38 staffed the community leadership function. That is, less than one half an FTE was devoted to convening, connecting, and community meetings. .

This, regrettably, speaks volumes about the current focus of institutional community philanthropy – it’s to bring in and hold money, almost entirely. Yes, money is sent out in the form of grants, but this function has been reduced to a clerical operation: a brochure from the development department tells the donor that he or she can “advise” on a grant to any *bone fide* tax-exempt organization, and the CF makes the gift happen. It can all be done by computer, with no intervening messy conversations with staff about community issues whatsoever!

Why is this happening? Enter the competition, the commercial financial services companies that offer charitable giving services, such as Fidelity and others. Such companies make no claims of “knowing the community,” only that they’ll write a check to any *bone fide* tax-exempt organization that the client wishes. For that service, they charge a modest fee, lower than that offered by CFs when this competition began in the 1990s.

Community foundations feel they must compete with these private institutions, and have in response reduced their fees. Because this has the effect of reducing revenue to their operating budget, CFs say they must cut costs, and that they can't afford to have people on staff to service the donor-advisor, much less have people who can reconnoiter the community, connect people, and formulate opportunities for grantmaking that stands to build sustainable communities. The staff position of choice, then, for a community foundation that wants to build its endowment (and thereby its grantmaking budget) is a development officer. Hence the staffing configuration found in our small study.

Community foundations say that their competitive advantage lies in their knowledge of the community. But by responding to competitive pressure with cuts to the community-building side of the house, CFs look more like their competitors and less like community leadership institutions, thereby negating the competitive advantage they proclaim!

What to do? In the private sector they say the best response to stiff competition is innovation.

First, the field needs to reframe its competition with commercial institutions. At present, CFs focus on their fee structure, thinking "low fees" is what attracts donors. We believe instead that many people are genuinely attracted to the rhetoric used by the CFs – building sustainable communities, solving community problems, addressing community issues, etc. It's too bad CFs are not staffed to be responsive to this deep wish for more effective community building.

We think the competition with financial institutions is entirely misplaced. The real competition is not in the money marketplace but in the marketplace of community conditions and ideas. If the purpose of a community foundation is to "promote a vital community," the competition lies with the forces that *threaten* a vital community, as measured by the social indicators that are depressed for vast segments of the community. When donors say they want to "give back to the community," we believe they mean they want to help make the community more livable, especially for those who haven't been as lucky or as advantaged as they are. If a community foundation could make the case that its work – as demonstrated by its allocation of staff time, grant dollars, and endowment funds -- is likely to improve its community's vital signs, then it will be in position to attract more resources than it ever dreamed imaginable, and from a variety of sources that it ever dreamed existed.

Second, the rhetoric CFs employ -- "building communities that work" -- is rhetoric that few know how to act on tangibly. Putting charitable capital to work is an art form that requires innovation. But this is where to push if CFs are to be different from private commercial financial institutions; our communities need this innovation, and we believe donors want to participate.

Unfortunately, philanthropies that are corporate in form – centralized, controlled, and frequently cut off – do not find it easy to engage in community leadership activities that are sometimes messy in process and unpredictable in outcome. Yet our communities are increasingly complex and multicultural, messy and unpredictable. The field needs to invest in devising new formats for the community foundation to engage the community, and vice versa.

Third, the community-building function of CFs can be rejuvenated by revisiting lessons learned in the past. There was a time, in the 1980s and early 1990s, before the private charitable services entered the scene and CFs jettisoned their program staff, when many CFs did engage in “community leadership activities,” often with the support of national or neighboring private foundations as well as local individual donors. In that spirit they framed local issues through research, convened various entities interested in addressing an issue, organized donors, accessed resources from afar, helped formulate priorities and find funding for them, mobilized local support, sought a diversity of partners, and built capacity among active nonprofit organizations. They discovered that building community and building endowment are not contradictory. Rather, experience shows that these institutional goals can not only co-exist peacefully, but act symbiotically: doing good work attracts good money.

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