

## **After The Flood: Some “Out Of The Box” Options For Foundations**

Steven E. Mayer, Ph.D., Director  
Effective Communities, LLC  
[www.effectivecommunities.com](http://www.effectivecommunities.com)

Foundations have many useful assets – purchasing power, influence and leadership, knowledge of communities, and development know-how – all of which can be used creatively to aid a more equitable reconstruction of New Orleans and the Gulf Coast communities wrecked by Katrina and its natural and political aftermath.

The challenges to foundations are three-fold:

(1) They must resist the temptation to rebuild the old system -- the old nonprofit structures that fed (barely) in the backwaters of the governmental, commercial, and philanthropic structures that have since been washed away. The old commercial and governmental structures didn't work well, creating the inequities one could see for years in all the social disparities data, and now ultimately on television. Now, new choices can be made with philanthropic assets to create different revenue streams and different opportunities for minority and poor communities. It would be tempting to engage in long-range planning but this luxury cannot be afforded in such extreme circumstances. I suggest we not over-design, over-plan, or wait overly long. Choices must be made soon. The sooner foundations can get into a mode of thinking that enables minority and poor communities to better connect to the resources needed to improve their lives and circumstances, the better.

(2) Foundations must make sure the people they care about get a righteous piece of the redevelopment opportunities. Those previously left out or marginalized need a voice (“advocacy”) to get back to the table, to get dealt back into the game. Many were never at the table in the first place, and for them this is a new game. Many are used to being told “No,” and have to rely on more skilled voices to speak for them. (An alternative view is that marginalized people have always had voice, thank you very much, but that those on the other side have had no ears.) Fortunately, there are indications that for those with hearing problems this has been an epiphanous moment, making this a rare opportunity. Effective advocacy means helping all parties both speak and listen. Some funders have been scared of advocacy, thinking it illegal, but it is not, and now is the time to overcome that fear. (Advocating specific legislative proposals to specific legislators may be illegal, but speaking up for peoples' rights or helping them get what they deserve is decidedly not illegal). In fact, this is a time for foundations themselves to be advocates for the people and interests they care about.

As George Penick, President of the Foundation for the Mid South, pointed out “advocacy groups will need to ensure that zoning, banking, and housing policies do not re-ghettoize

the cities of the Gulf Coast” (Chronicle of Philanthropy, 9/15/05). To this I would add the necessity of advocating greater fairness in the justice, education, health, and arts/culture “systems” as well, all of which have been swept away or left foundering, needing new footings and shored up shoreline. Unfortunately, advocacy doesn’t easily happen if unsupported, and it is not the norm in the South, where it has been beaten down by decades if not centuries of efforts to suppress voices, divide, conquer, and deplete.

(3) A new economy with new marketplaces that engage the talents of more and more people is needed, such that people can find their dignity, lives, and assets restored and, if done well, enhanced. Avenues for real property ownership, based in real livelihoods and access to capital must be created. Money must be made more available to low-income communities – money for skill-building that leads to paid work, money for redeveloping neighborhoods and public works and social services, money for creating opportunities in which people can serve their communities in rebuilding efforts, money that gives people access to jobs, even if temporary but with upward mobility opportunities. Money must keep circulating locally, because the more it circulates locally, the more the multiplier effect can work to the benefit of the local economy and local people, and the more local government can collect in taxes – both sales tax and income tax. Innovative policy and advocacy is needed that insists on “first source agreements” in which local labor is hired first. “Buy local” should be the watchword, perhaps incentivized by state policy, encouraged by very local jurisdictions, supported by very local community leadership. Purchases from local vendors, while probably of higher cost, should be tax-credited to offset that higher cost.

While not ordinarily considered an arena of activity for foundations, economic development can definitely be helped by new and different allocations by foundations and by an exercise of leadership throughout the philanthropic community. But these are extraordinary times. What can foundations do with their assets?

(1) Foundations can use their purchasing power differently. Of major value would be a shift in equity investments to include more companies operating in the region, employing people in the region, or engaged in a kind of commerce that stands to benefit the region. Investments in bonds issued by local authorities can directly benefit the immediate construction of affordable housing, clean-up of environmental hazards, or reconstruction of physical infrastructure. Investing in community development loan funds, credit unions, micro-enterprise funds, and other intermediaries that make it easier for displaced people and communities to find access to capital connects more people to the emerging local economy. Remember, in the old days, foundations were more likely to be in trust form, and parked their money at the local bank, which invested in local ventures, contributing mightily to the local economy; this is no longer true.

(2) Foundations can work differently with community partners. Every organization’s flipchart of SWOTs has been completely remade, so now is the time for out-of-the-box thinking and new paradigms. Let’s reinvent priorities, opportunities, and partnerships. Let’s not do grant cycles as usual. Help community partners triage their own situations so they can move from “critical” to “functioning.” Help them re-think their ways of

doing business, building on the healthy parts that remain after the flood and removing the gangrenous. Help them re-establish their back offices so they can re-connect to various supply lines. Give them the operations money they need to operate; they don't need "projects," they need to re-establish themselves and move out on what they do best. Help them buy skilled staff, many of whom are adrift since the flood, perhaps with housing allocations. Consider grants to statewide associations, regional intermediaries, or national networks which are more likely to have access to models that work, assistance know-how, and skilled facilitators. Brokering good expertise from national networks and support organizations could help enormously.

(3) Foundations can engage human resources differently. There must be hundreds of people with organizational, design, and collaboration skills who were living in New Orleans or elsewhere on the Coast who are now somewhere else, unemployed and dislocated. Wherever they are, they need to be re-engaged and re-connected to community-building work, in every sector from jobs development to environmental protection to arts/culture to education to social services. Foundations could see to their hiring so they can contribute to healthy re-building.

There's critical work to be done early by foundations and the people they can find to help, before windows of opportunity close. Foundations and their allies can make sure that the lines of supply (of cash, paid work, credit, housing, health, transportation, education, justice, welfare) are brought close to the ground, close to people who need them, close to people who can help build new institutions that create vitality. They can make it easier for people to apply, and be successful in their application, for these resources.

(4) Foundations can use their influence differently, individually and collectively. Money's not the only useful asset of a foundation. Boards have far more influence than they use. Everyone on a foundation board, or any nonprofit board for that matter, is "important" in their circles, and has influence, "relational capital" if you will, in circles that affect how resources will flow. Each board member is part of a network, which can reach horizontally to other networks to pull on the levers of power and the sluices of money. Boards can advocate for those people or causes their foundation cares about. Foundation newsletters and websites can be excellent tools for presenting new opportunities. Foundations can facilitate, organize, plan with groups of organizations, prepare and make the case, identify funding streams – and secure funding for those most likely to be left out by the official, government, big business streams. They can get their groups to the trough. They can put pressure at the top, as high as they can reach, to open the spigots. They can monitor money flow, watch for abuses, and report them to appropriate authorities. They can bear witness to the devastation to the land, the environment, the region with its communities, people and cultures. And if they work hard, they can bear witness to a phoenix rising.

\* \* \*

Steven E. Mayer, Ph.D. is a Director of Effective Communities, LLC, which advises foundations, donors, and nonprofit groups. He can be reached at [StevenEMayer@msn.com](mailto:StevenEMayer@msn.com).