

Marguerite Casey Foundation Grantmaking Model
The Power of Being an Outlier: 15-plus Years of Grantmaking
By Luz Vega-Marquis

No matter what role or roles a funder might play in supporting movements, three core values are critical to this work.

First, grantmakers must embrace courage, because supporting social movements requires confronting existing power structures, putting a stake in the ground on issues and values, and taking risks.

Second, grantmakers must embrace trust, because in social movements change starts at the grassroots and involves players at all different levels, each with its own interests, and the process is often messy.

Third, grantmakers must have patience, because this work takes time. Funders who support social movements would agree that working in this way is worth the waiting and uncertainty that can come along with it.

–Lori Bartczak, Vice President of Programs, Grantmakers for Effective Organizations

Remember Joseph.

–Freeman Hrabowski III, Ph.D.

I think that when the history of poverty is written, we'll find that the tipping point came about the same time as the beginning of the Marguerite Casey Foundation.

–Bill Foege, M.D.

In previous reports, I have focused on particular aspects of the Foundation's work. Having celebrated the Foundation's 15th anniversary last year, we have 15 years of grantmaking behind us to pause and reflect on as we move forward. It strikes me as important to take measure of who we are, what we do, and how and why we do it; to take a step back from the day-to-day work to review the goals and principles that have guided our work since our inception.

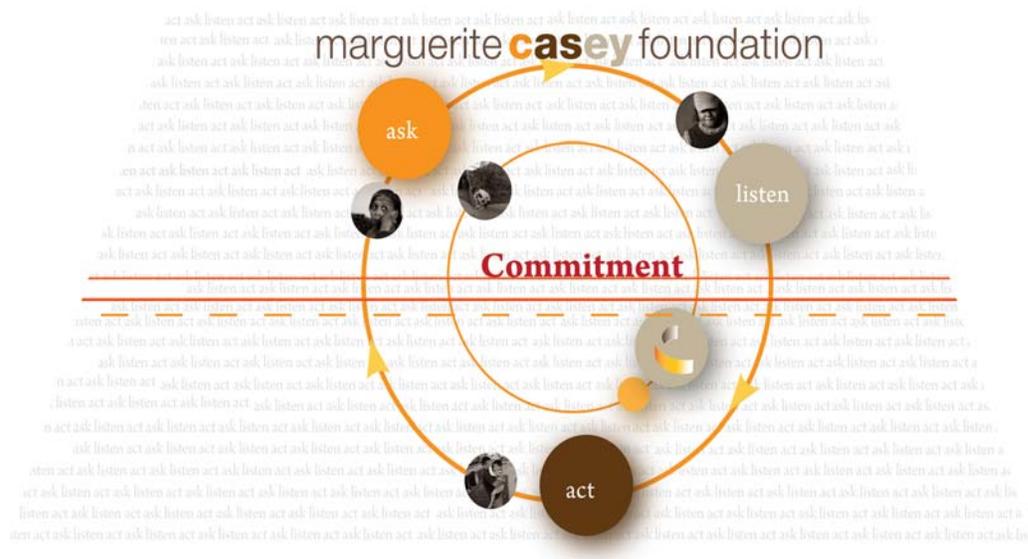
Nearly 16 years into our evolution as a Foundation, MCF's work is at once consistent and continually evolving. Our efforts as grantmakers and communicators remain firmly grounded in the core principles we laid out at the Foundation's inception. At the same time, our work is constantly growing, in keeping with our brand promise to "Ask, Listen, Act." In order to ensure that as we grow, we maintain a shared understanding of our mission and core principles, I frequently ask MCF stakeholders—a group that includes staff, grantees and their constituents as well as board members—to tell me how they understand the principles that define MCF. The following points reflect what I hear most frequently in response to that question. Many of them were first articulated in our earliest conversations and convenings, when we engaged stakeholders to set the course for this new philanthropic endeavor. Together, they comprise a shared understanding of who we are and how we operate in the world.

An important aspect of the role of an MCF board member is that of ambassador, sharing what you have learned with others in your own field as well as the philanthropic community at large. As I reflect on the key principles and practices that define the MCF approach, I am grateful to all of you for the key role you play in disseminating our work. As I read philanthropic publications and speak with my colleagues in the field, it is becoming increasingly clear to me that central aspects of the MCF approach that initially led some to see us as an “outlier” are now being widely discussed and, increasingly, directly replicated by foundations across the country.

In the hope that what we have learned can be of use to other foundations that seek a greater impact and a deeper, more authentic relationship with the communities they serve, it seems valuable to step back together and review the core values and principles that have guided us through our first decade and a half of grantmaking.

The Pillars of Our Grantmaking Framework

- We believe that every family has value and **no family should live in poverty**.
- Marguerite Casey Foundation is committed to nurturing a **national movement of low-income families** advocating on their own behalf for social and economic policies that strengthen families and communities (See Appendix A).
- To this end, we invest in **cornerstone organizations**, in the 13 states with the highest concentration of child poverty, who have deep roots in their communities. These organizations are critical to the lives of families and consistently put families at the forefront of efforts to fight poverty.
- We offer our grantees genuine autonomy by providing **long-term general support**, a funding mechanism that puts control in the hands of those doing the work. The average MCF grantee has been part of our grantmaking for more than eight years. Fifteen of our current grantees have been receiving support from the Foundation since we first made grants in 2002.
- We live by our **brand promise to “Ask, Listen, Act”**.
Before the newly-created Marguerite Casey Foundation made a single grant, we commissioned 45 papers from practitioners and consumers to get their best thinking on what we should do. Then we took that information back to the community and gathered their reactions and suggestions at listening circles in six sites across the nation, engaging more than 600 community members. The idea of supporting a national movement of low income families was an outgrowth from these papers and listening circles. The deeply-held belief that we must listen to the voices of families - to hear the solutions they have, and then help them realize those solutions - continues to inform every aspect of MCF’s work.



- We **provide** funding in the areas of advocacy, activism, and education, rather than issue-specific funding, fundamental to traditional grantmaking, as we recognize that families do not experience poverty one issue at a time. Because we do not fund on an issue-driven, project-by-project basis, we are able to offer our grantees genuine autonomy, which in turn allows them to listen to their constituents and be guided by their needs and priorities rather than by ever-shifting philanthropic mandates. This approach helps prevent the development of silos and fosters collaboration rather than competition. Our focus is on whether or not an organization is building the capacity of people to act on their own.
- **We don't accept unsolicited proposals.** This has been one of our more controversial stances, as some have suggested that this practice makes us insular or closed off to outside voices. In practice, however, we have found the opposite to be true. MCF grantees are vetted not only by the Foundation but, first and foremost, by the communities they serve. We invite proposals from organizations that we learn, via our networks, have strong relationships within those communities, rather than only those that have strong grant writers or prominent national profiles. Rather than spending large amounts of time sorting through proposals, our small team of program officers is able to devote time to strengthening relationships with long-term grantees; and supporting those grantees in building working relationships with one another. The grants are approved by the Board by docket, rather than on an individual basis.
- **We “mind the gap”** when it comes to questions of power. An awareness of the power differential that inevitably exists between grantor and grantee, and a conscious effort to do something about it, has been part of the MCF ethos since our founding days. We ask our program officers to work as allies with our grantees, serving as resources and partners rather than simply reviewing proposals and signing off on (or vetoing) grants. This is part of a larger commitment to working in partnership with our grantees to develop strategies that advance justice for the millions of Americans living in poverty.

- **We are committed to building Equal Voice networks around the country, facilitated by network weavers,** as a key strategy for movement building. We aim to maximize our grantees' collective power by supporting them in working together—building alliances across barriers of issue, race, ethnicity, geography and ego—to bring about long-term change. Since 2009, we have committed more than \$6.4 million dollars to support Equal Voice networks around the country. The creation of networks is fundamental to non-issue funding and we continue to build and develop networks in states where we fund.



- **We make the most of our capacity to convene.** We understand that the Foundation is uniquely positioned to bring together a burgeoning movement without asserting our power to make decisions about its course. Over the course of a single year, the MCF-supported Equal Voice for America's Families campaign mobilized more than 30,000 families and organizations across the country to draft and adopt a national family platform that addressed the challenges facing poor and low-income families and the policy changes needed to improve the economic well-being of those families. Along the way, 15,000 family members participated in 65 town hall meetings and another 15,000 gathered at three simultaneous campaign conventions to ratify the Equal Voice for America's Families National Family Platform. We continue to support grantee convenings in order to build and strengthen alliances and to support strategic convenings through our Equal Voice Networks.
- **We see grantmaking and communications/advocacy work as two wings of the same bird** in implementing our strategy—based on our Theory of Change—and advancing our mission. Through Equal Voice News and other communications efforts, we elevate the voices of poor and working families who hold the solutions to the problems they face. With grantmaking and communications working together, we can promote both the work

of the Foundation and the story of our grantees to fight poverty and empower those who experience it (See Appendix B).

- We provide **stewardship, not micromanagement**. Our commitment to long-term investment—along with our willingness to support local, grassroots organizations that may not have a national track record or, in some cases, a solid fiscal infrastructure—demands that we act as fiscal stewards, including, when necessary, assisting some grantees with shoring up governance. This is particularly challenging in the deep South where nonprofit infrastructure isn't good. We are currently providing ten grantees and their respective boards with technical assistance; as well as sharing a financial analysis form created by our Chief Financial Officer so they know what we look for in our evaluation process. We are also asking grantees with annual revenues under \$750,000 a year if they need assistance with communications work and if so, we can provide individualized consultants. Providing this extra level of support allows us to ensure that our grantees' work is sustainable over the long haul, and that our resources are invested for maximum social impact.
- Our commitment to fiscal stewardship extends to the **management of our own financial resources**. We were proud to be recognized for our stewardship in the *Chronicle of Philanthropy*, which singled out MCF for our nearly 8 percent return on investment, two points higher than the average among the 137 foundations and endowments surveyed. We achieved this result at less than half the management cost of the cohort surveyed. As Board Treasurer David Villa told the *Chronicle*, "Our mission is to alleviate poverty," not to spend money "to manage assets."
- **We are committed to family leadership in everything we do**. Our conviction that families have the solutions to their own problems, and that families must lead any movement that claims to represent their interests, is reflected in the nuts and bolts of our grantmaking protocols. In fact, all of our activities are carefully designed to support leadership among grantees and their constituents, rather than forcing them to accept top-down mandates in order to receive the funding they need.
- We believe that **change is possible**. While we recognize the depth, breadth, and even the seeming intractability of poverty in the United States, we remain committed to the belief that an *organized movement* of "thoughtful, committed individuals can change the world," to borrow, and build on, the words of Margaret Mead. MCF is structured to continue our work in perpetuity. That means we will never give up fighting for a more equitable society where every family has what it needs to thrive and every child has the opportunity to flourish.

How an Outlier and Thought Leader Can Co-exist in Changing Times

As I review these core values, I am struck by their consistency over time. It also strikes me that, simply by adhering to these central values, we have gone from being an outlier to being a leader without ever diverging from the path we mapped out at the very beginning.

A scan of the philanthropic landscape indicates that approaches that were seen as iconoclastic in our early years—a commitment to general support; to building and sustaining networks as a key driver of change; to movement building; and even something as straightforward as listening to the

communities we fund—are increasingly being championed by the larger philanthropic community, including foundations with far greater resources than ours.

Take general support. This is not merely an important principle at MCF; it is absolutely central to our grantmaking practice. Grantees often tell me what a tremendous relief it is to find a funder who understands that they—as local leaders with deep roots in their community, working closely with their constituents—must set their own course if real change is to happen.

For many years, our commitment to general support was seen as unsophisticated by some of our fellow grantmakers, particularly those who followed the siren songs of “strategic philanthropy” and “impact investment”: devising ever-more specific issue areas, declaring time-limited initiatives—anything but asking those in the community what they needed and then trusting them with the resources to do their work. Now, as so-called “strategic philanthropy” loses its cachet, suddenly everyone is “discovering” general support. Increasingly, in fact, colleagues tell me they are shaping general support initiatives after MCF’s model.

A scan of the trade publications indicates that philanthropy at large is in a period of transition when it comes to understanding the value of general support. “Control: Why So Many Funders Fear General Support and Can’t Stop Micromanaging,” reads a headline in [Inside Philanthropy](#)¹. The piece cites a 2014 study from Grantmakers for Effective Organizations which found, on the one hand, “a marked increase in multi-year funding, as well as an uptick in general operating support. Funders are also soliciting more feedback from grantees.” On the other hand, even with the “uptick” in general support, the percentage of funds devoted to general operating support sector-wide was only 25 percent.

A piece in [Philanthropy Northwest](#)² observed that trade groups including the [National Committee for Responsive Philanthropy](#), [Grantmakers for Effective Organizations](#), the [Nonprofit Finance Fund](#), and the [Center for Effective Philanthropy](#) are highlighting general support as a groundbreaking “best practice.” The same piece heralded the Ford Foundation as an “inspiration” for doubling the percentage of its funding earmarked to general support. The new total? Forty percent. At MCF, 100 percent of our grants go to general support. If it is a best practice, then why not truly practice it?

Despite the “trend” in recent years toward recognizing general support, for grant-seekers, according to a 2017 piece by the National Committee for Responsive Grantmaking, flexible, long-term general support remains as elusive as Bigfoot³.

The same trajectory can be seen vis á vis our longstanding commitment to movement building as a philanthropic strategy. As recently as a decade ago, movement building was simply not on the philanthropic radar. Our commitment to movement building placed us, some worried early on, at the “fringes” of philanthropy⁴. Today, talk of movement building is so ubiquitous that [Fast Company](#) advises⁵ marketers to “Build movements, not campaigns!” in order to move more product. But sector-wide, within philanthropy, actual funding to support movement building remains limited.

When we first went public with our strategy of supporting movement building in 2004, at a meeting of the Council on Foundations, our colleagues expressed shock. Over the years, we have faced consternation not only from other funders but even from some of our grantees, who questioned the role of a funder in the ground-up work of movement building: Would we try to take over or position ourselves as leaders simply because we controlled a funding stream?

Over time, as we made it clear that we understood both the potential and the limits of our role in nurturing movement building—that we were prepared to invest financial resources and use our convening power to support a family-led movement, but had no interest in setting the agenda ourselves, much less positioning ourselves as movement leaders—we have gained the trust of those on the ground. At the same time, as other funders begin to express interest in movement building, we understand the winding road they face, and can add to what will likely be a difficult conversation. “Movement building presents unique challenges to foundations,” as a recent article in *The Foundation Review*⁶ points out. “Because movements, by definition, must be driven by the people who are most affected, foundations cannot determine the goals and timetables of a movement.”

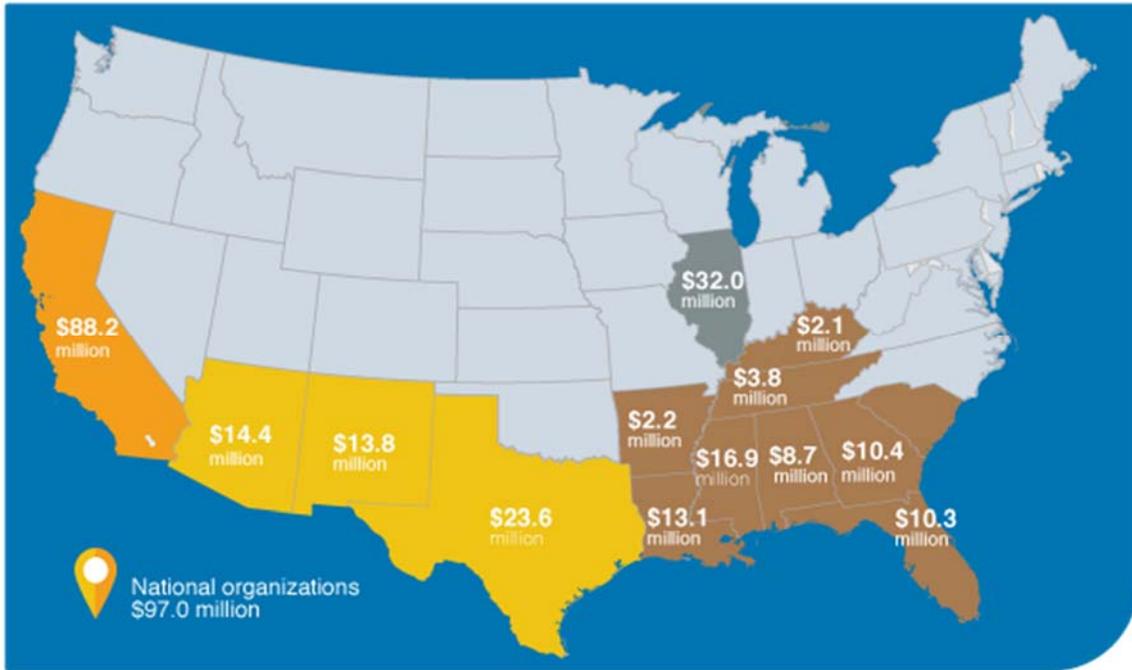
We are also encouraged to see an increasing number of funders recognizing the value of networks—another of our founding values—and beginning to support them. The challenges families face under the new administration make this kind of collaborative effort especially important. In times of instability, networks offer a crucial social and political infrastructure.

For the moment, we are pleased to see ideas and practices to which MCF has been committed for 15 years garnering greater interest within mainstream philanthropy, especially if that means those ideas will be put into practice more widely. But just as we were comfortable being seen as an outlier 15 years ago, we are not afraid to play that role again 15 years from now, when the ideals to which we are committed may have lost their cachet, replaced by new “best thinking” or philanthropic trends. In or out of fashion, we will still be listening and responding to the communities we serve, supporting them in building a movement for equity and justice, “building the road by walking,” no matter how long it takes or whether our road intersects with the mainstream of philanthropy. Our colleagues are our friends, and often our allies, but they are not our constituents. We are accountable, first and foremost, to the families we serve. As we survey their well-being, the picture is mixed at best.

The Context for Our Work: Concentrated Poverty Demands Concentrated Investment

Before the Foundation began our grantmaking journey in 2002, we gave careful consideration to how best to deploy our limited resources. The central determination was, and remains, clear: To effectively support the most vulnerable families, MCF must strategically target entrenched poverty and the myriad intertwined issues that limit families in their ability to thrive⁷. Looking at the Annie E. Casey National Kids Count Data, we chose to fund in the 13 states with the highest incidence of child poverty and we have stayed the course (See Appendix C).

Fifteen years later, we have invested more than \$390 million dollars in the highest-poverty regions of the country. Over those years, we have learned to strike a balance between honoring our commitment to core principles, as well as to key regions, and refining our work as we gain new information and understanding through our “Ask, Listen, Act” approach to philanthropy. We continue to invest in the poorest regions of the country, but at the same time, we look for areas where we see capacity, in the form of deeply-rooted community organizations that have the potential for collaborative action. We seek regions where there is not an overinvestment of other philanthropic resources in order not to duplicate efforts and, again, to focus our resources where the need is greatest. We don’t focus on impoverished regions simply in order to save a soul or two. We are interested in working with a cross-sector of the community to support lasting change.



MCF Giving Data: Cumulative general grants made to organizations in each state from November 2002 through May 2017.

We have made significant progress toward many of our goals, particularly, as our 15-year evaluation found⁸, toward establishing an infrastructure for movement-building in key regions across the country. Poverty persists, but people are now engaged in providing their own solutions; and acting on their vision of a better life and a stronger community. We have learned to mine hidden veins of social capital and movement building potential beneath layers of poverty and to build on them, patiently, year after year.

These developments give us reason to hope, as do shifts in several key areas that affect family prosperity and intergenerational opportunity. According to the latest Kids Count Data Book⁹ from the Annie E. Casey Foundation, parental employment and wages have risen in recent years, students are more likely to graduate high school, and a record number of children are covered by health insurance.

We are proud of our grantees who have played key roles in winning changes on all these fronts and more. At the same time, we are sobered by the persistence of poverty, the stubbornness of racial disparity,¹⁰ and the widening gap between rich and poor. In 2015, according to the Annie E. Casey Foundation's latest Kids Count Data, the child poverty rate stood at 21 percent—three percentage points higher than at the start of the recession, and four percentage points higher than in 2001, the benchmark year for MCF's giving. A look at the states in which we fund reveals an even starker increase in child poverty in several instances: 6% in Arizona, Arkansas and Florida; 7% in Kentucky; 8% in Georgia. These findings underscore that there is, without question, more work to be done in those regions of the country where poverty is most deeply entrenched, and particularly in the South and Southwest.

We are especially troubled by the growing number of children living in areas of concentrated poverty. In 2011-2015, ten million children, or 14 percent of all children, lived in communities where poverty rates were 30 percent or above, an increase from nine percent in 2000¹¹. Concentrated poverty has been shown to put all children in an impoverished neighborhood at risk, even those whose families have an income that is higher than the median. While progress has been made on some indicators of well-being, children and families living in the regions MCF initially identified as having the greatest need—West (California), Southwest (Arizona, New Mexico and Texas), South (Arkansas, Louisiana, Mississippi, Alabama, Georgia and Florida) and Midwest (Chicago)—still face significant risks from concentrated poverty.

These are challenging and uncertain times. But that does not mean the Foundation should change course. We must stay the course, and communicate to grantees and the families they serve our unwavering commitment and our faith in their own ability to foster change and set their own path. Concentrated poverty demands concentrated investment over the long term. We must remain steadfast in our commitment to invest in those regions of the country where the need is greatest, because of philanthropic underinvestment as well as poverty itself (See Appendix D and E).

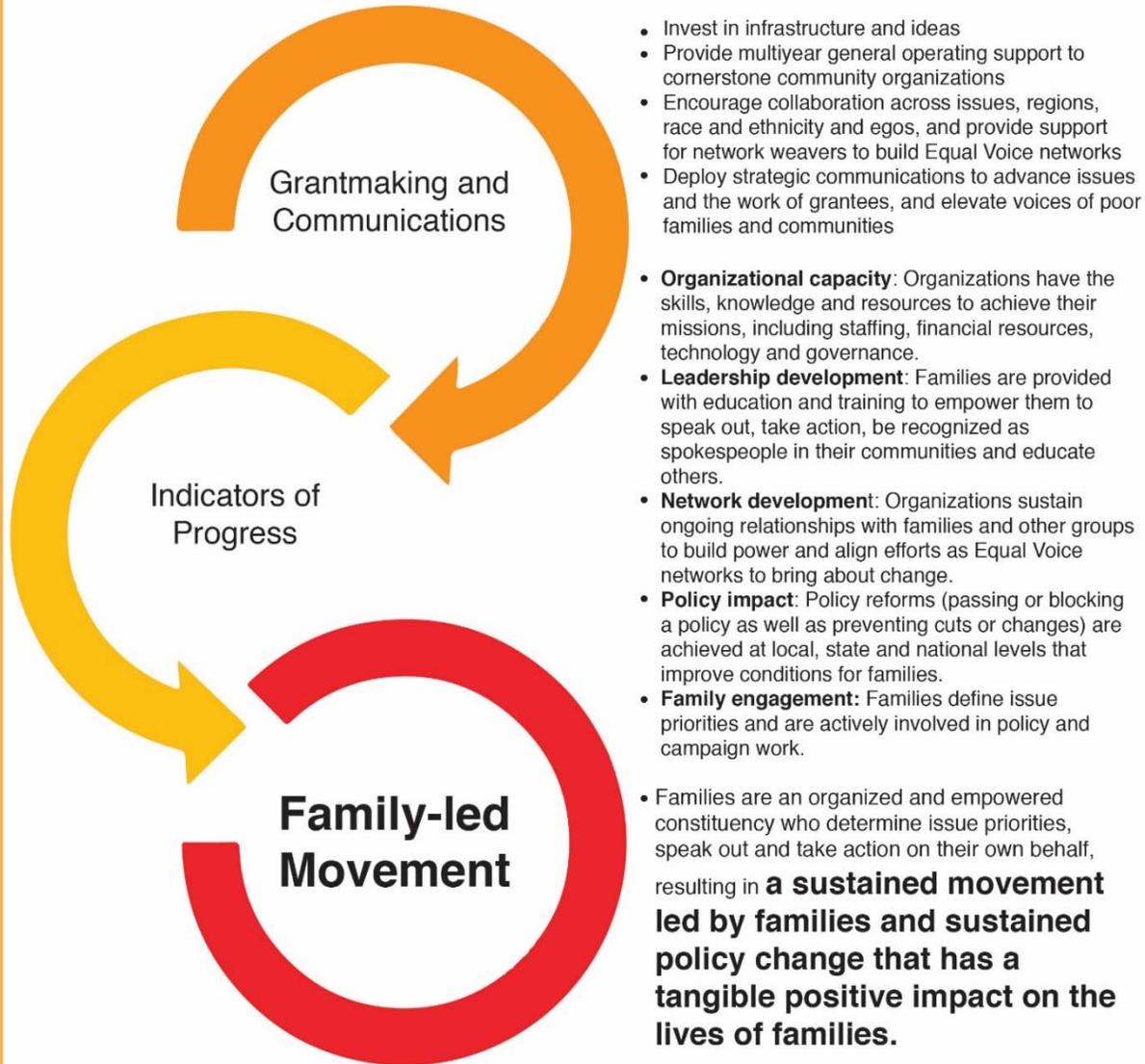
Our success in influencing the philanthropic community at large should inspire us to do more to seed our core values and disseminate our best practices by communicating them as clearly and widely as possible¹². We must build on our successes by doubling down on our commitment to sustaining a family-led movement to ensure that all families have what they need to thrive.

Discussion Questions:

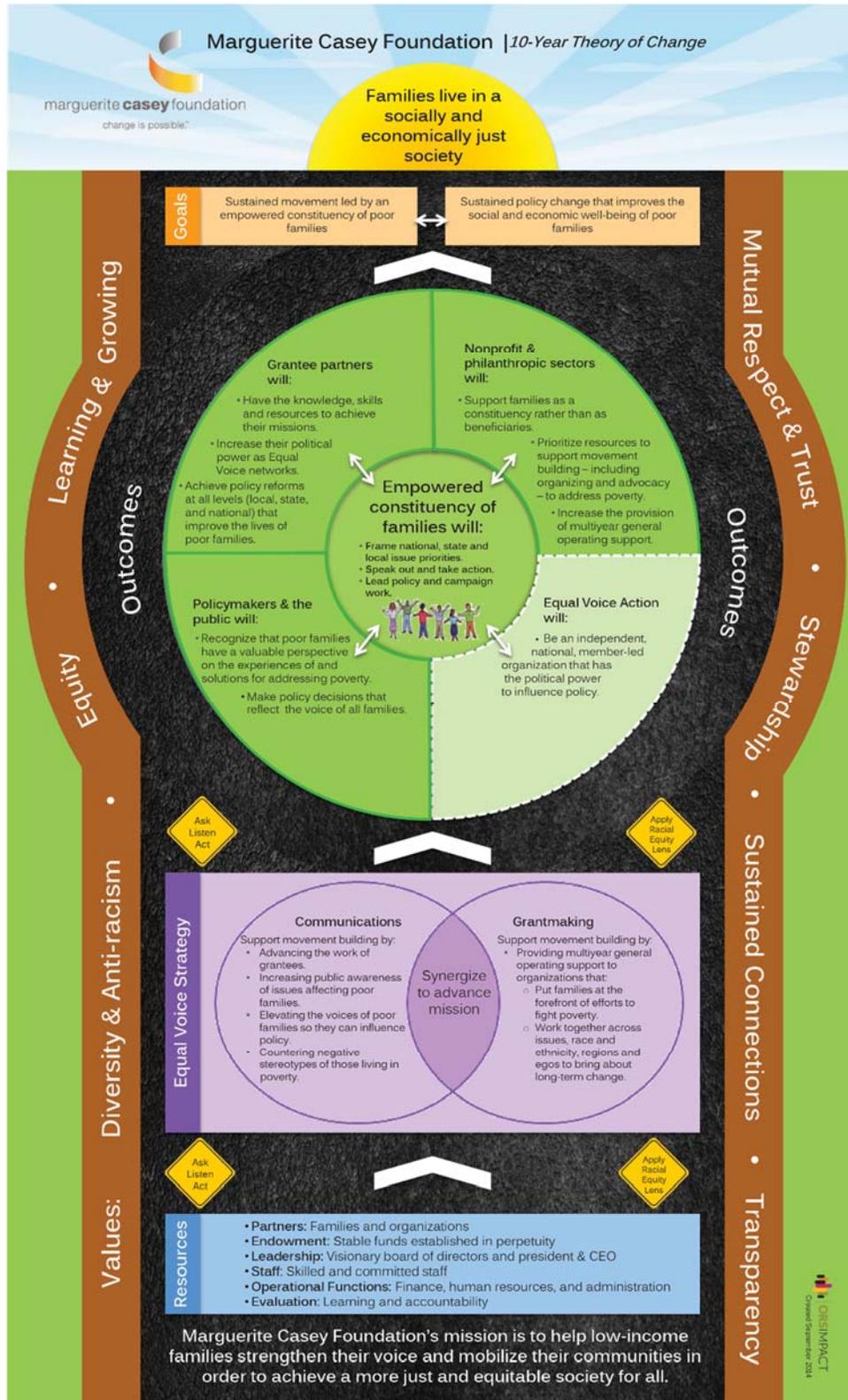
- Looking at the trajectory of the past 15 years in the regions where we fund, what have been our most marked successes? What kind of measures, above and beyond demographics, might best describe our work? (e.g., movement-building infrastructure, development of networks).
- What are the most important challenges for us to address moving forward? What kind of change do we hope to see within our grantmaking regions 15 years from now?
- MCF's core values provide continuity even as they evolve over time. Which values do you see as most important in guiding our work moving forward?
- What impact has MCF had on philanthropy at large since our inception? What impact would we like to have moving forward? How might we work to disseminate key learnings more broadly to inspire replication and increase impact?

Marguerite Casey Foundation

Strategic Framework for Movement Building



Appendix B: Marguerite Casey Foundation, Theory of Change

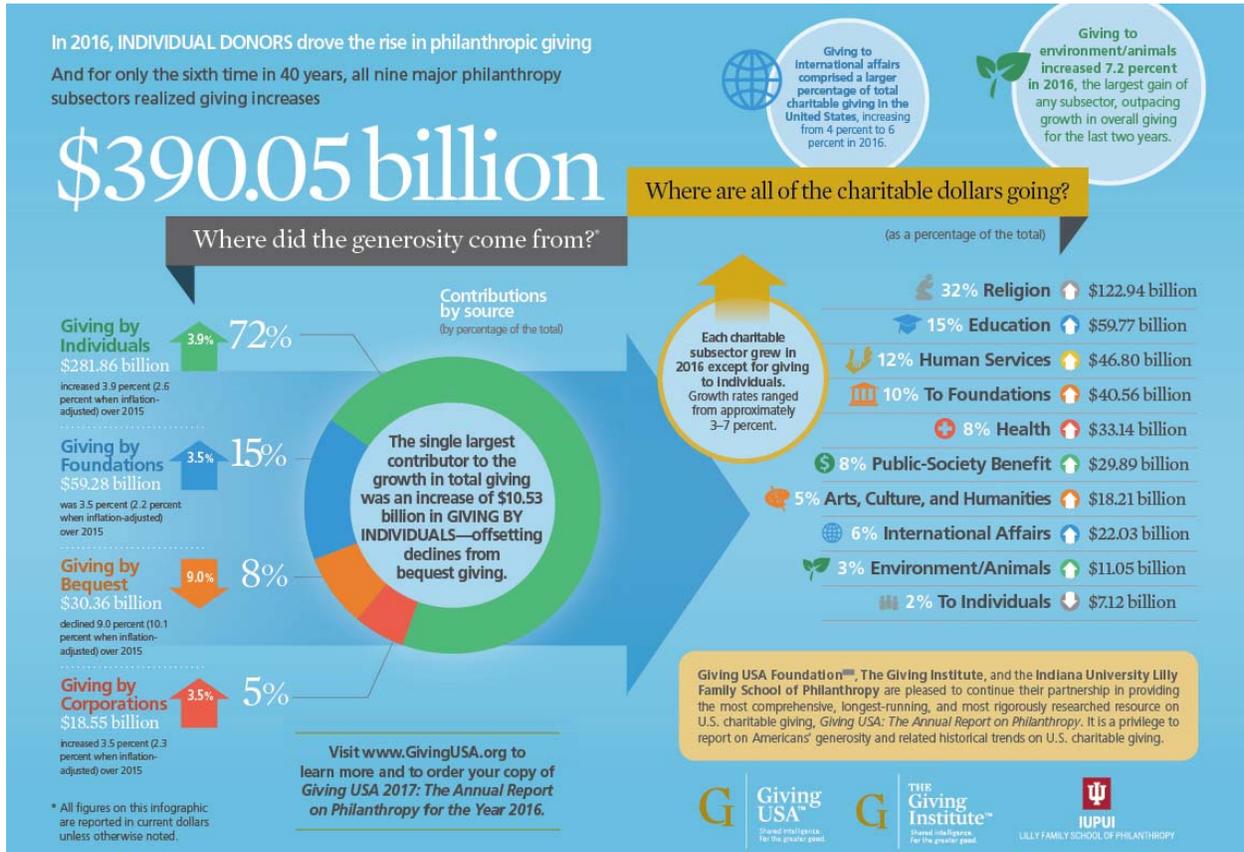


Appendix C: Children in Poverty, Then and Now
 Source: Annie E. Casey National Kids Count Data Center

Grantmaking States	2001	2010	2015
United States	17%	22%	21%
Arkansas	21%	28%	27%
Arizona	19%	24%	25%
Alabama	23%	28%	27 %
California	18%	22%	21%
Florida	17%	23%	23%
Georgia	16%	25%	24%
Illinois	15%	19%	19%
Kentucky	19%	26%	26%
Louisiana	27%	27%	28%
Mississippi	26%	33%	31%
New Mexico	24%	30%	29%
Tennessee	21%	26%	24%
Texas	21%	26%	23%

2017 Kids Count Data Book, Annie E. Casey Foundation.

Appendix D: Where are all the Charitable Dollars Going?



Appendix E: Philanthropy in Marguerite Casey Foundation Grantmaking States (2014)

Grantmaking State	Number of in-state foundations	Giving to state by in-state foundations	Giving to state by out-of-state foundations	MCF rank (out-of-state giving to state)	Overall giving to state	Population	Overall poverty rate
Alabama	936	\$84.8 million	\$45.5 million	11	\$130.3 million	4,849,377	19.3%
Arizona	845	\$139.0 million	\$158.2 million	21	\$297.2 million	6,731,484	18.2%
Arkansas	312	\$134.8 million	\$48.1 million	55	\$182.9 million	2,994,079	18.9%
California	7,724	\$3.1 billion	\$1.8 billion	46	\$5.0 billion	38,802,500	16.5%
Florida	5,281	\$432.9 million	\$350.3 million	62	\$783.2 million	19,893,297	16.5%
Georgia	1,511	\$544.4 million	\$472.5 million	77	\$1.0 billion	10,097,343	18.3%
Illinois	5,284	\$814.5 million	\$517.0 million	40	\$1.3 billion	12,880,580	14.4%
Kentucky	557	\$70.8 million	\$114.4 million	67	\$185.2 million	4,413,457	19.1%
Louisiana	533	\$94.5 million	\$117.0 million	31	\$211.5 million	4,649,676	19.8%
Mississippi	258	\$52.1 million	\$42.5 million	11	\$94.6 million	2,984,926	21.5%
New Mexico	275	\$23.6 million	\$76.1 million	14	\$99.7 million	2,085,572	21.3%
Tennessee	821	\$244.1 million	\$117.7 million	62	\$361.8 million	6,549,352	18.3%
Texas	4,794	\$1.5 billion	\$423.1 million	43	\$1.9 billion	26,956,958	17.2%

Sources: “Number of Foundations” includes all non-terminated independent, corporate, community, and operating foundations. Sources of data for these foundations include IRS information returns (Form 990-PF for private organizations, Form-990 for community foundations), and foundation reports. Giving data come from Foundation Center’s *Foundation Maps* database of all publishable grants, foundation administered programs, program-related investments, and grants to individuals. Sources of grants data include IRS information returns (like IRS Form-990 and Form 990-PF) and information reported directly to Foundation.

¹ David Callahan, "Control: Why So Many Funders Fear General Support and Can't Stop Micromanaging, Inside Philanthropy," November 11, 2014.

² Jennifer Teunan, "Can General Operating Support Become the New Normal?", Philanthropy Northwest, February 5, 2016.

³ Kevin Whelan, "Longterm General Support: The Elusive Bigfoot in Philanthropy," Responsive Philanthropy, Spring 2017.

⁴ "Paving a Road of Hope: Reflections on the First 10 Years of Marguerite Casey Foundation," Marguerite Casey Foundation.

⁵ Ekaterina Walter, "Build a Movement, Not a Campaign, and You'll Ingite Passion in Your Brand's True Believers," Fast Company, June 19, 2013.

⁶ Barbara Masters and Tori Osborne, "Social Movements and Philanthropy: How Foundations Can Support Movement Building," The Foundation Review, Vol. 2:2.

⁷ Mavis G. Sanders and Claudia L. Galindo, "Fifteen Years of Philanthropic Leadership: a Summative Evaluation of the Marguerite Casey Foundation, Final Report," Marguerite Casey Foundation (internal document), July, 2016.

⁸ Ibid.

⁹ 2017 Kids Count Data Book, Annie E. Casey Foundation.

¹⁰ 36 percent of African-American and 31 percent of Latino children live in poor families, compared to 12 percent of White children. Kids Count Data Book, 2017, p. 8.

¹¹ Kids Count Data Book, op. cit.

¹² To this end, we will be publishing three papers on general support in Fall 2017.