Philanthropy and Nonprofits Taking on New Roles in the Policymaking Equation

by Dr. Robert T. Grimm, Jr.

Would the United States government ever invest in the Gates Foundation to accelerate educational achievement or dramatically reduce a global health challenge?

While that question might sound absurd to many people, the American government began awarding taxpayer funds to a number of large, private philanthropic funders (including foundations with substantial endowments) as part of President Obama’s innovation agenda. Recent federal grant recipients include the Edna McConnell Clark Foundation ($30 million), Boston Foundation ($2.7 million), Silicon Valley Community Foundation ($22.5 million), John A. Hartford Foundation ($2 million) and Venture Philanthropy Partners ($6 million).

That reality is part of a seismic shift in the traditional boundaries of government, philanthropy and public policy. In the early American republic, some leaders advocated outlawing philanthropy because they worried that private money with public goals would corrupt democracy, an issue that remains hotly contested and worthy of much discussion today. One hundred years ago, the American government remained so wary of the idea of private philanthropic foundations that John Rockefeller, Sr. struggled to get the Rockefeller Foundation’s charter approved by Congress and ultimately decamped to New York to formally incorporate it through the state legislature.

In the second half of the 20th century, private funders such as the Rockefeller and Ford Foundations continued to face considerable scrutiny but became more accepted players in the public arena while the boundaries between government, philanthropy and nonprofits grew more permeable. A couple decades ago, we routinely viewed philanthropists as risk-takers that incubated innovative policy experiments and spun off successful efforts to a public agency that often used contracts or grants to employ nonprofits (such as the Red Cross and the Boys and Girls Clubs) to provide those services and programs to its citizens.

Today, we live in a new age where policy solutions increasingly intertwine governmental and philanthropic players in ways that go well beyond the overly simplistic formula that philanthropy develops the idea, government scales the idea, and nonprofits implement the idea. This change is driven by a number of related trends:

- collective frustration with our inability to move the needle and get at the root of many persistent and new problems;
- incredible financial, public trust, and other challenges facing all forms of government;
- limited results produced by even promising, individual government programs or nonprofits;
- policy interventions that often lack evidence of success; and
- public and private funders’ belief that they will only achieve better results by diverting from old paradigms.
Driven by these forces, I co-led the creation of President Obama’s Social Innovation Fund (SIF) with Susannah Washburn in 2009. The SIF focuses on recruiting new and innovative private funders to partner with the government as federal grantees (no small feat), and its congressionally-authorized language focuses on working with these funders to find promising efforts and dramatically scale-up the quality of their impact and evidence. The first group of SIF grantees included the Edna McConnell Clark Foundation (founded by the heir to the Avon cosmetics company). Clark is widely recognized as a foundation that pools capital among a wide group of private funders, rigorously vets any group it funds, and dramatically accelerates the outcomes and evidence of its grantees focused on improving the lives of youth. Clark now serves as a government intermediary and leverages $30 million in federal SIF investment with $30 million from their endowment as well as another $60 million from other funders. In essence, the federal investment in Clark is matched 3-to-1, used to experiment with scaling up a number of promising approaches married with program evaluation, and focused on connecting more youth to evidence-based efforts.

Meanwhile, the pioneering Venture Philanthropy Partners credits its SIF funding with helping it transition from growing the capacity and evidence of promising, individual nonprofits to incubating “systems change” in the Washington area. Coined as collective impact initiatives, a growing number of cutting-edge philanthropic and government players are co-investing in efforts that take a community problem, such as kindergarten readiness, and spark heretofore unimaginable collaborations across the government, business and nonprofit sectors. At their best, these collective impact collaborations develop a shared governance and align disparate strategies, efforts and resources around a common agenda and outcomes (see Strive and the recently launched Raise DC as examples). While collective impact efforts are fraught with significant challenges; require a lot of patience, energy, and trust to bring all the diverse players together and then produce results; and might even seem like the holy grail of public policy; these efforts are worth watching because they could be game changers.

At the turn of the last century, John Rockefeller – the Bill Gates of his time – asserted that we must focus on “curing evils at their source.” In the 21st century, our society’s inability to address the root causes of many problems are igniting new collaborations and relationships between government and philanthropy that past generations would have found unimaginable. These experiments certainly require careful public dialogue and actions but are needed if we want to change the trajectory of many public problems.

Dr. Robert T. Grimm, Jr.
SPP Professor of the Practice; Director, Center for Philanthropy and Nonprofit Leadership

Robert T. Grimm, Jr. is a School of Public Policy Professor of the Practice and Director of its Center for Philanthropy and Nonprofit Leadership. Grimm has previously served as the Director of Research and Policy Development and Senior Counselor to the CEO at the Corporation for National and Community Service, an organization that directs programs such as AmeriCorps and annually invests approximately one billion dollars in grants to innovative nonprofits such as Teach For America, Habitat for Humanity and City Year. Grimm received senior appointments from both President Bush’s and President Obama’s administrations and played a key leadership role in the passage and implementation of the historic and highly bi-partisan Kennedy Serve America Act, including overseeing the creation of the new Social Innovation Fund and the strategic planning for AmeriCorps.

Grimm received a Ph.D. from Indiana University. He graduated summa cum laude from Monmouth College and received the 2010 Young Alumnus Award from Monmouth. Grimm currently serves or has served on the board of directors or advisors for the Washington Area Women’s Foundation, Food Recovery Network, Center on Philanthropy at Indiana University, Harry and Jeanette Weinberg Foundation, National Conference on Citizenship, National Committee for Responsive Philanthropy, National Mentoring Partnership, and America’s Promise.