

EDUCATION AND PHILANTHROPY IN THE AMERICAN SOUTH:
A CASE HISTORY OF THE DANVILLE REGIONAL FOUNDATION'S INVESTMENT IN
SMART BEGINNINGS

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ABSTRACT

Mark D. Constantine: Education and Philanthropy in the American South: A Case History of the Danville Regional Foundation's Investment in Smart Beginnings
(Under the direction of Fenwick W. English)

This study investigates and analyzes Danville Regional Foundation's (DRF) \$5.4 million investment to support the Smart Beginnings Danville Pittsylvania County ("Smart Beginnings") early childhood program.¹ Findings are presented as an historical case study. The study applies the perspective of strategic philanthropy, paying particular attention to the elements of asset-based social policy and the context of the American South. The study uses qualitative methods including textual analysis of key internal and external documents as well as structured interviews with four participants deeply engaged in the conceptualization and execution of Smart Beginnings.

Careful consideration of DRF's investment in Smart Beginnings surfaces at least six questions that merit explicit consideration by philanthropic leaders when attempting to address issues of persistent inequity.

¹ Smart Beginnings seeks "to increase community-wide awareness and support for a system of early childhood services to ensure that every child enters kindergarten healthy and ready to succeed in life" (www.smartbeginnings.org).

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Chapter 1: Introduction

The October 31, 2015, issue of the *New York Times* boldly reported under the headline “Major Foundations, Eager for Big Change, Aim High” that “some of the biggest foundations in the country are redoubling their commitments to progressive issues.” The story recounted the decision of the Ford Foundation to invest its entire \$500 million grantmaking budget to address growing inequality in the country and around the globe. Darren Walker, president of the Ford Foundation, told the newspaper: “Philanthropy is commendable, but it must not cause the philanthropist to overlook the circumstances of economic injustice which make philanthropy necessary” (Gelles, 2015).

Over the past decade, the words “philanthropy” and “inequality” have appeared more regularly in the media and in academic discussions. The two words are seldom linked. Philanthropy, once a word uttered only by the very wealthy or by foundation executives, has captured the imagination of a much larger public. Tavis Smiley, Warren Buffett, Andre Agassi, Oseola McCarty, and others have sparked interest in the transformative power of philanthropic capital. The recent large-scale investments by the Bill and Melinda Gates Foundation to support public school reform have come amid reports of the decline in the quality of public education in this country. A diverse selection of foundations – ranging from Foundations for a Better Oregon, the Foundation for the Mid South, and the Walton, Lumina, and Rodel Foundations – are exploring ways that philanthropic capital and philanthropic power can shape the trajectory of public schooling. Too often, however, they enter the

educational arena without thoughtful strategies to learn from and assess the effectiveness and impact of their investments.

Growing inequality, likewise, has increasingly become a social concern as the wealthy become wealthier, housing grows more expensive, health care costs soar, and incomes remain stagnant. As Lynn Huntley, former president of the Southern Education Foundation and director of Ford Foundation's Rights and Social Justice Program, aptly observed: "Contemporary life is hard. We all have problems, whether we're affluent or poor. Poor people have more problems, deeper, graver, survival-related problems" (Constantine, 2009, p. 183).

In this study, I explore the intersections of philanthropy, philanthropic strategy and organizational learning, and inequality, particularly within the context of the American South. As a Southerner who has worked in organized philanthropy for more than 25 years, I approached my professional work with a deep commitment to alleviating poverty and promoting equity. Now I question whether philanthropy possesses the resources and commitment to tackle the persistent challenge of inequality. In approaching this study, I have four aims: (1) sufficiently documenting a relationship between philanthropy and education to justify this analysis within the context of a graduate school of education, (2) offering rationale for the focus on the American South by paying particular attention to inequality in the region, (3) looking closely at a signature foundation investment to promote early childhood education from the perspective of strategic philanthropy and asset-based social policy and (4) identifying key areas for future foundation action to enhance effectiveness and impact as they work to address inequality.

Philanthropy: A Concise Definition?

“There is no perfect definition of philanthropy,” H. Peter Karoff (2004) writes, “one that succinctly describes what it is and what it does. Some would say philanthropy is about a love for humanity, because of its roots in the Greek words *philos* and *anthropos*, which mean ‘love’ and ‘human being,’ respectively. Some would say that philanthropy is a highbrow word for charity. Some would say that philanthropy in the United States is defined by the entire Independent Sector” (p. xvi). The Oxford English Dictionary offers a more succinct definition. Philanthropy, the OED notes, is “the desire to promote the welfare of others, expressed especially by the generous donation of money to good causes” (“Philanthropy,” 1989).

The distinction between philanthropy and charity, originally noted by Andrew Carnegie, presents its own set of tensions and debate. In “Giving in America: From Charity to Philanthropy,” Robert Gross (2003) suggests that “[c]harity expresses an impulse to personal service; it engages individuals in concrete, direct acts of compassion and connection to other people ... [while] philanthropy represents a second mode of social service ... [which seeks] to apply reason to the solution of social ills and needs” (p. 31). In her 2003 analysis of the history of philanthropy, *The Greater Good: How Philanthropy Drives the American Economy and Can Save Capitalism*, Claire Gaudiani takes specific care to establish that her “argument does not focus on philanthropy as charity. It focuses on philanthropy as investment. Charity is important. ... [It] is the simplest, first step of generosity. The ultimate form of generosity is the investment in people, property, and ideas” (p. 3).²

² In his influential essay, “Small Can Be Effective,” Paul Ylvisaker (1989) provides a thoughtful description of the “traditions” that inform foundations. He suggests three and includes patronage in addition to charity and philanthropy.

The definition of philanthropy is complicated further by the lack of clarity concerning the ends and goals of the activity. Robert Payton, former director of the Center on Philanthropy at Indiana University, and Michael Moody (2008) assert that “philanthropy is a multiplicity. ... Defining philanthropy as volunteer action for the public good assumes that philanthropy is manifest in action, not simply in purpose or intention. However, the definition also specifies that action, in order to be classified as philanthropic, must have a particular purpose – to achieve some vision of the public good” (p. 28). The nebulous vision of the public good creates a wide and subjective spectrum of philanthropic investments to promote the creation of affordable housing, the establishment of conservative think tanks, the development of women-owned businesses around the globe, and studies to demonstrate the role of home economists in child development.

The primary focus of this analysis will be on institutional philanthropy as opposed to individual donors or community philanthropic organizations like churches and fraternal societies. While the study of these organizations has grown exponentially over the past decade, the insights of Waldemar A. Nielsen (1972) in his groundbreaking text, *The Big Foundations*, still ring true:

What are the great traditions within which foundations, large and small, move and have their being? Essentially, there are three: The oldest and most widely practice and understood is *charity*. In its simplest form it is a one-to-one transaction between two parties – one more affluent sharing resources with one more needy, a classic example being the Good Samaritan.

A second and equally ancient tradition is *patronage*, the identification and nurturing of talent. Originally practiced by kings and nobles, the tradition has given us the masters and masterpieces of art, sculpture, and music. In its modern form, it is represented by fellowships, such as the Guggenheim and MacArthur awards, and by direct support of cultural and educational enterprises.

The third great tradition is modern *philanthropy*, only a century old and still evolving. It emerged with the massive fortunes of Andrew Carnegie, John D. Rockefeller, and their kindred barons; it took on the structured character and law of the corporate world and associated itself with the outlook and professionalism of organized science. It dedicated itself to finding systemic solutions to underlying causes of poverty and other social ills, and over time has become a recognized social process – in effect, a set of private legislatures defining public problems, setting goals and priorities, and allocating resources toward general solutions. (pp. 360-1)

In the great jungle of American democracy and capitalism, there is no more strange or improbable creature than the private foundation. Private foundations are virtually a denial of basic premises: aristocratic institutions living on the privileges and indulgence of an egalitarian society; aggregations of private wealth which, contrary to the proclaimed instincts of Economic Man, have been conveyed to public purposes. Like the giraffe, they could not possibly exist, but they do. (p. 3)

Joel Fleishman, writing in *The Foundation: A Great American Secret* (2007), suggests that the improbability of the organizational form has led to underperformance, lack of strategic intent, and shortcomings in oversight. “Foundations,” he writes, “have long been, for good and ill, the least accountable major institutions in America” (p. xv).

Since 1975, the United States has witnessed greater than a 400 percent increase in inflation-adjusted dollars in the amount of philanthropic activity from many different sectors of the economy. Having more than doubled in number since 1975, private foundations have accounted for more of this growth than corporate philanthropy and other types of giving. Between 2003 and 2012, the Foundation Center reports that the number of foundations in the United States increased from 66,401 to 86,192. The amount awarded by these institutions has increased from \$30.3 billion to \$51.8 billion.³

One of the favorite recipients of philanthropic dollars in the U.S. has been education. According to 2012 data collected by the Foundation Center, the 1,000 largest foundations awarded 31,050 grants totaling \$4,969,633,975 to more than 11,800 recipients during that year. Thirty-nine percent of these investments targeted elementary and secondary education.⁴ Moreover, foundations play a key role in education at all levels through their power to leverage various financial and human assets to effect policy changes and reform school

³ See http://foundationcenter.org/gainknowledge/research/keyfacts2014/pdfs/Key_Facts_on_Foundations_2014.pdf

⁴ See <http://data.foundationcenter.org/#/fc1000/subject:education/all/total/list/2012>.

systems. The work of The Community Foundation for Northeast Florida in Jacksonville, Florida, over a decade to establish the Jacksonville Public Education Foundation gives evidence to the willingness of organized philanthropy to work in the domain of public education policy.

While philanthropic investment in education may on the surface seem a public good, such a claim must be tempered. In their 1995 text, *Tinkering toward Utopia: A Century of Public School Reform*, David Tyack and Larry Cuban suggest that a focus on public education may potentially limit much-needed discourse and action on complex issues that perpetuate and sustain inequality and inequity:

Faith in the power of education has had both positive and negative consequences. It has helped to persuade the citizens to create the most comprehensive system of public schooling in the world. Americans have used discourse about education to articulate and instill a sense of the common good. But overpromising has often led to disillusionment and to blaming schools for not solving problems beyond their reach. More important, the utopian tradition of social reform through schooling has often diverted attention from more costly, politically controversial societal reforms. It's easier to provide vocational education than to remedy inequities in employment and gross disparities in wealth and income. (pp. 4-5)

Statement of Problem

The effectiveness of foundations and philanthropic investments has been limited by lack of oversight and strategic intent in program design, execution, monitoring and evaluation (Fleishman, 2007). Writing about this state of affairs, Michael Patton and Patricia Patrizi (2010) note:

Foundations devote substantial time, resources, and staff to concerns about strategy, and the language of “being strategic” permeates their organizational cultures and leadership rhetoric, but the findings [of the work of the philanthropic Evaluation Roundtable] identified a perceived weakness in how

large and prestigious philanthropic foundations approach strategy formulation – *and a general absence of strategy evaluation.* (pp. 9-10)

These perceived shortcomings present numerous problems that merit attention and study.

On a basic level, lack of oversight and transparency present challenges for the field of organized philanthropy as legislators and the Internal Revenue Service appropriately question whether foundations merit a federal tax exemption. These questions are compounded during periods of rising social needs when governments at every level are expected to respond to declining revenue for public schooling and affordable housing and increasing costs associated with the care of aging and more diverse populations. Understandably, municipal leaders and government representatives ask whether the resources *not* generated by taxing foundations would be of greater public service if invested in the public coffers.

Poor oversight of foundations also has led to the formation of watchdog groups that work to understand to whom these institutions hold themselves accountable and if and how private resources intended for public purpose are indeed serving the broader public. Organizations like the National Committee for Responsive Philanthropy, for example, seek to promote philanthropy “that serves the public good, is responsive to people and communities with the least wealth and opportunity, and is held accountable to the highest standards of integrity and openness”.⁵ These watchdog groups serve a critical function to improve practice but with limited impact.

The failure of philanthropy to improve transparency also has a potentially deleterious effect on philanthropic practice, impact, and effectiveness, both within individual organizations as well as the wider philanthropic and nonprofit infrastructure and ecology. Foundations often are asked to invest in proposals and bodies of work that fall well beyond

⁵ See www.ncrp.org.

the skill set and capacity of board and staff members to assess with any degree of confidence. This writer, for example, has participated in decision-making processes where foundation officers consider a wide range of education and housing proposals without understanding the larger public policy or financing issues, the life experiences of the potential beneficiaries, or the specific cultural, economic, or political context of the endeavor. Decisions are often based on an assessment of the perceived strength of the applying organization, the charisma or reputation of organizational leaders, or magnitude of perceived need.

The shortcoming of foundations to assess adequately such investments and to design strategy that takes the particularities of context into consideration can be detrimental on several fronts. Resources can be poorly invested in an organization and can potentially have negative consequences on both the applying organization and the intended beneficiary. Imagine a scenario where a foundation makes a significant investment to a nonprofit organization to develop affordable housing for low-income people without completing appropriate due diligence. In a worst-case scenario, the applying nonprofit may have failed on the front end to secure necessary pre-development finance or permits needed to proceed with a project. This same nonprofit may have championed the foundation investment to its board members, intended beneficiaries, and the local media. If the project fails, blame and suspicion will more likely fall on the applying nonprofit rather than the foundation. The potential cascade of negative consequences will likely leave the foundation unscathed but could tarnish the reputation and credibility of the nonprofit and weaken its balance sheet. Of course, the intended beneficiaries – those who were hoping to find safe and affordable housing – also are losers in the equation.

Foundations' failure to assess, design, and execute investments and programs can also result in organizations with capacity to implement programs *not* receiving capital because limited resources have been committed to other programs or initiatives. In some cases, the applying organization with capacity could be disadvantaged by not having previous relationships with the foundation leadership. It might not know the key words or phrases that a particular foundation looks for in proposals. Or it might have been working on a critical issue that board members were biased against or believed could not be addressed.

Finally, the failure of philanthropic organizations to develop programs and strategies well could have negative consequences on a broader field of practice because foundations often mimic foundations or executives perceived to be leaders in their fields. This author has witnessed numerous cases where foundations fall prey to the logic of mimetic isomorphism. In these instances, a foundation implemented strategies introduced by a "thought leader" or a well-regarded foundation without considering if the same approach makes sense in a different community, with a different set of actors and infrastructure, and with a different social, economic, and structural environment.⁶ The ripple effect of poor oversight and design and execution stands to extend the chain of negative consequences well beyond one geographic location.

Given the negative consequences than can result from philanthropic investments, this study aims to examine closely the design, execution, and assessment of one significant foundation investment to understand better the design, decision-making, adaptive, and evaluative processes. This study will present an example of how foundations can become

⁶ For an overview of concepts of isomorphism within the field of organizational sociology, see especially Alrich (1999) for discussion of coercive, mimetic, and normative isomorphism. For discussion of the role of isomorphism in organized philanthropy, see especially the work of Lucy Bernholz, founder of Blueprint Design.

more transparent in their operations to benefit of themselves, the people and organizations they aim to serve, and the broader philanthropic community.

Purpose of the Study

The expectation of this study is that the findings and analysis will inform the broader field of philanthropy, particularly foundations located in the American South. This study also seeks to provide critical insights into what practices and processes can be implemented and followed to improve effectiveness and impact, particularly as these institutions work to address growing inequality in the region.

The study has importance and relevance on at least three levels. It will foster learning among foundations in hopes of increasing foundation impact. It will promote transparency and accountability among other foundations. And it will highlight early childhood education as a potential strategy to foster opportunity for disenfranchised populations.⁷

In approaching this research project, the researcher notes the selection of the case for largely intrinsic reasons with limited capacity for generalization. As with cases designed for instruction in law and business programs, the case study example of the Danville Regional Foundation stands to serve a teaching function for other foundation board and staff with

⁷ In addition to these potential benefits, the study has the potential to inform how foundations work within the domain of public policy to promote social change. As Fleishman (2007) notes, foundations can work on public policy in two ways: by supporting an existing advocacy organization, or by launching a new advocacy initiative (p. 27). In the case of the Danville Regional Foundation's investment in Smart Beginnings, foundation leadership made the deliberate decision to work with a statewide organization with expertise in the domain of public policy. The costs, benefits, and lessons learned from this partnership will be of particular importance to foundations that are considering how to develop strategy and programs given the shifting external policy environment at the local, state and federal levels that foundation leaders must consider when making investment decisions.

respect to the design, decision-making, evaluation pursued, data reviewed, questions considered, and analytical framework applied by the board and staff.

The resulting case study will seek to serve the teaching function of cases prepared by the foundation association group, Grantmakers for Education. In their series of grantmaking efforts targeting improvements in education, for example, Grantmakers for Education has prepared cases on the Noyce Foundation's "Every Child a Readers and Writer Initiative" and the Rodel Foundation's effort to catalyze a system of world-class schools. As noted by Grantmakers for Education, case analysis and preparation is intended "to encourage foundation trustees, leaders and program staff to reflect more deeply on what ... principles mean for their own grantmaking and how they might be integrated into their efforts" (King, 2006, p. *iii*). Given the size of the investment made by the Danville Regional Foundation, the geographic focus and nature of the investment (e.g., rural South, early childhood), and the prominence of the DRF president and CEO, the potential impact and readership of the resulting case study is significantly increased.

Proposed Case Study

Founded in 1793, Danville is located on the Dan River, east of the Blue Ridge Mountains. Of the slightly more than 42,000 residents, African Americans and Whites almost equally make up almost 96 percent of the population. Hispanics represent 3 percent. Median household income dropped from \$37,163 in 2000 to \$31,609 in 2012. In 2014, unemployment hovered above 10 percent. The poverty level for all residents in 2012 stood at 26.1 percent. In 2014, the percentage of children living in poverty reached 41 percent. While almost 80 percent of the population had graduated from high school in 2012, only 16.5

percent had achieved college graduation. Danville is a place where issues of inequality, poverty, equity, and opportunity loom large.⁸

In 2009, Danville Regional Foundation awarded a planning grant to support exploration and development of Smart Beginnings to consider the question, “Where are we now as a region at providing every child the opportunity to come to school ready to learn?”⁹ The resulting planning process revealed that only 31 percent of children in the region could pass the PALS-K kindergarten readiness exam used by the Commonwealth of Virginia to assess kindergarten preparedness. According to the Smart Beginnings staff, this rate of kindergarten readiness placed Danville Public Schools in the lowest fifth percentile on PALS testing by Virginia’s public school systems. The process also surfaced the reality that the Danville Public Schools were 14 percent below the third-grade reading average.

The board of directors of Danville Regional Foundation invested \$5.4 million to formally establish Smart Beginnings. As a result of this investment, Smart Beginnings reported the following outcomes in August 2015 when making a second request to the Foundation for an additional \$2.9 million to sustain and expand operations:

- Significant improvement on PALS-K performance supported by a data-driven decision-making process within the school system. Five years after the initial investment of \$5.4 million, the percentage of children who did not pass the PALS-K assessment had dropped from 31 percent to 14 percent.

⁸ Demographic data on Danville can be found at the following website:
http://www.drfonline.org/content/drif/uploads/PDF/regional_reports/2014/2014_drf_regional_report_card_with_support_final.pdf

⁹ Internal communication prepared by Clark Casteel to Community Investment Committee of Danville Regional Foundation, August 11, 2015.

- Increased availability of high-quality childcare as measured by the Virginia Star Quality Initiative and increased awareness of the star rating system. In 2010, before the DRF investment, Smart Beginnings reported there were no star-rated childcare facilities in Danville or Pittsylvania County. In 2015, Smart Beginnings reported that 35 percent of eligible childcare programs in the area are participating in VSQI. The participation rate in the state of Virginia remained at eight percent.¹⁰
- Access created to evidence-based parent education and support for parents in the region with children under six years old. With resources from DRF, Smart Beginnings established two programs: The “Incredible Years Preschool Basic” parenting program that aims to strengthen parent-child interactions and attachment, reduce harsh discipline and foster parents’ ability to promote children’s social, emotional and language development; and the “1-2-3 Magic” program. In 2015, Smart Beginnings reported that more than 300 households in the region had participated in one or both of the two parenting education programs. None of the households reported prior participation in similar programs.
- Increased collaboration between the city and county school systems to support the transition between preschool and kindergarten.
- Initiated a fiscal mapping project to identify sources of local, state, and federal funding for school readiness in the two counties. As a result of this mapping project, more than \$13 million in public funds targeting early childhood were

¹⁰ Eligible childcare providers include public schools, private and faith-based centers, and home-based programs.

- identified. Following this data collection process, Smart Beginnings organized more than 70 community stakeholders to analyze data, set county and regional priorities, and establish a strategic plan for the allocation of these resources.
- Created a structure and mechanism for diverse organizational actors to meet and develop a common agenda for advancing school readiness. This group of actors includes representatives from the Danville and Pittsylvania school systems and public health departments, the two Head Start programs, Danville Regional Medical Center, Danville Community College, Averett University, the local chamber of commerce, and the local community services boards.

Theoretical Frames

The study made use of two dominant theoretical frames: (1) strategic philanthropy and (2) asset-based social policy.

Strategic Philanthropy. The concept of strategic philanthropy gained prominence with the publication of the article “Philanthropy’s New Agenda: Creating Value,” which appeared in 1999 in *Harvard Business Review*. In that piece, Michael Porter and Mark Kramer advocated for foundations to adopt a new approach to their work that included (1) setting and focusing on clear and clearly defined goals, (2) integrating data and research into analyses, (3) clearly articulating assumptions and hypotheses to inform grantmaking and other investments, and (4) integrating evidence-based process as a critical component of practice.

The essay launched a cascade of publications that attempted to differentiate strategic philanthropy from philanthropy and charity. Lucy Bernholz, Paul Brest, Peter Frumkin, Peter Karoff, and Christine Letts, among others, became standard bearers for strategic philanthropy. An industry of consultants and organizations, both profit and nonprofit, emerged to introduce myriad versions of strategic philanthropy to individuals of wealth and foundations. Mark Kramer established FSG, and Lucy Bernholz founded Blueprint Consulting. Global consulting giants McKinsey and Company and Boston Consulting Group invested significant resources to build business practice areas to promote strategic philanthropy. As Patricia Patrizi and Elizabeth Thompson correctly note, “Over the past decades, foundations have taken up ‘strategic philanthropy’ with a vengeance” (2011, p. 52).

Over time, critiques and shortcomings of strategic philanthropy have surfaced. John Kania, Mark Kramer, and Patty Russell argue that the efficacy and impact of strategic philanthropy is linked to the nature of the problem being addressed (Kania, Kramer, & Russell, 2014). They propose three types of problems: simple, complicated, and complex. Strategic philanthropy “works well for simple and complicated problems” but is less effective with complex problems (p. 26).¹¹

Asset-Based Social Policy and the American South. In addition to applying the lens of strategic philanthropy, this study also will apply the lens and perspective of asset-based

¹¹ Citing the work of complexity theorist David Snowden, Kania, Kramer and Russell offer the following distinction between simple, complicated and complex problems: “A simple problem can be highly ambitious.... Given the necessary resources and expertise, one can reliably predict the cost, timeline and end result with high accuracy. Complicated problems, like developing a vaccine, may take attempts before a successful formula is developed, but each successive attempt builds on prior knowledge and experience, and once the formula is discovered, it can be repeated with equally predictable results. Complex problems, such as improving the health care of a particular group of people, are entirely different. These problems are dynamic, nonlinear and counterintuitive” (Kania, p. 26).

social policy and inequality. While the history of philanthropy in the American South cannot be easily evaluated and assessed, strong claims can be made to assert that inequality persists and that it defines and limits opportunity and access for many of the region's people. In their groundbreaking analysis of wealth disparities in America, *Black Wealth / White Wealth: A New Perspective on Racial Inequality*, Melvin Oliver and Thomas Shapiro (2006) note: "At the most general level, 'social inequality' means patterned differences in people's living standards, life chances, and command over resources. While this broadly defined concern involves many complex layers, [this] analysis focus[es] mainly on the material aspects of inequality" (p. 23).

By focusing on the material aspects of inequality (e.g., wealth and income) and disparities and inequality in educational attainment, a network of nonprofit organizations working at the regional and national levels – CFED, MDC, and the Southern Education Foundation – paint the picture of an American South in distress where equal opportunity and citizenship appear not to walk hand in hand. Taken together, these organizations report:

- "Liquid asset poverty is also more pervasive in the South [than in any other region of the country]. All but one of the 10 states with the worst liquid asset poverty are in the South: Alabama, Mississippi, Georgia, Nevada, Kentucky, Arkansas, North Carolina, Tennessee, Louisiana, and Texas." (Brooks, 2014, p. 3)
- "The inability to save, as measured by 'liquid asset poverty,' remained more than double the income poverty rate in 2011 in nearly every state. In seven states (including six in the South), more than 50% of households are liquid

asset poor, led by Alabama, where nearly two out of every three households (62.7%) do not have a basic personal safety net.” (Brooks, 2014, p. 6)

- “These transformations establish the South as the first and only region in the nation ever to have both a majority of low-income students and a majority of students of color enrolled in public schools. Four Southern states (Texas, Louisiana, Mississippi, and Georgia) now have a majority of both low-income students and students of color. Two Southern states (Florida and Maryland) have a majority of students of color and a large percentage of low-income students, though not a majority.” (Suitts, 2010, p. 5)
- “The students who now constitute the largest groups in the South’s public schools are the students who in the aggregate are scoring lowest on state-mandated tests and on the federal National Assessment of Educational Progress (NAEP), the only national performance examination for K-12 students. In all Southern states, African American, Hispanic, and American Indian students, as well as low-income students of all races and ethnicities, including Whites, score below average on virtually every state-required test in every subject.” (Suitts, 2010, pp. 15-6)

The temptation exists to accept liquid asset poverty, income poverty, unemployment and low attainment and performance rates in education as challenges beyond the scope of human activity and investment to tackle and overcome. Complacency in the face of such inequality threatens not only the lives of those directly affected but of civil society and the network of interdependent relationships that sustain democratic communities.

The decision to focus on a foundation investment in early childhood development takes root in research and data that understand early childhood education as central to building human capital required to compete effectively in local and global economies. This focus also takes into account the longitudinal research on the Abecedarian Project, the Perry Preschool Project, the Chicago Longitudinal Study, and the Brookline Early Educational Project. These studies demonstrate the efficacy of early childhood investments in improving life outcomes, educational attainment and income and earnings over the life course for populations served. These studies and research documenting impact and efficacy will be discussed later in the literature review of this proposal.

Research Questions

This study seeks to document, analyze and assess the design, decision-making, adaptive and evaluation processes of the Danville Regional Foundation's investment in Smart Beginnings by applying theoretical lenses of strategic philanthropy and asset-based social policy. With access to all internal foundation documentation and key interviews with four primary actors in the design and implementation process, this study will focus on three research questions as an entry point to address a larger question of how philanthropy can change to address inequality:

1. Research Question No. 1: What language and frames does the Danville Regional Foundation use to align the \$5.4 million investment with its mission and strategic aims?

2. Research Question No. 2: What data and perspectives did the foundation and its partners consider *and* exclude when designing the program and advocating for foundation board authorization?
3. Research Question No. 3: In what ways has the Danville Regional Foundation and its partners learned from and monitored the investment in Smart Beginnings and made adaptations to program design?

Hypotheses

The researcher enters this project with certain key hypotheses, noted below:¹²

1. Hypothesis No. 1: Given the foundation's mission to strengthen the economy, the decision to invest in early childhood will be framed primarily in terms of asset-based social policy rather than emphasizing enhanced educational outcomes for children.
2. Hypothesis No. 2: The research and design phase will privilege the voice and perspective of foundation board members and key staff over the voices and perspectives of childcare providers, educators, or parents of children who might benefit from educational opportunities.
3. Hypothesis No. 3: Foundation board and staff will spend significantly disproportionate time and resources on the research and design phase and less on program adaptation, oversight, and evaluation.

¹² While the articulation of hypotheses is not a required element of qualitative case history development, the researcher chose to identify both research questions and hypotheses to focus the study. Issues of problem framing, governance and program development and evaluation are central to almost all foundations.

Methods

This study applies qualitative methods to textual analysis of key internal and external documents as well as structured interviews with four participants deeply engaged in the conceptualization and execution of Smart Beginnings. The researcher seeks to investigate and analyze the framing, decision-making, implementation, learning, and adaptation strategies of the Danville Regional Foundation (DRF) with respect to the Foundation's \$5.4 million investment to support the Smart Beginnings Danville Pittsylvania County ("Smart Beginnings") early childhood program.¹³ Findings are presented as an historical case study. The study applies the perspective of strategic philanthropy, paying particular attention to the elements of asset-based social policy and the context of the American South.

Assumptions and Limitations

This project operates on two central assumptions: (1) the accuracy and completeness of the internal documents shared with the researcher, and (2) the willingness of the four key participants being interviewed to report accurately and comprehensively when responding to the questions used for the structured interview. In many respects, the benefits and value of the project are bounded by the value and accuracy of the data collected.

The research project presented several methodical challenges and limitations discussed in Chapter 3. At the most basic level, the research will be limited by lack of access to conversations between and among key actors during the evolution of the project, the failure of internal board documents to fully capture the nuances and totality of board and

¹³ Smart Beginnings seeks "to increase community-wide awareness and support for a system of early childhood services to ensure that every child enters kindergarten healthy and ready to succeed in life" (www.smartbeginnings.org).

staff discussions, and the inability of actors to recall events and deliberations. Both the *limits of internal documents* and the *limits of participant memory* are significant factors that will pose research challenges.

The research also was compromised and challenged by the understandable instinct that respondents will have to present themselves, their positions, and their actions in a favorable light. Respondents may not wish to be critical of partners or themselves, may overstate the level of analysis that informed actions, and may overestimate the impact and efficacy of the investments knowing that the research will be published and accessible to other readers and interpreters. This form of *respondent bias* can be anticipated but may be difficult to control and account for in the final analysis.

The value and impact of this work to inform philanthropic practice will be determined largely by the willingness of foundation leaders both to read this resulting document and to integrate potential lessons learned in organizational thinking and practice. Simply put: Will foundation leaders care enough to read the document and act on it in any meaningful way?

Structure of the Study

The study is structured in five chapters, as follows:

1. Introduction
2. Literature Review
3. Methods
4. Results
5. Analysis

Chapter 2: Literature Review

This study seeks to document, analyze, and assess the design, decision-making, adaptive, and evaluation processes of the Danville Regional Foundation's investment in Smart Beginnings by applying the theoretical lenses of strategic philanthropy and asset-based social policy. Aligned with this aim, the review of literature considers four lines of inquiry: (1) historical analyses of organized philanthropy, (2) exploration of connections between philanthropy and education, (3) theories of asset-based social policy, and (4) strategic philanthropy. All four perspectives are critical building blocks given the research aim to prepare a historical case study of the Danville Regional Foundation's \$5.4 million investment to support the Smart Beginnings initiative. The literature review will be presented thematically in four sections. It will identify seminal texts within the four categories noted and present key findings that inform and shape this analysis.

Historical Analyses of Organized Philanthropy

Although organized philanthropy has become a much discussed and debated field of public inquiry over the past few decades, limited scholarship exists that documents and assesses the internal workings and impact of these institutions. During the past 40 years, only two texts have aimed to provide a comprehensive historical analysis of foundations: *The Big Foundations* and *The Foundation: A Great American Secret*.¹⁴

¹⁴ In claiming that only two texts provide a comprehensive historical analysis of foundations, it is important to note that the field has benefitted from the wisdom and insights of thoughtful and well-informed practitioners

The Big Foundations. Introducing his 1972 text, *The Big Foundations*, Waldemar A. Nielsen notes his fundamental “desire to produce some plain honest talk about foundations and their problems” (p. ix). The resulting analysis, which sent a chill through the established philanthropic community, focused on 33 of America’s largest foundations by asset size in 1968.

In selecting 33 of the country’s then 25,000 foundations to study, Nielsen offered the following rationale to justify the study: “This group of big foundations symbolizes modern philanthropy in its most advanced form. They incarnate its possibilities and its limitations and epitomize the major issues of public policy which it presents” (p. 21). He then articulated the selection criteria used to justify the list focusing on:

- “General purpose” foundations, thereby excluding operating foundations, corporate foundations, or foundations with limited and highly specialized focus.

and critics. None stand out more than Paul Ylvisaker, the architect of the Ford Foundation’s “Grey Areas” program. In contrast to Nielsen who focused exclusively on the largest foundations in America, Ylvisaker wrote the seminal piece, “Small Can Be Effective,” specifically for small foundations with less than \$10 million in assets in 1989:

When people think, talk or write about foundations, almost invariably they have in mind the large and very large philanthropies, starting and usual ending with the Fords, Rockefellers, Carnegies, and MacArthurs. Rarely will they be focusing on any or all of the small foundations [that] actually [make up] the overwhelming mass of grantmakers in the United States. Twenty-three thousand of the total of twenty-five thousand foundations in the U.S. have assets of less than \$10 million (arbitrarily chosen here are an approximate indicator of what could reasonably be classified as a “small foundation”). ... There is vast potential in small-scale philanthropy, and this is a time when that potential needs to be fully released. The dollars held by small foundations, individually and collectively, are a precious resource a society trying to meet burgeoning needs with the increasingly scarce public funds. (pp. 359-60)

In describing the five different roles that all philanthropy can play in civil society – financial, catalytic, conceptualizing, critical, and community-building – Ylvisaker enlarged the philanthropic imagination about what is possible. He also challenged leaders in the field to understand that grantmaking dollars represent only one resource available to foundations.

- Foundations that retained the bulk of their resources and were functioning fully at the beginning of the study, thereby eliminating a select group of influential foundations with significant assets that had either spent down their grantmaking dollars or dissolved operations before 1968.
- Newly established foundations with limited operating data to examine. That criteria eliminated the Robert Wood Johnson Foundation, which at the time of writing was the second largest foundation in the country behind the Ford Foundation.

In assessing the remaining 33 foundations, Nielsen identified four additional reasons to justify his selection:

- The general-purpose orientation of the selected foundations meant that they influenced and invested in a diverse range of nonprofit organizations ranging from universities and hospitals to workforce and cultural organizations.
- They represented “considerable diversity” in geographical representation, in the time periods in which they were established, in relationships with donor and affiliated profit-making entities, and in grantmaking duties, focus, and techniques.
- Unlike smaller foundations with limited resources, they can “influence entire research fields or whole categories of institutions, ... take initiative and innovate the practice not only of their private recipients but sometimes of governments as well, ... [and] possess the highest potential for social benefit as well as social hazard, among all foundations” (p. 27).

- They are understood to be leaders in their field and “are at, or near, the center of gravity of the American Establishment” (p. 27).

The selection criteria and lens applied by Nielsen resulted in 33 foundations, ranging from the Ford Foundation with \$3,661,000,000 in assets at market in 1968 and the A.G. Bush Foundation with \$100,000,000 in assets at the same point in time.

After establishing his argument for selecting the foundations for study, Nielsen proceeds to provide “individual profiles” (p. 273), or snapshots of the 33 under study. He devotes particular attention to four: the Carnegie Corporation, the Rockefeller Foundation, Rockefeller Brothers Fund, and the Ford Foundation. He groups the remaining in categories with subtitles suggesting mediocrity or even worse: “Fine but Flawed,” “Underachievers and Delinquents,” “Birds in Gilded Cages,” and “Philanthropy Family Style” (p. 11).

Close reading of the portraits gives the reader ample insight into the shortcomings and flaws that limit the impact and efficacy of private philanthropy and calls into question “whether their current usefulness, on balance, justifies continued encouragement and special protection” under the U.S. Tax Code (p. 399). Nielsen takes particular care to illustrate the abyss and “disease and disabilities” of four foundations (Surdna, Bush, Pew Memorial, and Irvine) that he calls “the warts on the institution’s nose” (p. 134). He attacks these four for not meeting basic payout requirement and thereby justifying tax exemptions. He also criticizes them for failure to employ professional staff, family divisions that draw attention from public action to private affairs, and a tendency to support a very limited number of nonprofits that typically serve only the interest of established America. He offers a particularly damning critique at the conclusion of the analysis when he observes that

“private philanthropy in the United States today is a sick, malfunctioning institution” (p. 426).

But Nielsen offers hope and guidance in the midst of disease and malfunction with clues about the role he believes organized philanthropy should play in public life. He commends the Carnegie Corporation for its capacity and commitment to “self-renewal” and its “willingness” to experiment and demonstrate new approaches to grantmaking. Nielsen also praises Carnegie for its movement under the leadership of Alan Pifer beginning in 1965 to “anticipate the strains of social change and facilitate the adaption of major institutions to such changes,” all the while becoming increasingly “responsible to contemporary social concerns” (p. 45). He writes of the needs for foundations to serve as “‘change agents’ to help [American society] through its present agonizing transition,” but notes that, by and large, American society does not benefit from such institutions (p. 430).

The Rockefeller Foundation is acknowledged for having “shown a sensitive interest in emerging social problems” through investments to the Southern Regional Council to support voter registration and education and to the National Urban League to promote “economic and social equality for blacks” (p. 75). Consistent with this assessment and his understanding that philanthropy should be judged by “their relationship to the great contemporary issues of social change,” Nielsen identifies four foundations that had demonstrated a willingness to invest resources to address “racial discrimination in the United States...the oldest, the most visible, and now in view of many, the most ominous challenge facing American democracy.” Those four are the Mott Foundation, Rockefeller Brothers Fund, Carnegie Corporation, and Ford Foundation. Among other actions and investments, Nielsen affirms:

- The Mott Foundation’s support of “direct action projects to open up wider employment opportunities for young people in the slums and to stop discriminating in housing” (p. 350).
- The Rockefeller Brothers Fund for major grants to support historically black colleges and universities and “leading black organizations, such as the National Urban League” (p. 350).
- The Carnegie Corporation for its decision to establish a “staff task force to work to develop program ideas in the broad and interrelated fields of the urban crisis, poverty, and race relations” (p. 352).
- The Ford Foundation’s willingness to make grants “to stimulate direct action by blacks and active participation by ghetto groups in housing, employment, and education programs...a willingness to enter zones of activity directly adjacent to politics and lobbying...and the direct financing of experiments in structural changes in public education” (p. 356-7). Nielsen makes particular mention of the work of Paul Ylvisaker, the director of the Foundation’s Gray Areas Program, which “represented a courageous and highly creative departure “in addressing social challenges of increased urbanization, poverty and racial discrimination” (p. 354).

In 1972, Nielsen’s wake-up call brought more than discomfort. The models of responsible action that he highlighted – addressing issues of racism and racial inequality, supporting direct action by low-income people, exploring the connections and relationships between social, economic, political, and cultural systems, and understanding the role of

advocacy and lobbying – provide potential clues about the roles that foundations should pursue as they fulfill their public obligations.

The Foundation: A Great American Secret. Thirty-five years after the publication of *The Big Foundations*, Joel L. Fleishman produced the most significant text assessing the impact and effectiveness of foundations and the initiatives supported by these institutions since Nielsen’s groundbreaking text. In the introduction to *The Foundation: A Great American Secret* (2007), Fleishman shares his motivation for writing the text (“...to provide some evidence that foundations in the United States do make highly valuable contributions to society” (p. xviii)), his concerns about the field (“They operate within an insulated culture that tolerates an inappropriate level of secrecy and even arrogance in their treatment of grant-seekers, grant-receivers, the wider civic sector, and this public officials charged with oversight” (p. xvi)), and his aim to have “no ideological axes to grind” (p. xvii) in his selection or assessment of foundations and their initiatives.

Fleishman’s life experiences and perspective offer a compelling complement to the works of Nielsen and Paul Ylvisaker (discussed in footnote 1 of this chapter). Like Nielsen, Fleishman attempts a more rigorous, academic project that draws on historical analysis, case studies, and interviews. Like Ylvisaker, he brings the practitioner’s sensibility to the endeavor. At one point in his distinguished career, Fleishman served as president of the Atlantic Philanthropic Service Company, one of the country’s largest foundations. The pragmatic practitioner in Fleishman leads him to offer a simple framework to understand the roles that foundations can play in civil society as driver, partner, and catalyst. Like Ylvisaker, whom he describes as “one of the great program officers of the twentieth century” (p. 56),

Fleishman offers five strategies (in contrast to Ylvisaker's "roles") to expand thinking about how foundations can effect change. These five strategies include creating and disseminating knowledge, building human capital, public policy advocacy, changing public attitudes, and changing the law (pp. 66-76).

Fleishman writes during a markedly different historical period than did Nielsen and Ylvisaker. Published in 2007, *The Foundation* hit the market the year before the Great Recession that sent the American economy spiraling downward. Ylvisaker and Nielsen wrote during a period of profound social unrest while Fleishman writes during an expansionary period in the economy marked by economic growth and stability. The clarion calls by Nielsen and Ylvisaker for foundations to respond more aggressively to the social, political, and economic challenges of the day go seemingly missing in Fleishman's book, which reads more like a technical and business strategy text.

The intervening years between *The Big Foundations* and *The Foundation* also witnessed the extraordinary growth of the philanthropic sector. The number of foundations had increased from 25,000 to more than 68,000. The assets controlled by the largest foundations also had grown by a staggering amount. As previously noted, the 33 foundations that Nielsen identified in 1968 controlled assets of more than \$100 million. By 2003, 46 foundations in the country had assets of more than one billion dollars. With the likes of Bill Gates, Bill Clinton, and Warren Buffett engaged in the philanthropic enterprise, the general public had an increased awareness of foundations as a force in modern life, even if most lacked any understanding of how these institutions operate in and influence civil society.

Fleishman highlights two themes to focus the reader's attention, *effectiveness and efficiency* and *public policy*, which are primarily related to issues of foundation

accountability and transparency. He would seem on the surface to lack his predecessors' passion for responding to critical social challenges of the day. Close reading of the text, however, belies such a claim. The 12 "high-impact" case studies featured illustrate philanthropic efforts to support democratization and civil society in Eastern Europe, build the Grameen Bank to provide access to capital for low-wealth populations in Bangladesh, support the establishment of the TV show *Sesame Street*, and promote sustainable energy throughout the globe. He writes about the role of foundations to "maximiz[e] social value by solving hard social problems" without explicitly referring to inequality or injustice (p. 212).

Embedded in the text is a call for foundations to be wiser and more strategic about working in the domain of public policy to promote social change. He commends foundations that "made it possible for non-moneyed interests based on widespread popular participation to mount effective legal, political, and advocacy efforts to protect themselves and their interests" (p. 43). He expresses concern that "it would only be a short step for Congress [in the current political environment] to prohibit foundations from supporting activities by grant-receiving organizations that aim at changing public policy through legislation or litigation." He urges foundations to improve their own accountability to the public as not to jeopardize the advocacy role of organizations in civil society (p. 161). He lifts up *public policy advocacy* as a key strategy for foundations to consider and identifies two ways foundations can wade into these waters: by supporting an existing advocacy organization or by launching a new advocacy initiative (p. 27). His message is subtle, but powerful and carefully constructed.

Exploration of Philanthropy and Education

While historical scholarship on the field of organized philanthropy is relatively sparse, a survey of research exploring the intersection of philanthropy and education yields more significant results. Scholars representing diverse disciplines have sought to document and analyze the role of philanthropic investments in shaping both the growth of higher education in America as well as the trajectory of public schooling. This line of inquiry often begins with a focus on three industrialists – Andrew Carnegie, Andrew Mellon, and John D. Rockefeller – who invested significant philanthropic dollars to support the development of higher education in America.

Writing in *The Third America*, O’Neill (1989) succinctly draws the connection between capitalism, philanthropy, and higher education:

The growth of capitalism in the nineteenth century had a major impact on the development of private higher education. Besides the endowment that created Johns Hopkins, the University of Chicago was the beneficiary of oil king John D. Rockefeller’s millions, and Andrew Carnegie’s steel interest and Andrew Mellon’s aluminum and oil businesses generated the funds for the intuitions that would in 1967 combine as Carnegie-Mellon University. Another Carnegie philanthropy, the Carnegie Commission on Higher Education, developed a nationwide pension plan for college professors now known as the Teachers Insurance and Annuity Association and the College Retirement Equities Fund (TIAA-CREF), which with \$63 billion in assets is the largest nonprofit financial institution in the country. (p. 59)

Donald Kennedy (1997) in his reflections on college professorships and the changing nature of higher education similarly notes the critical role of philanthropy in the establishment of institutions of higher education in the United States. “At about the same time that graduate education was becoming established,” Kennedy writes, “Andrew Carnegie published an extraordinary essay in the *North American Review* called ‘The Gospel of Wealth.’ It accompanied, and perhaps helped to launch, an unprecedented rush of

philanthropic attention to higher education. Many new colleges and universities were founded in the late nineteenth century, most of them private and many of them made possible by large gifts from private individuals” (p. 27).

Researchers and scholars who explore the intersection of philanthropy and education point to a long list of educational innovations, bodies of research, and infrastructure made possible by the investment of foundation dollars. Lagemann (2000), for example, describes the role of foundation funding in promoting research “that applied cognitive science to educational practice and offered postdoctoral fellowships to attract scholars to work at the interface of cognitive science and education” (p. 218). Bulmer (1984) tracks the influence of philanthropic support, particularly investments by the Laura Spelman Rockefeller Memorial, in shaping the Chicago School of Sociology.

Chamberlain and Bernstein (1992) chronicle the expansion of women’s studies programs and the role that the Ford Foundation and others played in supporting such initiatives on college and university campuses. The two authors suggest that the academic community initially did not take women’s studies programs seriously because they perceived it as a passing fad grounded in the particular politics of the era. That perception changed as Ford Foundation, in 1972, launched its fellowship program and began establishing independent and university-based women’s studies centers. These projects served to increase awareness of the field’s potential significance and encouraged other philanthropies, including the Rockefeller and Andrew W. Mellon foundations, to support similar work.

As interest in the role of foundations in education has increased, a select body of scholars has begun to scratch below the surface of the interface between philanthropy and higher education and pay greater attention to the consequences of these investments.

Hammack (1999) in his essay, “Foundations in the American Polity: 1900-1950,” explores the impact of Carnegie’s support of TIAA (noted earlier by O’Neill). He suggests that this initiative by design facilitated the disbanding of religious colleges in America and solidified the secular college as the dominant model in the American higher education ecology:

More important for the orientation of the American system of higher education as a whole was Andrew Carnegie’s college retirement fund. This fund eventually evolved into the Teacher’s Insurance and Annuity Association, TIAA, which today provides a large share of American college faculty and staff with retirement arrangements. . . . [T]he retirement fund accepted only professors from four-year colleges that had separated themselves from denominational control and that accepted as students only those who had completed a comprehensive four-year high school course. To make their faculties eligible for Carnegie pensions, many colleges ended their formal relationship to a Protestant denomination. Frederick Rudolph, a historian of American colleges and universities, wrote dramatically that “the Carnegie Foundation and the General Education Board tried to weaken further and kill off the weaker denominational colleges.” They did not entirely succeed, but they certainly accelerated the rise of the nonsectarian college and university at the time when the federal government had almost nothing to do with higher education. (pp. 54-5)

Similarly, Michael Rothschild in “Philanthropy and American Higher Education” moves beyond a presentation of data reporting on the scale and nature of investments by organized foundations to support American higher education (Clotfelter and Ehrlich, 2001). He considers who benefits (and does not benefit) from these contributions. His analysis focuses on the consequences of philanthropic investments in the form of restricted and unrestricted endowment to support financial aid and scholarships on issues of access and diversity. “Charitable contributions,” he argues based on his examination of giving and enrollment data from 1919 to 1995, “make it possible for relatively expensive colleges to reduce their prices significantly (through scholarships and other financial aid) to some students. . . . Two significant consequences of the availability of financial aid are increasing

the diversity in background and decreasing the diversity of ability among those who attend America's elite private colleges" (p. 414).

Rothschild's particular contribution to research on philanthropy and education, however, is perhaps better reflected in the second major finding of his study. Shifting the question from the impact of foundation giving on low- to moderate-income students, he asserts, "Charitable contributions have little effect on overall college attendance. This is because the marginal student, the student deciding whether to attend college or enter the work force, is most likely to consider going to a public college (probably a two-year college) that gets very few charitable contributions" (p. 414).¹⁵

Scholarly research that explores the intersection of philanthropy and public education has followed the pattern of research focusing on higher education and philanthropy and stayed largely in the domain of the descriptive. Lagemann (2000), for example, describes the roles of the Carnegie Corporation in supporting the establishment of the National Assessment of Educational Progress. "[John] Gardner," she notes, "authorized a discretionary grant of \$12,500 to cover the costs of two meetings 'to explore whether developments in testing and in methods sampling now enable a fair assessment of the level of national educational attainment.' As a subsequent evaluation of NAEP pointed out, things moved very rapidly at this point, and there was relatively little discussion of the value of this endeavor" (p. 189).

¹⁵ It is important to note that Rothschild's analysis of higher education funding has itself shaped the direction of American philanthropic investments. His analysis was instrumental in a decision by the Ford Foundation to support the Rural Community College Initiative in the 1990s. This \$50 million effort increased access and opportunity for students attending community colleges that serve distressed and marginalized rural places.

Similarly, she describes the role of the W.K. Kellogg Foundation in establishing the Cooperative Program in Education Administration design to help “school administrators better direct their schools toward the improvement of community life” (pp. 179-80).

Further examination of scholarship exploring the intersection of philanthropy and public education reveals, perhaps not surprisingly, a disjointed body of research informed more by particular academicians’ research interests and disciplines than by a shared and coherent body of research questions and issues. Research on philanthropy and public give to public school reform efforts with an eye to informing how such investments should be made to maximize benefit and impact.

In her essay, “The Role of Relationships in the Funding of Teach for America,” Susan Verducci (Damon and Verducci, 2006) focuses on the relational patterns between funders and Teach for America to discern effective grantmaking strategies and relationships to promote “good work in the field of philanthropy” (p. 106). Perhaps not surprisingly, Verducci’s study makes no reference to the impact of Teach for America on student performance, nor attempts to assess the potential downsides and shortcomings to this educational reform strategy.

In their study of 19 large, national foundations, Ferris, Hentschke, and Harmssen (2008) survey foundations to attempt to understand the motivations influencing their engagement in public school reform efforts. The researchers examine why foundations enter the education policy arena, where foundations intervene in the policymaking process, and how foundations leverage additional resources. All 19 foundations indicated that influential people with their organizations (e.g., the founder(s), board members, and executives) were a substantial factor in determining their decision to engage in education policy. The most

common external factor cited by survey participants was outside research and expertise (47 percent).

Foundations, according to Ferris et al., differ more significantly on the major education policy areas in which they chose to invest. Based on their sample, the authors report that (1) professional development and school management and governance issues are the most common points of entry by foundations in educational policy, and (2) foundations tend to feel more comfortable engaging earlier rather than later in the policymaking process. They also prefer to focus more on state- and district-level reform rather than on national efforts.

When engaging in policy efforts, the majority of foundations in the sample reported developing new models or demonstration projects and partnering with community groups, schools, and other foundations at some part of the process. Interestingly, these foundations tended not to invest in strategies developed by educators, educational administrators, and educational policymakers. Similarly, they evidenced little interest in working with established educational agencies (e.g., school boards, unions or PTAs) to effect change in this domain.

In a rare example of critical scholarship that explores the shortcomings of philanthropic investment in public education, Fenwick English (2103) and Joel Fleishman (2007) move beyond descriptive accounts to suggest that not all philanthropic investments serve students and the public. In *Educational Leadership in the Age of Greed: A Requiem for Res Publica*, English offers a compelling analysis illustrating the impact of philanthropic investments by an “extraordinary, well-financed, determined group of corporate millionaires and billionaires ... [to finance] a self-serving, destructive doctrine on school leaders and

public education in America” (p. 51). English argues effectively that investments under the guise of philanthropy seek to undermine and destabilize the public and promote profit-seeking activity.

Fleishman, on the other hand, analyzes the work of the Coalition of Essential Schools. Founded in the 1980s, the organization was based on the school reform principles of founder Theodore R.Sizer. Despite adequate research testing and documentation of program design, Fleishman notes that many foundations rushed to implement Sizer’s program for redesigning schools without considering the implications of community and school-based culture and politics. Instead, he argues that a more deliberate approach that included carefully executed research might have identified effective elements of the Sizer model without setting schools up for failure (p. 269).

More recently, foundations themselves have begun to play a critical research role in elevating for public debate the existing inequities in American public schooling. Beginning almost a decade ago, both the Southern Education Foundation (2007) and the Schott Foundation (2008) began to explore the connection between education and inequality. SEF found that the South is the only region in the U.S. in which low-income students (i.e., children in families with incomes of 185 percent or less of the federal poverty level) constitute a majority of children in public schools. During that time period, the only non-Southern states with similar majorities were New Mexico and California. SEF’s report attributes this growing majority to three key factors: demography, economics, and history. The burgeoning immigration among Latinos who tend to have high birth rates, the economic downturn in states already experiencing significant un- and underemployment, and the

historical poverty in parts of this region all are presented as explanatory factors accounting the “new Majority” of poor children in public schools in the American South.

The most significant implication of this widening income gap is its correlation to a growing achievement gap. Consistent with other studies, SEF noted that low-income students generally have higher high school dropout rates and lower rates for college attendance and graduation. Consequently, SEF posits that “if this new majority of students fails in school, an entire state and an entire region will fail simply because there will be inadequate human capital in Southern states to build and sustain good jobs, an enjoyable quality of life, and a well-informed democracy” (Suits, 2007, p. 13). The report does not propose any strategies for addressing these pressing concerns.

In this same vein, a 2008 report released by the Schott Foundation for Public Education examined disparities in graduation rates among African American and white males in all 50 states. Not surprisingly, the report found that the most significant challenges to providing high quality education are experience by public schools concentrated in large metropolitan areas with high levels of racially segregated schools. This analysis presents data arguing that African American students perform much better in schools with majority white populations. It also suggests that whites and Asian Americans perform poorly in schools with majority black populations because of inadequate resource allocation to majority black schools. Beyond graduation rates, the report does not examine other statistics that could better or further illustrate the depth and severity of a racial achievement gap.

With respect to the history and impact of philanthropy in the American South, scholars of the field point most frequently to the investments by Northern philanthropy to promote the education of African Americans in the region as well as efforts by foundations to

sustain the Civil Rights Movement. The growth of Freedom Schools and the expansion of historically black colleges and universities throughout the region are often understood to be the crowning accomplishments of philanthropy. However, not all assessments of philanthropic investments in the region to address issues of racial inequality exclaim the virtuous motivations and positive impact of these investments. The introduction of critical theory methods incorporating rigorous analysis of issues related to power, race, class, and inclusion has particularly informed this body of research.

Perhaps the most persuasive application of a critical perspective focusing on philanthropic power and racial inequality is represented by James D. Anderson's 1988 text, *The Education of Blacks in the South, 1860-1935*. In this volume, Anderson offers a critical revisionist history of education in the American South from the period of Reconstruction to the late 1920s. Anderson challenges assumptions about the philanthropic intent and consequences of Northern industrialists. He notes that their investments in the development of public and higher education in the American South reflected neither altruistic nor justice-oriented motivations, but rather economic, social, political, and cultural values grounded in inequality and the desire to consolidate power.

Anderson argues against traditional interpretations used to explain the development of substandard public education for African Americans in the region. He stresses the concern of Northern philanthropists for the "constitutional rights and social equality" of African Americans. Anderson emphasizes the miscalculation by these same Northern philanthropists of the "depth and force of the white supremacy movement" that worked systematically and deliberately to limit educational opportunities for former slaves and their children (p. 79). He argues instead that the failure of Northern philanthropists to advocate for and finance

universal public education for African American children was influenced in large measure by “their broader vision for southern development. The philanthropists were similar to other twentieth-century northern urbanites who ‘demanded an organized and efficient agricultural sector to supplement the emergent industrial nation.’ Their concern for southern agricultural prosperity was inextricably bound to a consideration of black farm workers, especially in a period of declining rural population and rapid urban growth” (pp. 88-9).¹⁶

Anderson notes that this basis of profound structural inequality extended well beyond the years following the Civil War. “The economic and social forces that aligned against universal education for black children in the Reconstruction,” he writes, “still existed at the dawn of the twentieth century. . . . Many planters, believing that schooling actually spoiled a good hand, preferred their laborers illiterate or at best semiliterate” (p. 149). The silence of and lack of investment by Northern philanthropists to address this systematic injustice stand in sharp contrast to the traditional image of the beneficent Northern donor intent on addressing the legacy and consequences of racism.

Anderson’s analysis extends beyond universal public education and considers the role of Northern philanthropy in shaping the trajectory of African American higher education in the region. “In the South,” Anderson writes, “the history of black higher education from 1865 to 1935 involves largely a study of the interrelationship between philanthropy and black communities – or at least black leaders – in the development of colleges and professional schools for black youth” (p. 239). Anderson suggests that three distinct philanthropic bodies – missionary philanthropy (comprised primarily of white benevolent societies and

¹⁶ For a further discussion of the racial view and perspective of northern donors, see particularly Karl and Karl, “Foundations and the Government: A Tale of Conflict and Consensus” (Clotfelter and Ehrlich, 2001, pp. 52-72). The authors note: “Researchers in foundation archives have already discovered that northern philanthropists held many of the same racial views that were tradition in the South” (p. 61).

denominational offices), Negro philanthropy (comprised primarily of black religious organizations), and Northern industrial philanthropy (both organized foundations and donors of wealth) struggle to exert power and influence over African American higher education. “The different philanthropic groups, particularly the missionary and industrial philanthropists,” he notes, “were in sharp disagreement over the ends and means of black education in general. Most visible were the divergent conception of the value and purpose of black higher education” (p. 239).

The perspectives, aspirations, resources, and strategies of the three competing philanthropies varied dramatically. “The missionary philanthropists,” Anderson notes, “rallied their colleagues to support classic liberal education for black Americans as a means to achieve racial equality in civil and political life. ... To be sure, missionary philanthropists were not proposing social changes that were revolutionary by national standards, but they were radical within the southern social order. Equality was carefully defined as political and legal equality” (p. 241).

Black religious organizations (Negro philanthropy) worked closely with missionary philanthropy to establish institutions of higher education serving African Americans in the region and invested significant resources to complement the efforts of the missionary philanthropists. They shared a similar commitment to support “training of southern black youth – mostly males – in the best traditions of New England culture” (p. 243).

Disagreements between these two philanthropic groups did surface, however, about who would serve in leadership roles at these colleges.

Despite their shared belief in the theory of the “talented tenth” and their commitment to invest institutional resources to support the development of higher education for African

Americans in the region, Anderson notes that lack of capital ultimately leaves both missionary and Negro philanthropy “vulnerable to northern industrial philanthropists. ... [I]n 1900, the mission societies and black religious organizations knew that their existing institutions had many defects, and the production of black college and professional students and graduates was miniscule compared to the number needed” (p. 245).

Given the declining resources of missionary and Negro philanthropy, Anderson notes that Northern industrial philanthropic forces that had long favored industrial training began to invest resources and exert influence designed to limit the curriculum and opportunities available to African American students attending these institutions of higher education:

From the outset, the leaders of the industrial philanthropic foundations favored racial inequality in the American South and attached themselves early to the Hampton Idea. The industrial philanthropic foundations established in the early twentieth century followed the same pattern at least until the post-World War I period. The General Education Board, Anna T. Jeanes Foundation, Phelps-Stokes Fund, Carnegie Foundation, Laura Spelman Rockefeller Memorial Fund, and Julius Rosenwald Fund, all established between 1902 and 1917, cooperated in behalf of the Hampton-Tuskegee program of black industrial training. Moreover, industrial philanthropists viewed the missionary work of black higher education as the futile and even dangerous work of misguided romantics. (p. 247)

The result of the growing influence of industrial philanthropy, Anderson writes, “was to retard the development of black higher education during the first two decades of the twentieth century” (p. 248).

Theory of Assets-Based Social Policy

Scholarly exploration of the connections between philanthropy and education increasingly focus on the role and efficacy (or lack thereof) of organized philanthropy in promoting the performance of all students across the socio-economic spectrum as a strategy to (1) prepare students for full participation in both the economy and democratic practice,

(2) reduce growing income inequality, and (3) promote economic development. As noted in “Securing the Future: Investing in Children from Birth to College,” one of a series of texts included in the Ford Foundation’s Series on Asset Building, there is a pipeline of investments critical to promoting the well-being of children and young people and increasing their productivity over generations (Danzinger and Waldfogel, 2000). Elements of this pipeline include (but are not limited to) those that aim to improve the health of women of childbearing age, increase the number and quality of child care and early childhood education placements, enhance access to and quality of after-school and mentoring programs, and raise the participation of low-wealth students participating in and successfully completing post-secondary education. These investments reflect a commitment to human capital development, one of the central tenants of assets-based social policy.

In his 1991 text, *Assets and the Poor: A New American Welfare Policy*, Michael Sherraden describes assets as “the stock of wealth in a household” (p.23), examines the relationship between assets and income (pp. 97-100), and provides an expansive list of tangible and intangible assets that people and families can draw upon to increase participation in the economy:

1. Money savings, with earnings in the form of interest.
2. Stocks, bonds, and other financial securities, with earnings in the form of dividends, interest, and/or capital gains (or losses).
3. Real property, including buildings and lands, with earnings in the form of rent payments plus capital gains (or losses).
4. “Hard” assets other than real estate, with earnings in the form of capital gains (or losses).
5. Machines, equipment, and other tangible components of production, with earnings in the form of profits on the sale of products plus capital gains (or losses).
6. Durable household goods, with earnings in the form of increased efficiency of household tasks.

7. Natural resources, such as farmland, oil, minerals, and timber, with earnings in the form of profit on sale of crops or extracted commodities plus capital gains (or losses).
8. Copyrights and patents, with earnings in the form of royalties and other user fees.
9. Access to credit (other people's capital), with earnings depending on the use of the credit (the nature of the investment).
10. Human capital, which is generally defined as intelligence, educational background, work experience, knowledge, skill, and health. It also might include energy, vision, hope, and imagination, with earnings in the form of salary or other compensation for work, services or the ideas provided.
11. Cultural capital, in the form of knowledge of culturally significant subjects and cues, ability to cope with social situations and formal bureaucracies. Cultural capital includes vocabulary, accent, dress and appearance, with earnings in the form of acceptance into rewarding patterns of association.
12. Informal social capital in the form of family, friends, contacts and connections, sometimes referred to as a "social network." Earnings come in the form of tangible support, emotional support, information, and easier access to employment, credit, housing, or other types of assets.
13. Formal social capital, or organizational capital, which refers to the structure and techniques of formal organization applied to tangible capital. Earnings come in the form of profits through increased efficiency.
14. Political capital in the form of participation, power, and influence, with earnings in the form of favorable rules and decisions on the part of the state or local government. (pp. 101-104)

Sherraden argues that traditional welfare policy that focuses on stabilizing labor incomes of adults and families has left those at the bottom of the socio-economic ladder "swimming decidedly upstream" (p. 31). The asset-based welfare policy he promotes to alleviate this downward spiral

is not merely a matter of social programs, but [rather] a policy framework that can, insofar as possible, integrate numerous policy efforts into a single system. This system should be designed so that a wide variety of creative asset-based welfare efforts by governments, corporations, nonprofit organizations, and households could mesh and complement one another. The system should be able to grow and adapt, facilitate experiments, discard failures, and expand successful efforts. In short, the key is to set up a policy framework within which asset-based welfare policies can develop. This system would include incentives and rules for participation within which parties can interact and experimentation can occur. (p. 199)

The asset-based policy proposal articulated by Sherraden gained credibility and legitimacy with many of the country's largest foundations that made significant investments to support the implementation of specific dimensions of Sherraden's vision. National foundations including the Ford, Charles Stewart Mott, and Annie E. Casey foundations adopted the asset-based framework to inform their grantmaking strategies. Southern foundations, including the Mary Reynolds Babcock Foundation, the Jessie Ball duPont Fund, and the Foundation for the Mid South, did the same.

As influential as Sherraden's text was in shaping philanthropic strategies, a second text – *Black Wealth/White Wealth*, written by Melvin Oliver and Thomas Shapiro (2006) – enriched and informed the asset-based perspective by providing a groundbreaking analysis of wealth disparities in America. The authors draw on the assets perspectives but make more explicit the relationship between assets, inequality, and structural racism. The authors note: “At the most general level, ‘social inequality’ means patterned differences in people’s living standards, life chances, and command over resources. While this broadly defined concern involves many complex layers, [this] analysis focus[es] mainly on the material aspects of inequality” (p. 23).

In their 2006 text, the authors introduce the concept of the “‘sedimentation of racial inequality’ [whereby] the cumulative effects of the past have seemingly cemented blacks to the bottom of society’s economic hierarchy (p. 4). A history of low wages, poor schooling, and segregation affected not one or two generations of blacks but practically all African Americans well into the middle of the twentieth century” (p. 5). They argue that “the best indicator of the sedimentation of racial inequality is wealth. Wealth is one indicator of material disparity that captures the historical legacy of low wages, personal and

organizational discrimination, and institutionalized racism. The low levels of wealth accumulation evidenced by current generations of black Americans best represent economic status of blacks in the American social structure” (p. 5).¹⁷

Oliver and Shapiro’s analysis focusing on wealth and asset inequality and institutional racism serves as a valuable lens through which to understand philanthropic investments targeting low-wealth children and families in the American South. As noted earlier in Chapter 1 of this manuscript, the American South remains the poorest region of the country, with African Americans and other people of color disproportionately represented on the lower rungs of the socio-economic ladder. As foundations in the region work to address issues of disparities in wealth and assets, a reasonable argument could be made that the leaders of these organizations would develop internal search processes and include structured opportunities for learning and reflection among decision-makers within these organizations that would draw on the unique contributions of both Sherraden and Oliver and Shapiro.¹⁸

¹⁷ “To understand the sedimentation of racial inequality,” they continue, “particularly with respect to wealth, is to acknowledge the way in which structural disadvantages have been layered one upon the other to produce black disadvantage and white privilege. Returning again to the Federal Housing Act of 1934, we may recall that the federal government placed its credit behind private loans to homebuyers, thus putting home ownership within reach of millions of citizens for the first time. White homeowners who had taken advantage FHA financing policies saw the value of their homes increase dramatically, especially during the 1970s when housing prices tripled. As previously noted, the same FHA excluded blacks and segregated them into all-black areas that either were destroyed during urban renewal in the sixties or benefitted only marginally from the inflation of the 1970s. Those who were locked out of the housing market by FHA policies and who later sought to become first-time homebuyers faced rising housing costs that curtailed their ability to purchase the kind of home they desired. The postwar generation of whites whose parents gained a foothold in the housing market through the FHA will harvest a bounteous inheritance in the years to come. Thus the process of asset accumulation that began in the 1930s has become layered over and over by social and economic trends that magnify inequality over time and across generations.” (pp. 51-2)

¹⁸ For a discussion of investments in early childhood development as a core strategy of asset-based social policy, see particularly “Pathways to Early Child Health and Development,” by Barry Zuckerman and Robert Kahn, and “Early Childhood Experiences and Developmental Competence” by Sharon Landesman Ramey and Craig T. Ramey. Both can be found in *Securing the Future: Investing in Children from Birth to College*, an edited volume by Sheldon Danziger and Jane Waldfogel (New York: Russell Sage Foundation, 2000).

Strategic Philanthropy

As noted earlier, Michael Porter and Mark Kramer's 1999 article in *Harvard Business Review* about creating value in philanthropy advanced the concept of strategic philanthropy. Since then, numerous articles tried to differentiate strategic philanthropy from philanthropy and charity. Critiques of strategic philanthropy followed.

Kania, Kramer and Russell argue that the efficacy and impact of strategic philanthropy is linked to the nature of the problem being addressed (Kania, Kramer, and Russell, 2014). They propose three types of problems: simple, complicated and complex. Strategic philanthropy “works well for simple and complicated problems” but is less effective with complex problems (p. 26).¹⁹ Douglas Easterling and Allison Metz identify several conditions and factors that undermine the impact of strategic philanthropy:

- “[F]oundations often develop their strategies in insulated settings – board retreats and staff meetings – without the benefit of harsh critics and doubters. The resultant strategies are too often grounded in idealized theories of how change occurs and overly confident assessments of the foundation’s ability to influence the course of events.” (pp. 98)
- “[F]oundation strategies tend to over assume what other actors will be willing and able to accomplish. Many foundations presume that they can use their financial resources to recruit well-positioned people and organizations to join

¹⁹ Citing the work of complexity theorist David Snowden, Kania, Kramer and Russell offer the following distinction between simple, complicated and complex problems: “A simple problem can be highly ambitious.... Given the necessary resources and expertise, one can reliably predict the cost, timeline and end result with high accuracy. Complicated problems, like developing a vaccine, may take attempts before a successful formula is developed, but each successive attempt builds on prior knowledge and experience, and once the formula is discovered, it can be repeated with equally predictable results. Complex problems, such as improving the health care of a particular group of people, are entirely different. These problems are dynamic, nonlinear and counterintuitive” (p. 26).

into their strategy – as grantees, intermediaries, or ‘partners.’ In fact, these actors may be less committed to serving as agents of the foundation’s strategy (CEP, 2013).” (p. 98)

- “[F]oundations also fail to adapt their strategies based on what is learned – or should have been learned.... Foundations too often stick with whatever strategy is initially implemented, sometimes that is because what the board approved and sometimes because the foundation doesn’t have the interest to adapt its strategy based on evaluation data.” (pp. 98-99)

Easterling and Metz also focus their critique of strategic philanthropy on issues related to implementation. They suggest that lack of alignment between a foundation’s strategy and how foundation staff executes the strategy contributes to the shortcoming of strategic philanthropy:

When a foundation adopts a new strategy, it will invariably require new ways of acting, interacting, and even thinking among various actors inside and outside the foundation. These new requirements, however, are often not clearly specified within the documents that describe the strategy.... [F]ailing to translate a strategy into concrete expectations and specific works makes it unlikely that the strategy will achieve its intended outcomes, regardless of how much theory or evidence supports the strategy. (Easterling and Metz, p. 103)

Writing in “Eyes Wide Open: Learning as Strategy Under Conditions of Complexity and Uncertainty,” Patrizi and her colleagues make an explicit link between organizational learning and philanthropic strategy:

With the emergence of strategic philanthropy, foundations have altered in significant ways how they work. They have moved from responsive relationship with their grantee communities to a position that assumes more responsibility for identifying and framing problems, as well as designing strategies to address them.... [T]o be good at strategy, foundations need to be good at learning. However, foundations have not cracked the nut of how to

learn about, adapt, and improve strategy in ways commensurate with their potential to meet their strategic aims. (Patrizi, 2013, p. 50)

In highlighting the link between learning and philanthropic strategy, the authors identify three learning “traps” that compromise undermine philanthropic strategy:

- Linearity and certainty bias, which occurs when foundations frame their strategies as a set of linear, casual, and certain actions and fail to address the complexity surrounding the issues and systems they hope to change.
- [T]he autopilot effect, which occurs when foundations distance themselves from strategy as it unfolds, thereby failing to learn from implementation.
- [I]ndicator blindness, which occurs when foundations track and monitor their strategies through performance indicators that reinforce the linear, causal, and often-unchecked assumptions built into the work. (p. 52)

Chapter 3: Methods

This study seeks to document, analyze, and assess the design, decision-making, adaptive, and evaluation processes of the Danville Regional Foundation's investment in Smart Beginnings. It focuses on three research questions:

1. Research Question No. 1: What language and frames does the Danville Regional Foundation use to align the \$5.4 million investment with its mission and strategic aims?
2. Research Question No. 2: What data and perspectives did the foundation and its partners consider *and* exclude when designing the program and advocating for foundation board authorization?
3. Research Question No. 3: In what ways has the Danville Regional Foundation and its partners learned from and monitored the investment in Smart Beginnings and made adaptations to program design?

Research Methods

The study employed qualitative methods. Specifically, the researcher relied upon textual analysis of key internal and external documents. The researcher also conducted structured interviews with four participants deeply engaged in the conceptualization, implementation, and execution of the Smart Beginnings investment. The study applied the perspective of strategic philanthropy and paid particular attention to the elements of assets-

based social policy and the context of the American South. Findings are presented as an historical case study.

The decision to employ the historical case method required thoughtful justification of the selection of the case and took into account the particular demands that the historical perspective presents. As Rolf Johansson (2003) notes in “Case Study Methodology,” “The relation between case study and history requires special attention. Case study methodology is developed within the social sciences. . . . At a minimum, a case is a phenomenon *specific to time and space*” (p. 5). Historical case studies are bounded not only by time and space but also by the historical artifacts manufactured and produced and the memories of the actors engaged in the process of production. Historical analysis of the actions of leaders within an organization requires access to sufficient documentation and internal and external communication to depict with any degree of certainty and confidence the sequence of events that lead to an ultimate outcome.

Elaborating on the necessary requirements of the historical case study method in his essay, “Qualitative Case Studies,” Robert E. Stake identifies the following dimensions that the researcher must consider, including

- the nature of the case, particularly its activity and functioning;
- its historical background;
- its physical setting;
- other contexts, such as economic, political, legal, and aesthetic;
- other cases through which this case is recognized; and
- those informants through whom the case can be known. (p. 447)

Stake argues persuasively that the value of the historical case study is highly dependent on the selection process. He notes that “the more the object of study is a specific, unique, bounded system, the greater the usefulness” of the research endeavor (p. 445).

Selection of Case

Cases can be selected for study for myriad reasons. Researchers can be motivated by intrinsic concerns. Without expectations of generalizing findings, the researcher focuses attention and analysis on a case “because, in all its particularity *and* ordinariness, the case itself is of interest” (Stake, p. 445). The researcher also can recognize the potential value of the case to inform a larger field of practice and to realize a more instrumental aim.

The decision to study the Danville Regional Foundation’s investment in the Smart Beginnings program is driven both by intrinsic and instrumental concerns. The case stands alone as one worth consideration. It is a relatively young health care conversation foundation located in one of the poorest areas of Virginia.²⁰ The foundation’s investment in Smart Beginnings represents the largest single private investment in early childhood education in

²⁰Health conversion foundations, also known as health legacy foundations, are created when a nonprofit hospital or health system is converted into a for-profit entity, using the proceeds from the conversion. These foundations typically have missions to continue to support the health of the community previously served by the now-converted hospital. They are most often small or medium in size, and are concentrated in the South, particularly Florida and Virginia. This type of foundation proliferated in the mid-1990s, largely due to economic efficiency concerns (Standish, 1998). Conversions increased after the enactment of the Affordable Care Act in 2010, and are intended to continue as new healthcare laws and regulations come into existence. As of 2014, 306 health conversion foundations existed; as of 2010, they held \$26.2 billion in assets (Niggel & Brandon, 2014a). Awards from these foundations range from \$26.9 million in New England to \$338 million in the Pacific and typically are restricted for use in their local community.

Three legal doctrines delineate the role and function of these foundations, and how the revenues from the conversion may be used: the charitable trust doctrine, the *cy pres* doctrine, and *parens patriae*. The charitable trust doctrine states that “the assets of a charitable nonprofit entity must always be dedicated to the charitable purposes for which it was established” (Standish, 1998, p. 137). The *cy pres* doctrine allows the court to decide how the assets of the trust will be used once its original purpose becomes obsolete; that is, once the original nonprofit hospital is dissolved or merged. Finally, *parens patriae* “vests power in the state to protect assets pledged for public use” (Standish, 1998, p. 137).

A 2014 study found that the counties where health conversion foundations serve tend to have higher proportions of racial minorities and non-native English speakers, and are more socioeconomically vulnerable than others (Niggel & Brandon, 2014). The widely accepted social determinants of health framework acknowledge that race, income, education, and other socioeconomic factors heavily influence health outcomes. Within the context of this framework, health conversion foundations working in these communities can play a critical role in addressing these determinants. Comprehensive community health needs assessments can help them determine grantmaking priorities.

the state's history. The case is made more interesting by the fact that the founding president, Karl Stauber, is one of the longest-serving foundation presidents in the country. Before coming to Danville, Stauber served with distinction at the Mary Reynolds Babcock Foundation, the Needmor Foundation, and the Northwest Area Foundation. He also was the first Senate-confirmed Under Secretary for Research, Education, and Economics within the U.S. Department of Agriculture. Recognized for his vast intellect, entrepreneurial spirit, and appetite for large, riskier investments, Stauber serves for many as an aspiration of what Southern philanthropy might be.

This case also presents important opportunities to “provide insight into an issue” and to inform and shape understanding and action of a larger field of practice (Stake, p. 445). The Danville Regional Foundation is organized as a hospital conversion foundation, the fastest growing organizational form within institutional philanthropy.²¹ This form of organized philanthropy is growing rapidly in the American South with the consolidation of health care systems across the country, a process accelerated by the implementation of the Patient Protection and Affordable Care Act that significantly altered the financing of health care in America. Despite the rapid expansion of these organizational forms, little systematic research has been conducted to understand how these organizations function and how their operations, strategy, and learning processes mirror or are distinct from private, community, and family foundations and other more studied philanthropic forms.

The focus on early learning and early childhood development and education also makes the case one worthy of study. Early learning and early childhood development have long been a focus of philanthropic investments, dating before the establishment of Head

²¹ Other organizational forms within organized philanthropy include private, family, operating, and corporate.

Start. Investments in early childhood education also have become one variable used to assess a foundation's commitment to asset-building and poverty alleviation strategies. Research findings continue to stress the economic value generated by investments in early childhood education:

- “Every dollar invested in high-quality early childhood education produces a 7 percent to 10 percent per annum return on investment” (Heckman, 2011, p. 6)
- Studies show that parents who have access to child care, including early childhood education, are therefore able to increase their employment rates and earnings (Karoly et al., 1998; Barnett and Masse, 2007; Temple and Reynolds, 2005). Those in the top quartile of earners spend more time on education activities with their children (White House, 2014, p. 9).
- “A large literature indicates that preschool can benefit children’s school readiness and increase earnings and educational attainment later in life” (White House, 2014, p. 20), including higher IQs, high school graduation rates, and incomes.
- “Deming (2009) found that Head Start increased high school graduation rates by 8.6 percentage points, increased college attendance rates by 6 percentage points, and reduced non-participation (in either education or employment) rates by 7 percentage points, with African American participants experiencing the largest gains. Moreover, these increases in schooling translated into higher earnings: in their mid-20s, these participants’ earnings were 5 to 20 percent higher than nonparticipants.” (White House, 2014, p. 22).

- Researchers estimate that adult earnings for children who have attended state preschool could increase by 1.3 to 3.5 percent (Cascio and Schanzenbach, 2013).
- Investments in early childhood programs have implications beyond improved incomes and educational attainment. In the long term, they can increase tax revenues and reduce welfare payments due to higher earnings; reduce the need for remedial education; reduce involvement with the criminal justice system; and reduce public expenditures on health by improving health outcomes (White House, 2014, p. 25).
- “If we expand access throughout the country and all families were able to enroll their children in preschool at the same rate as high-income families, enrollment would increase nationwide by about 13 percentage points and yield net present value of \$4.8 billion to \$16.1 billion per cohort from earnings gains alone after accounting for the costs of the program. In the long run, these earnings gains translate into an increase in GDP of 0.16 to 0.44 percent.” (White House, 2014, p. 33)

But despite these research findings and the long track record of philanthropic investments in early childhood efforts, limited organizational-level analysis has been completed to understand the process by which foundations enter this space.

Research Hypotheses

The researcher entered this project with certain key hypotheses, noted below:

1. Hypothesis No. 1: Given the foundation's mission to strengthen the economy, the decision to invest in early childhood will be framed primarily in terms of asset-based social policy rather than an emphasis on enhanced educational outcomes for children.
2. Hypothesis No. 2: The research and design phase will privilege the voice and perspective of foundation board members and key staff over the voices and perspectives of childcare providers, educators, or parents of children who might benefit from educational opportunities.
3. Hypothesis No. 3: Foundation board and staff will spend significantly disproportionate time and resources on the research and design phase and less on program adaptation, oversight, and evaluation.

Research Sample

The data collection process for the historical case study was structured to include interviews with four key actors involved in the conceptualization, design, execution and adaptation of the Smart Beginnings program. The four participants interviewed were:

- Karl Stauber, President and CEO of the Danville Regional Foundation;
- Clark Casteel, Director of Grants and Initiatives for the Danville Regional Foundation;
- Kathy Glazer, President of the Virginia Early Childhood Foundation; and
- Ann Vendervliet Stratton, Executive Director of Smart Beginnings.

The research project made use of the semi-structured interview method. Each person was asked the same six questions to begin the interview, with follow-up questions for

purposes of clarification and/or triangulation to assess accuracy and validity. In addition, follow-up questions were posed to pursue particular lines of inquiry. Interviews lasted between 45 and 90 minutes. Interviews were taped, and the researcher also took field notes during the interview.

The six questions used to guide the structured interview follow:

1. What's the story you tell about how Smart Beginnings began?
2. From your perspective, how could the process of designing and/or implementing Smart Beginnings have been more effective?
3. Can you talk about why early childhood education is important?
4. What has been the impact of Danville Regional Foundation's investment to establish the Smart Beginnings program?
5. How has the program been adapted or changed over the initial investment?
6. What factors led to these changes (if appropriate)?

Data

In seeking to know and understand an organization at a particular moment in time and to conduct a robust textual analysis, the researcher had access to a range of organizational data rarely made accessible to researchers of foundations and their activities. Such texts and documents included, but were not limited to: (1) email correspondence between key participants dating back to the origin of the initiative; (2) all formal grantmaking documentation, including the proposal submitted to seek funding, the evaluation and write-up by the foundation staff to the board of directors responsible for approving the investment, and the interim assessments of efficacy and impact; and (3) all official reporting by the

grantee to the foundation about activities, accomplishments, challenges, and lessons learned.

These documents included financial records and other reports.

In addition to the documents noted above, the researcher had access to the data sources used by the lead program staff of the Danville Regional Foundation during the search and design process. These resources include the following:

- Articles:
 - “10 Things Every Child Needs.” (n.d.) Retrieved April 3, 2016, from www.nd.gov/dhs/services/childcare/info/10-things.html
 - Haskins, R. and Rolnick, A. (2006, July 18). “Early Childhood Education: Do Enthusiasts Exaggerate What It Can Do?” Center of the American Experiment. Retrieved April 3, 2016, from http://www.americanexperiment.org/uploaded/files/early_childhood_education.pdf
 - Isaacs, J. (2008, September). “Impacts of Early Childhood Programs.” Brookings Institution. Retrieved April 3, 2016, from http://www.brookings.edu/~media/research/files/papers/2008/9/early-programs-isaacs/09_early_programs_isaacs.pdf
 - Kelleher, M. (2011, July 12). States Face Challenges in Early-Ed. Race to Top Scramble. Retrieved April 3, 2016, from <http://www.edweek.org/ew/articles/2011/07/13/36early.h30.html?tkn=QP0FZ0ykbDP51SBez7/iypNo2klUhh46LRlq>
 - Lehrer, J. (2012, March 5). Does Preschool Matter? Retrieved April 3, 2016, from <http://www.wired.com/2012/03/does-preschool-matter>
 - Snell, L. (2007, August 15). Don't expect long-term gain from early education money. Retrieved April 3, 2016, from <http://www.educationreport.org/8835>
 - Weil, E. (2007, June 3). New York Times. Retrieved April 3, 2016, from <http://www.nytimes.com/2007/06/03/magazine/03kindergarten-t.html>
 - Woodruff, S. (2013, April). Early Childhood Education. Retrieved April 3, 2016, from http://www.hslda.org/docs/nche/Issues/S/State_Early_Education.asp
- Journals & Publications:
 - Child Care & Early Education *Research Connections*, www.childcareresearch.org
 - Early Childhood Research Quarterly, www.journals.elsevier.com/early-childhood-research-quarterly
 - investinginkids (Tim Bartik), www.investinginkids.net
- Policy & Research Centers:
 - Duke University’s Center for Child & Family Policy,

- childandfamilypolicy.duke.edu
- Education Commission of the States, www.ecs.org
- Pre-K Now (The Pew Charitable Trusts), www.pewtrusts.org/en/archived-projects/pre-k-now
- Public Policy Forum Research: Education, www.publicpolicyforum.org/research/education

In addition to the list of data sources explored by the staff of the Danville Regional Foundation throughout the search process, the researcher also had access to appropriate sections of organizational minutes from two board sessions prepared by the foundation's executive staff. These documents allowed the researcher to develop a more accurate sequence of learning, questioning, and application in the unfolding story of the foundation's investment in the Smart Beginnings program. Access to these data sources and historical documents also was critical in assessing the validity of data gained during structured interviews with the four key actors in the case study.

Triangulation

In proposing to prepare an historical case study of the Smart Beginnings effort, the researcher took deliberate steps to ensure accuracy of reporting. The process of ensuring accuracy, referred to as triangulation, can take several forms.²² As Johansson writes, "One major feature of case study methodology is that different methods are combined with the purpose of illuminating a case from different angles: to triangulate by combining methodologies" (p. 3). In the specific case of the analysis, the researcher combined structured interviews with review of historical documents to check facts and determine the accuracy of

²² "Good case study follows disciplined practices of analysis and triangulation to tease out what deserves to be called experiential knowledge from what is opinion and preference" (Stake, p. 455).

data shared in interviews against internal and external documents. The use of multiple methods also was helpful in determining the accuracy of the historical sequence of the case.

In addition to collecting data through multiple methods, the researcher employed two additional strategies as part of the triangulation process. The first involved the application of “member checking” to confirm the accuracy of reporting and interpretations offered during the interview process by each interviewee. Following transcription and analysis of interviews, the researcher constructed a timeline based on review of historical documents and textual analysis of internal and external documents described earlier in this section. The researcher scheduled follow-up interviews with participants as appropriate to clarify any points of inconsistency.²³ Stake emphasizes the importance of such an approach:

However accuracy is construed, researchers don't want to be inaccurate, caught without confirmation. ... To reduce the likelihood of misinterpretation, various procedures are employed, two of the most common being redundancy of data gathering and procedural challenges to explanation. ... Triangulation has been generally considered a process of using multiple perceptions to clarify meaning, verifying the repeatability of an observation or interpretation (p. 453-4)

In addition, the researcher checked any inconsistencies shared during the interview process without reference to the specific source with respondents whose reporting contradicts or counters another (or set of others) for purpose of clarification and verification. No significant internal inconsistencies emerged during the research process, although participants did stress different elements of the work and process in their respective reportings.

²³ “Creative use of ‘member checking,’ submitting drafts for review by data sources, is one of the most needed forms of validation of qualitative research” (Glesne and Peshkin, 1992).

Timeline

The proposed study began in July 2016 after approval by the UNC Institutional Review Board, which authorized interviews with the four actors noted above. Submission of the required materials to IRB occurred before the meeting of the dissertation committee for the purpose of defending the research proposal.

During July and August 2016, the literature review was augmented to include research on (a) strategic philanthropy, (b) health care conversation foundations, (c) the economic benefits of early childhood education and (d) case study methodology and interviewing. Review of historical documents noted in this proposal began in early June, and interviews were conducted between July and October 2016. Analysis of all data, including the construction of an historical timeline, comparison of historical documents, interviews for consistencies and congruence, coding of interviews, and hypothesis testing occurred in September 2016.

Positionality, Bias, and Other Methodological Limitations

When preparing to undertake this project, the researcher anticipated that his long tenure in philanthropy and wish to be seen in a positive light by colleagues would present both methodological benefits and challenges. The real possibility existed, for example, that hard questions could go unasked and potentially critical assessments and analyses could be avoided unless the researcher took particular care to plumb the depths of good feelings and applied analysis in a rigorous and critical manner. This potential for researcher bias can limit the richness and accuracy of the

analysis. As Kleinman and Copp (2003) describe in their text, *Emotions and Fieldwork*,

When relations are smooth and we think we have achieved the right amount and kind of empathetic feelings, we need to be the *most* alert about the analytical import of our feelings. Because we have been taught that sympathy sentiment is a prerequisite for fieldwork, we are unlikely to recognize our good feelings as data. . . . But there are good sociological reasons why we have smooth relationships with participants; figuring them out can aid our analysis (p. 46)

“Figuring out smooth relationships” required the researcher to take close scrutiny of his socialization in the isolated and privileged world of organized philanthropy and to ask questions of himself, his peers, and his profession that had gone unexplored. As this process of analysis and “figuring out” continued, it became increasingly clear that the number of methodological challenges associated with being an insider in the field being studied far outweighed the primary benefit of access. This section highlights this primary benefit and four methodological challenges that emerged during this project. This section also highlights three additional methodological limitations of the study.

Access. The primary benefit of the researcher’s position in philanthropy as a practitioner was access. Philanthropic organizations often closely guard access to internal documents, making the institutions challenging to understand and study. While a foundation would rarely turn over grant files to an outsider from a university, the “insider-outsider” position of the researcher facilitated this action.

The researcher’s long-term relationship with the CEO also appears to have allowed for more transparent conversations with other key informants. Two of the three participants explicitly noted that the CEO’s trust in the researcher gave them “permission” to be honest

and/or critical about the work and the foundation. One noted, “I’d probably not say this to most people, but you and Karl will understand the spirit of what I’m saying.” A second commented, “Karl made it clear that we could talk with you about what really worked and what didn’t. I believe that.”

While the access afforded by the researcher’s position in philanthropy was clearly helpful, it presented at least four methodological challenges that must be named and examined.

A Language of Our Own. Philanthropy, like any job or occupational field, has developed a language of its own. Words and phrases like “capacity building,” “theory of change,” “strategic philanthropy,” “social investments,” “passing gear philanthropy” and “patient capital” have led critics and practitioners alike to request that foundations speak a language that people can understand. This reform likely will not happen any time soon.

Throughout the interviews and document review, the researcher listened to or read words and phrases that may have caused a teacher, engineer, plumber, or nurse to pause and ask, “What do you mean by that?” or “I really have no idea what you are saying.” All too often, this researcher let words of jargon go without requests for clarification or definition. If this researcher had been studying a field outside his area of professional expertise – for example, the decision-making process that web developers employ to decide what application software to use – the interviewee would be numb from endless questioning. A scheduled 45-minute interview would have lasted hours. The interviews for this research project were nothing if not efficient.

While tedious for all involved, interviews by researchers with limited knowledge of the field being studied have potential for deeper analytic and methodological rigor. When Karl Stauber references “passing gear” philanthropy, the researcher’s mind immediately goes to MDC Inc., and its publication “State of the South,” which popularized this term for Southern philanthropy. Another researcher would have likely and should have pushed for greater clarity about the meaning of the term and why it was relevant.

Following interviews and document review, the researcher took care to highlight expressions and phrases in personal field notes that outsiders might not know and would ask about for purposes of clarification. In six instances, follow-up questions were posed seeking more precise language that might be more accessible to non-practitioners. This noted, the researcher is confident that for every follow-up question, five or six such moments probably went undiscussed.

Positional Empathy. Closely related to the methodological limitation of language is what this researcher dubs “positional empathy.” This term could translate into, “I get what you’re saying,” or “I feel your pain.” The concept of positional empathy is rooted in theories of role socialization and the shared cognitions and emotions rooted in shared positions and experiences.

At least three times during this project, the researcher fell prone to positional empathy. In each case, this shortcoming dramatically undercut capacity to assume the “critical researcher” perspective described by Noblit.

The first instance involved the interview with Clark Casteel, the program officer responsible for shepherding the Smart Beginnings initiative through the foundation’s

grantmaking process. During this interview, Casteel describes his early interviews in Danville when exploring the feasibility of Smart Beginnings. He described reaching out to superintendents of the three school districts, not to teachers, parents, or childcare providers. While the researcher asked about these excluded perspectives, no effort was made to challenge this action or even call it into question by pushing for intent or possible alternatives.

Casteel's action "made sense" (for lack of a better term) to the researcher. Not only was Casteel a new employee charged with the task of assessing the interest of stakeholders in Smart Beginnings, he also worked at the largest foundation in the region with a board of elite civic leaders. His decision to reach out to other elites with institutional power and resources seemed consistent with the practices and protocol of most institutional philanthropy. To be fair, Casteel and other key informants discussed the missing voices and perspectives in interviews, and these are shared in this document. But this researcher believes strongly that a person with no direct ties to philanthropy who felt less positional empathy or had not been socialized in the field would have asked significantly more follow-up questions to understand the rationale and logic of this action. Similarly, the decision to accelerate Smart Beginnings with the \$5.4 million grant went relatively unexplored, specifically in terms of potentially negative consequences.

As Kathy Glazer reflects in her interview, only two of the more than 20 communities with Smart Beginnings collaborations benefitted from any single significant financial investment. Danville was one. Other communities throughout the state of Virginia followed a more sequential, codified rollout process that took longer to implement.

As with the example noted earlier, this decision “made sense” to the researcher. On a basic fiduciary and compliance level, a grant of such magnitude makes it easier for a foundation with over \$500 million to comply with Internal Revenue Service payout requirements. The transactions cost of a single \$5.4 million grant is significantly lower from the transaction costs of 100 grants of \$54,000 apiece. Theoretically, these grants could have been made to childcare providers in the region to pay higher wages or support professional development for underpaid teachers and teachers’ assistants.

The decision was also “logical” (intentionally made to be noted in quotations) to the researcher, considering the composition of the Smart Beginnings Leadership Council and the board of the Danville Regional Foundation. While the \$5.4 million is a staggering amount for 99 percent of Americans, the number is less so for bank presidents, hospital CEOs, school superintendents who manage large public budgets, and accountants who audit these institutions. For such civic elites, the researcher can imagine it is more convenient to authorize and endorse one large investment rather than have to spend even more hours in planning sessions or board meetings. Time is money, particularly when the money isn’t one’s own.

While a single injection of capital has many potential positive benefits associated with it, downsides and costs also accrue. Organizations and leaders aligned with the funded effort can be privileged in community discussions. Money talks. In a small, rural community, the amount of money associated with Smart Beginnings certainly has the potential to shape or control agendas. It needs to be noted that this researcher did not explore these potential negative consequences in any real way.

Finally, and closely related to the last example, is the researcher's passive acceptance of the decision to include primarily established civic leaders on the Smart Beginnings Board of Directors. This researcher "empathizes" (again, quotation deliberate) when Ann Stratton talks about the "value" of having a board of local elites and decision makers who can "get things done." There are probably few busy civic leaders who want well-structured, 90-minute board meetings to be interrupted by lengthy discussion about what's working or not working at the local Head Start and the community politics associated. By and large, the lives of these leaders and the lives of the people they live with are largely unaffected by the work at hand.

In this instance, the researcher can admit to "feeling their pain" on a deeply personal level. For the researcher, sitting in "messy" public meetings discussing options for public housing or what it takes link unemployed African American youth to living-wage jobs can be fatiguing, discouraging and, worse yet, generate feelings of despair and resentment. Democracy and the community politics of democracy can be tiring to the elite. Again, the researcher makes note of the significant failure and shortcoming to explore with greater scrutiny the decision to have a largely elite board oversee the Smart Beginnings effort.

The "You've Got to Work with These People" Effect. Related, but distinct from positional empathy, is the "You've got to work with these people" effect. Some might also call it professional courtesy, politeness, or etiquette.

Philanthropy is a small and relatively closed world. When people find peers that they respect, can learn from, and stand to work with, they are potentially less inclined to challenge or provoke. This researcher fell into this trap. When interviewing a well-respected nonprofit leader who lives in the same community, the researcher was inclined not to ask the most

penetrating or potentially critical questions. Had the researcher been interviewing professional peers on the West Coast, instincts suggest that the questions would have had a different quality and focus.

No doubt, the aforementioned leader would have been well equipped to answer any and every question that came her way. Advocating for early childhood education and dealing with legislators, childcare providers, Chamber of Commerce leaders, and foundation officers is not work for the faint of heart. This researcher's personal and professional habit of deference and tendency toward conflict avoidance, as well as the socialization of 25 years in philanthropy, made for a less rigorous interview than could have been expected.

Triangulation Troubles. Finally, the researcher lifts up triangulation troubles as a fourth methodological limitation associated with researchers who fall in the “inside/outside” category with respect to studying the same field in which they work. This challenge is more generalizable to qualitative methods, but deserves some attention.

Dealing with a small sample size of four key informants who work in the same field and geography, the researcher struggled to triangulate certain stories and accounts. One example centered on the interplay between Smart Beginnings and the existing Head Start programs in the region. Different actors provided significantly different accounts and interpretations that merited triangulation strategies of closer scrutiny. But, because this issue fell largely outside the scope of the project, the researcher did not pursue these discrepancies.

Had triangulation been required, this researcher could easily imagine creating ill feelings or opening up old wounds among people who have to work together on a daily basis. A larger sample size or a sample of disconnected individuals who did not occupy such a tight

network structure could have mitigated or alleviated this concern. Again, while this limitation can be more generalizable applied to methodological limitations, the challenge was even more evident because of the culture of philanthropy and the power dynamics and relationships in the field.

In addition to identifying four methodological challenges related to conducting “insider/outsider” research, at least three other more generalizable methodological challenges presented themselves during the course of the research.

Mimetic Storytelling. People who work together on a daily basis and share some reason to “speak from the same page” or “from the same script” often recount events and tell history in similar ways. The maintenance of organizations requires a certain degree of consistency in meaning making and storytelling. When a president tells one narrative and a vice president another, the listener begins to wonder if leaders in the “C-Suite” talk to each other and whose account is reliable.

While this consistency can be beneficial to running an office, mimetic storytelling presents particular challenges for a researcher. The stories and accounts that Stauber and Casteel share bear striking semblance. While such consistency might be interpreted as evidence of validity, the researcher notes that Casteel began employment months after many of the narratives he recounts occurred. It’s not difficult to imagine that Casteel has heard Stauber’s accounts enough times to know the “party line” and to adopt it as his own. Repetition serves important functions.

This observation is not intended to discount the representation shared by either actor in this story. Neither has any compelling reason to distort the truth. Rather, mention of

mimetic storytelling is intended primarily to encourage researchers conducting interviews as a key strategy for data gathering to clarify with interviewees (1) the source of data and (2) any contradictory or complementary evidence that might challenge or enhance the account being offered. In addition, researchers should be diligent in looking for other forms of data that stand to substantiate or call into the question the account being told.

The “Car Ride” Effect. Conversations take place everywhere: behind closed doors, on telephones, during executive sessions, at cocktail parties, and on car rides. In these instances, the nature and content of the conversation remains with participants.

One origin of the Smart Beginnings story can be traced to a car ride between Danville and Richmond (described in Chapter Four). Karl Stauber and DRF board member Ben Davenport traveled together to hear then Governor Tim Kaine talk about plans to invest in early childhood education throughout the Commonwealth. Stauber shares an account of that conversation, which offers a plausible explanation of how and why Danville Regional Foundation began its exploration of Smart Beginnings.

As noted when discussing mimetic storytelling, the researcher has no reason to discount the legitimacy or accuracy of the account shared. But two factors are worth noting. The researcher did not validate the story with the second actor involved. Nor did he pose any clarifying questions about the content of the conversation beyond acceptance of the account provided. These oversights can be attributed primarily to the desire for efficiency and to finish both the research project and the interview in a timely manner.

Missing Voices. This research project includes interviews with four stakeholders involved with the conceptualization, planning, and implementation of Smart Beginnings. These leaders represent the key institutions involved in the first phase of the work. Dozens of other people were engaged in Smart Beginnings: board and staff members at Danville Regional Foundation, staff at the United Way who provided support during the first year of the process, and community members who were part of the original leadership council. Their voices and perspectives are missing from this study.

Justifications for the decision to interview such a small number of key informants can be articulated and accepted as legitimate. The narrative can be explicitly framed so that the reader understands that the representation shared is told from the perspectives of elite actors who controlled the financial resources and decision-making authority for the project. These caveats do not negate the value of the analysis. But they are noted to remind the reader of the limitations of this particular research project.

Closing Thought

In concluding this methods section, the researcher takes care to name what this research project was not intended to be. The study is not a descriptive or formative evaluation of Smart Beginnings. The study is not intended to provide a critique or “seal of approval” for the work of Danville Regional Foundation or the Virginia Early Childhood Foundation. The researcher has no “axe to grind” nor benefit to be gained through any particular representation of the data shared and analysis offered.

While the researcher has taken care to identify the methodological challenges that emerged over the course of the study, the access provided to the researcher and the

willingness of participants to speak reflectively and critically about the investment provide a relatively unique and important glimpse in to the world of foundations, particularly Southern foundations. This case study marks an important development in academic research of Southern foundations, one that hopefully can be employed by future researchers and scholars.

Chapter 4: Data

The Lead Actor: Danville Regional Foundation

The Danville Regional Foundation (DRF) was founded in 2005 after Danville Regional Health System sold the city's community hospital, founded in the nineteenth century, to a Tennessee company, LifePoint Hospitals (now LifePoint Health). The sale was unpopular locally although most of the proceeds (about \$200 million) went to endow a new foundation to benefit the Dan River Region served by the hospital. Four of the hospital's board members became founding board members of the new foundation.²⁴

From its outset, the foundation has sought to develop and support programs and organizations that seek to improve the health, welfare and education of residents in three communities: Danville, Virginia; Pittsylvania County, Virginia; and Caswell County, North Carolina. When the foundation was established, the Danville area was reeling from the loss of the tobacco and textile industries that had made it one of the wealthiest cities in the South. Unemployment was high; educational and health measures were low. But as a 2012 report from MDC Inc. noted: "The foundation gives Danville a key advantage over many

²⁴ For background history and information on Danville Regional Foundation, see particularly the following resources: <http://danvilleregional.blogspot.com/2007/08/what-can-money-do.html>
http://www.caswellmessenger.com/news/article_24967645-c8b3-5a4e-874a-2068e10fc1af.html
<http://www.southsidecentral.com/wordpress/2015/09/02/numberscentral-so-what-does-the-drf-do/>

economically distressed Southern cities: an independent source of capital for investment in change, and a local entity whose sole mission is to help Danville move forward.”²⁵

During its early years, DRF invested nearly \$17 million in several nonprofit organizations in its service area for capital projects, including senior centers, community centers and a research building in an industrial park. The largest grant, \$9.7 million, was awarded to Danville Community College to erect a health science center on its campus. This initial grantmaking was the result of a settlement with the Internal Revenue Service so the foundation could fulfill tax-exempt bonds the old nonprofit medical center had sold and extinguish the tax liability. Since then, the Foundation has rarely funded capital projects.

In 11 years, DRF has awarded about 290 grants totaling about \$85 million to public schools, colleges and universities, museums, arts and environmental groups, city and county governmental agencies and many other nonprofit organizations in the Dan River Region. The Foundation currently awards grants in four program areas: education, economic and workforce development, health and wellness, and capacity development.

Among the Foundation’s largest grants have been:

- \$10 million in 2012 to establish The Launch Place, which helps local and regional innovators and entrepreneurs find investments;
- \$9.7 million in 2009 to build a new YMCA in Danville;
- nearly \$4 million in 2016 to implement a community health program to improve health outcomes for area residents, reduce emergency room usage and create pathways to better careers for low-wage medical workers;

²⁵ “The Only Way Out is Up: How MDC helped Danville, Va., chart a new vision for its future” (MDC Inc., 2012): http://www.mdcinc.org/sites/default/files/resources/MDC_Danville%20lo-res.pdf; retrieved Oct. 9, 2016.

- almost \$2.5 million in 2014 to help the Danville Community College Educational Foundation expand the college’s welding and precision machining programs;
- \$2.3 million in 2012 to implement the NoBell Coalition, the coordinating association for a regional effort to improve after-school programs in the region;
- \$2 million in 2007 to help the Industrial Development Authority of Danville recruit a Polish company that would eventually hire 800 people to manufacture mattresses and upholstered furniture;
- \$2 million in 2015 to establish Middle Border Forward, a program to develop inclusive leadership and foster community engagement.

DRF is perhaps best known in the region for its efforts to improve early childhood education. In 2010, the foundation invested \$5.4 million in the Virginia Early Childhood Foundation and the United Way of Danville-Pittsylvania County to establish Smart Beginnings Danville/Pittsylvania (SBDP), a program designed to prepare children for kindergarten. The Foundation made a second investment of \$2.9 million in 2015 to continue and expand the Smart Beginnings efforts.

The Foundation’s 10-person staff is led by Karl Stauber, who has been DRF’s only president and CEO. The Foundation has an 11-member board of directors whose members are regional leaders from the local business, legal, finance, medical and nonprofit communities. As the primary architect of DRF’s strategy, Stauber articulates a “theory of change” that guides the Foundation’s investment decisions and approach. For DRF’s signature investments, Stauber has four primary aims:

1. Change the conversation.
2. Change who is in the conversation.
3. Change behavior.
4. Then, change outcomes. (K. Stauber, personal communication, October 10, 2016).

With respect to managing the relationship with the Foundation's board, often the bane of existence for the CEOs of many foundations, Stauber adopts a perspective that makes key assumptions about the diversity of expectations of the governing board members:

All of us have an internal norm we are judging by, and we all have a mixture depending on circumstances. Over time I have come to observe that some board members lead with results (impact), relationships (are the right people involved), or process (did they follow the rules). (K. Stauber, personal communication, October 10, 2016).

This perspective of board management informs Stauber's leadership, the pace of work, and the issues and approaches where he concentrates resources and energy.

The Supporting Cast: The Virginia Early Childhood Foundation

Founded in 2005, the Virginia Early Childhood Foundation (VECF) is the public-private partnership that oversees early childhood efforts in the state of Virginia. VECF supports the statewide network of collaborative partnerships known as Smart Beginnings, which works to increase access to high-quality early childhood development services and improve school readiness for the state's youngest children.

The Virginia Department of Social Services in 2005 funded the first three local early childhood grants. A year later, after VECF was established and opened offices in Richmond, the new foundation took over the responsibility for grantmaking. VECF has received state funding every year since 2006 as well as money from local and federal sources and a

commission created through a tobacco industry settlement. The bulk of the foundation's annual private revenues come from foundation, corporate, and individual donations.

The foundation has fostered and supports local and regional Smart Beginnings collaborations across the Commonwealth, including one serving Danville and Pittsylvania County. These programs cover 130 cities and counties, covering roughly 90 percent of the population of the state. Most of these local and regional efforts focus on children from birth to age five. A few have expanded their services to cover prenatal care or children up to third grade.

In addition to awarding grants and providing technical support to Smart Beginnings initiatives, VECF, along with the state's Office of Early Childhood Development, jointly administers the Virginia Quality initiative. This program of published quality ratings helps parents and families make more informed choices about early learning programs. The program also gives guidance to early learning providers who want to improve the quality of their services. VECF advocates in the Virginia legislature on behalf of both Smart Beginnings specifically and early childhood efforts generally. Biennially, the foundation publishes a School Readiness Report Card that gives a snapshot of statewide data on child and maternal health and student achievement.

In 2016, VECF was charged with working with three new initiatives to improve Virginia's early childhood delivery system. These new requirements include facilitating the new School Readiness Committee, which the state's General Assembly created to develop an effective development and credentialing system for Virginia's early childhood educators. VECF will administer a new scholarship program, Project Pathfinders, in conjunction with the Virginia Community College System. This new initiative will help people who work in

preschools and childcare settings gain access to college courses and credentials. Finally, VECF will fund local pilot projects to find ways to overcome barriers that have prevented children from enrolling in public preschools.

VECF is led by President Kathy Glazer, who helped conceptualize the organization in 2005 and has served as chief executive since 2012, and a 20-member board of directors. Since its inception, the foundation has received nearly \$13.8 million in state appropriations and leveraged another \$120 million for local and regional Smart Beginnings programs from federal, private, individual, and other foundation sources.²⁶

When talking about VECF, Glazer takes care to explain what the foundation is and is not: “We work at early childhood systems building at both the state and local levels. We are attempting to impact the space of prenatal to elementary school. Because of the multi-faceted way that young children grow and develop, even before birth, families’ needs cross many systems including social services, health, and education. We work to coordinate cross-sector, cross-service system efforts that lead to better outcomes for young children. We do not provide direct services, but rather work to support effective and efficient results from service provision” (K. Glazer, personal communication, September 20, 2016). As both a grantmaker and a provider of technical assistance to local communities throughout the Commonwealth, Glazer has the dual task of being responsive to local communities and holding communities accountable with resources provided primarily through the Virginia legislature:

One criticism that I had (from having been involved with starting this effort more than 10 years ago) was that the grantmaking processes had evolved into a very prescriptive format for communities that constrained innovation. As we

²⁶ For more information about the history and work of Smart Beginnings, see especially http://www.smartbeginnings.org/Portals/5/PDFs/BUILD_VA_PROFILE.pdf
<http://www.smartbeginnings.org/home/about/new-initiatives.aspx>
<http://www.smartbeginnings.org/home/about/about-the-vecf/annual-reports.aspx>

reflected on our practices, we were encouraged by stakeholders and advisors to make course corrections. As a result, we've really pulled back on that prescriptive rollout. We've allowed communities to have access to resources and models and tools through our technical assistance but also to carve their own way and to tell us what's successful for their communities. (K. Glazer, personal communication, September 20, 2016)

When all is said and done, Glazer notes, "We try not to be heavy handed. These are local communities with wide variety in strengths, gaps, and capacities – not a 'one size fits all' proposition. We try to give them flexibility in knowing their own community and culture, but we also offer them models that they can learn from. But we must be able to demonstrate that public and private resources are making a difference. We have to be able to justify and explain the decisions that are made and actions that are taken" (K. Glazer, personal communication, September 20, 2016).

The Paper Trail Begins

The date of the first grant proposal to the Danville Regional Foundation from Virginia Early Childhood Foundation reads May 22, 2008. The request summary is straightforward and succinct, as the Foundation guidelines request:

"The Virginia Early Childhood Foundation seeks a partnership with the Danville Regional Foundation to improve early childhood care, education and services in Danville and Pittsylvania County by jointly funding the planning and technical support needed to create a *Smart Beginnings* initiative for those localities."

The request was for \$100,000 for the time period between January 1, 2009, and June 30, 2010. The proposal asked for \$80,000 to support the operations of a local "leadership council" and hire a full-time local coordinator responsible for organizing the council. It also sought another \$20,000 to support VECF's general operating costs and the cost of providing technical assistance.

The proposal cites educational statistics and economists to make the case for DRF's potential investment in VECF:

- “[A]ll data points to the acute need to improve school-readiness in Virginia rural environs. Measurements from the PALS-K/early intervention reading initiative demonstrate that in Danville and Pittsylvania County, 31% and 16% of children, respectively, start kindergarten behind their peers.”
- “We now know that 85-90 percent of a child’s brain is developed by age 5. Economic studies clearly evidence that investments in these early years yield significantly higher returns than educational investments at any other point in life. Yet at a time when maximum brain development is taking place, fiscal investments are minimal. Combined local, state, and federal spending on education in Virginia ages 6 to 18 is 32 times than the amount spent on education and child care during the first five years of life.”
- “Believing that investment in early childhood can result in more savings than any other social programs, Dr. Jeffrey Lacker, the President of the Federal Reserve Bank of Richmond, posits that if government is going to invest in education at all, it should invest in early childhood.... Other prominent economists, including Lacker’s colleagues, Art Rolnick and Rob Gruenwald of the Federal Reserve of Minneapolis, and noted economist and Nobel Prize winner James Heckman have evaluated the public return on investment and in the words of Rolnick and Gruenwald, concluded, ‘.... the return on investment to the public of early childhood education to the public of early childhood development programs far exceeds the return on most projects that are currently funded as economic development.’”

As with almost all proposals, however, there are preceding events and conversations that must be mapped out and considered to understand the arc and evolution of the work. The paperwork represents only a codified artifact, not the whole of the story.

Before the Paper Trail: Car Rides and Conferences

Any attempt to answer the first question that guides this research— “What data and perspectives did the foundation and its partners consider *and* exclude when designing the program and advocating for authorization from the foundation board?”— must begin by going

back to 2007. Karl Stauber recounted a trip that he and board member Ben Davenport took to learn more about early childhood education in Virginia.

In late summer of 2007, Ben Davenport and I went together to hear a presentation from then-Governor [Tim] Kaine about legislation that he was introducing ... modeled after the Smart Start program in North Carolina. There were a couple of hundred people in the audience, and we heard from the guy who was then CEO of the Virginia Early Childhood Foundation.²⁷ He presented loads of research about early childhood education and its benefits.

At the event, Kaine announced a major initiative that would expand the reach of VECF to include between 10 and 20 new communities throughout the Commonwealth based on state appropriations.

On the car ride home, we talked about the fact that working with VECF would mean that we'd have a competent partner that had some successes and failures in the state. They came to the table with a learning curve that we wouldn't have to pay for.

So Governor Kaine announces this expansion is a central part of his budget proposal. But then the recession hits. All bets are off. Virginia goes from having an anticipated multi-hundred-million-dollar surplus to running a deficit. When all was said and done, VECF ended up adding four communities after a very small appropriation from the state. Danville was not selected. Martinsville was selected, but Danville was not. (K. Stauber, personal communication, July 16, 2016)

Early failure, however, did not deter Stauber from pursuing funding to secure VECF's engagement in the region. "During this time, I was also hiring a staff. I hired Clark Casteel from Mississippi. Part of his responsibility was to see if this opportunity was really worth pursuing" (K. Stauber, personal communication, July 16, 2016).

Casteel, a native of Floyd County, Virginia, came to his new job armed with economic development experience honed during his years in Mississippi and complemented

²⁷ "At this point, Ben was a board member of VECF," Stauber said. "He became chair over time. From the beginning, Ben and Charlie Majors, two of our business board members, were strong advocates for us being a major player in early childhood education, as was Bob Ashby who was our founding board chair. Ben's the former regent of Virginia Tech, and Charlie's the former board chair of Virginia Bankers Association. They're both statewide players."

by training at both the University of Oklahoma and the Darden School of Business at the University of Virginia. He started in Danville with both vengeance and naiveté. “I came to Danville from Mississippi and was brand new as a program officer,” he recounted. “I didn’t really understand what philanthropy was. I couldn’t have given you a good definition if I had to. All I knew was we had \$200 million, and I was here to fix education in this region.” (C. Casteel, personal communication, July 23, 2016).

Like many new program officers, Casteel approached his charge by picking up the phone and scheduling meetings with established community leaders.²⁸ He recalled, “I went around and met with three different superintendents of schools who work in districts covered by the foundation. My final visit was to our most rural county, Caswell County [in North Carolina]. The superintendent had grown up in Caswell County. Neither his mother nor [his] father had graduated from high school, and he had his Ph.D. in education.” (C. Casteel, personal communication, July 23, 2016). He recounted the encounter with his characteristic humor and self-deprecation.

I went down there and met Dr. Barker with my chest stuck out. I said, “I’m Clark from the Danville Regional Foundation. We’ve got \$200 million, and I’m here to transform education.”

Dr. Barker looked at me and said, “Oh, that’s good news, so glad you’re here. Two hundred million dollars, wow, that’s a lot of money.” I said, “Yes, sir, it sure is.”

“How much of that \$200 million are you going to spend every year,” he asked. “Well, we’re going to spend about \$10 million a year,” I replied.²⁹

²⁸ Working as a foundation officer provides access to civic and business leaders by virtue of the financial capital controlled by the organization. A newcomer from Mississippi who works for a foundation in town can move to Virginia and call a local bank president, hospital CEO, or college president and ask for a meeting with some degree of confidence that the call will be returned and the request accommodated. The same person moving to a new community could not likely expect such response if she or he worked for a local nonprofit. The perception that one has money to give, rather than one will be asking for money, opens doors.

²⁹ Internal Revenue Service regulations require private foundations to spend a minimum of five percent of endowment resources (usually, but not always, calculated on a three-year rolling average) to fulfill their

He said, “Wow, that’s a whole lot of money – \$10 million a year. You only going to spend it on education?” “Well, no sir, we also focus on economic development, workforce development, health and wellness, revitalizing the community and community development.”

“Oh, well. Of that \$10 million a year, how much do you think you’re going to be able to scrape away every year for education?” “Well, I don’t know. Maybe \$1 million a year.”

“Wow, \$1 million a year. That’s a lot of zeros. You’ve got a lot of money to transform education. How many school districts do you cover, Clark?” “Well, we’ve got three school districts,” I responded.

Dr. Barker said, “Oh, okay. So with that \$1 million, you’ve got to spread it around three school districts. That’s about \$333,333 per school district per year. That’s a rounding error for us. It’s not enough to run our buses for a year.”

At that point, I walked out of his office and said, “Oh, shit. We don’t have nearly as much money as I thought we did. We’re not transforming anything.” (C. Casteel, personal communication, July 23, 2016)

The meeting with Dr. Barker, while humbling, did not lead Casteel to cease and desist his exploration. “After Dr. Barker put me in my place,” he chuckled, “I went back to the office and regrouped. After a while, I went back to him and the other superintendents with a new question: ‘Okay, we don’t have enough money to transform education. We heard you. But where can we make a difference in education?’” (C. Casteel, personal communication, July 23, 2016)?

The answer to this riddle came from another superintendent, Sue Davis, who had previously told Stauber that the school system did a good job with kids when they had them. They just didn’t have the kids early and long enough. Casteel noted: “She pressed us to consider how we could help to make sure that kids are ready to learn when they get to school

philanthropic mission. This required “payout” can include some percentage of staff and administrative expenses incurred during operations, but it is primarily dependent on grant and program-related investment expenditures. Casteel’s calculation that DRF would award \$10 million annually was calculated using 5 percent of the foundation’s total corpus: $0.05 * \$200,000,000 = \$10,000,000$.

and that there are more learning opportunities outside of school. She encouraged us to look at early childhood, after-school opportunities and other outside opportunities” (C. Casteel, personal communication, July 23, 2016).

But just as Casteel offered a plausible narrative to explain the investment in VECF, he quickly pointed out, “That’s part of the story, but only one part.”

At the same time these conversations were taking place, one of the foundation’s most influential board members, Ben Davenport, had been invited to join the board of VECF. As part of his orientation, Ben had learned about the work of James Heckman from the University of Chicago, who demonstrated the economic value of investments in early childhood education. Ben’s an economic development guy, so Heckman’s analysis caught his attention and made sense.

Ben came back to the foundation and pushed us to think about what we could be doing to prepare kids in our region how to learn. At the foundation level, we all intuitively thought that getting young people ready to go to school is important, but we didn’t know a whole lot.

We did know that 31 percent of kids in Danville weren’t ready to learn when they started first grade. When Karl came to the foundation, one of the first things he did was to put out a regional report card that looked at, among other items, PALS scores³⁰. In Virginia, the PALS score is a pre-literacy test, and they test kids when they first come into kindergarten. (C. Casteel, personal communication, July 23, 2016)

Armed with data documenting the importance of early childhood education in the healthy development of young children, validation from key institutional actors in the education community, and the support and endorsement of a key foundation board member, Casteel “affirmed that trying to bring VECF to Danville made sense” (K. Stauber, personal communications, July 16, 2016). “When Clark was done [with his research], we went back to

³⁰ The Curry School of Education at University of Virginia offers the following definition of PALS (Phonological Awareness Literacy Screening): “PALS Pre-K is a scientifically-based phonological awareness and literacy screening that measures preschoolers’ developing knowledge of important literacy fundamentals and offers guidance to teachers for tailoring instruction to children’s specific needs.” Among the skills tested include name writing, alphabet knowledge, beginning sound awareness, print and word awareness, rhyme awareness, and nursery rhyme awareness. (www.pals.virginia.edu).

VECF to see if they would enter into a planning process with us to create an initiative in Danville and Pittsylvania County,” Stauber said. “There was a little back and forth, but ultimately they agreed to do it” (K. Stauber, personal communications, July 16, 2016).

The next step in the process involved securing support from the foundation board to approve the request. “There was no opposition from anyone on the board to the concept. They were totally supportive,” Stauber recounted. “But they were concerned from the beginning that this was the type of area where we could pour lots of money and not show the kind of impact that would cause people to take notice. The board wanted to see that we had a pathway or a strategy that could make a difference in a reasonable period of time” (K. Stauber, personal communications, July 16, 2016).

Although she was not involved in the internal conversations at DRF during the grant process nor was she on staff at VECF at the time the grant was submitted, Kathy Glazer affirmed that both Stauber and Davenport had been strong supporters of both early childhood and Smart Beginnings. Glazer acknowledged, “Ben [Davenport] was instrumental in getting the Tobacco Commission investment to build the VECF infrastructure. He wields a big stick and everybody loves him.” Likewise, “Karl put a stake in the ground and said that DRF saw great promise in investing in the early childhood education. He’s very persuasive and committed” (K. Glazer, September 20, 2016).

The Grant Approval and ...

With the planning grant approved, DRF, VECF, and the United Way (which served as fiscal agent and provided staff to the grant) set out to accomplish five specific aims articulated in the proposal:

- develop a fully functional and effective Leadership Council for coalition;
- hire a Program Manager;
- develop a fully functional and effective Membership in Coalition Committees;
- develop a strategic plan, including the establishment of long-term goals for children 0-5 years old in Danville City and Pittsylvania County; and
- develop the technical capacity of professional staff through various training opportunities.³¹

“We began,” Casteel explained, “by throwing out a challenge and some questions.

We all agreed that the number [on the PALS test] made the region look bad and that we had to get a better handle on what excellence looks like. We asked questions like, ‘What communities do this better than anybody else? Who’s already done research? What are the models out there?’” (C. Casteel, personal communications, July 23, 2016)

During the ensuing 18 months allotted for the planning period, a process that “took 18 months longer than many people wanted it to,” conversations turned to the scale of the investment needed to improve school readiness in the region (C. Casteel, personal communication, July 23, 2016). “The business people on our board were frustrated and wanted us to fix the problem,” Casteel remembered. “There was a sense that there had to be a ‘plug and play’ model that we could just buy off the shelf, plug in, and make the system work better.” He recalled conversations from the planning period that shaped the decision to invest more than \$5 million to establish Smart Beginnings:

During the planning process, Karl and I were in conversation with VECF and part of that local group that was working on the plan. There was a sense that the investment needed to be significant enough to accelerate change and shorten the time to get us to excellence. People were getting frustrated and wanted to know how we could skip phases in the planning process compared with other communities that had worked with VECF. If the planning process was five stages, let’s say, we wanted to know how we could skip stages 2, 3, and 4. Was it possible to skip those phases?

³¹ Smart Beginnings proposal to Danville Regional Foundation, May 8, 2008.

So, they asked for a few extra months, went back to the drawing board and said it would take roughly \$3.4 million. Another \$2 million was added to help build a new a new pre-K program at one of the elementary schools. All told, the budget came to \$5.4 million.³² (C. Casteel, personal communication, July 23, 2016)

Reflecting on the size of the investment to support implementation of Smart Beginnings, Glazer remarked that “the level of investment that DRF has made in Smart Beginnings is definitely unusual. But it allowed for a type of capacity that may not have been possible in other communities that were on a shoestring” (K. Glazer, personal communication, September 20, 2016). From the outset of Smart Beginnings Danville/Pittsylvania, the effort was structured both to accelerate the work and align investments with data and impact.

“When we were vetting strategies,” noted Smart Beginning Danville’s Executive Director, Ann Stratton, “we had a three-pronged criteria.” The strategy

had to be evidence-based or evidenced-informed. We simply did not have the luxury of experimentation. This doesn’t mean we haven’t tried any experimenting, but it’s primarily committed to well-tested strategies. It had to be sustainable from the get-go. We had to produce numbers and data that could convince the Foundation and other people in the community to invest big money. And we tried not to do anything that wouldn’t impact a minimum of 50 people — 50 kids, 50 teachers, 50 households, 50 something. The numbers gave us a target. (A. Stratton, personal communication, October 20, 2016).

The decision to invest \$5.4 million to support Smart Beginnings required a series of technical tasks. The submission of appropriate paperwork by a nonprofit organization, due

³² The additional \$2 million in the grant budget went to the new Northside pre-K school, which is adjacent to Johnson Elementary School in Danville. Casteel explained the decision to support this component of the grant: “The argument in the proposal, and it was a compelling argument, was that Danville had the biggest regional challenge on these test scores due in large part to capacity. There weren’t enough providers available, especially for poor folks in the region, and the school was going to use their Title I funds to pay for the teachers. This became and a nice partnership. The program is up and running today and serves 150 kids a year” (C. Casteel, personal communication, July 23, 2016).

diligence completed by the foundation staff, and board approval and authorization were all necessary steps. Beyond these technical aspects, signature grants of foundations that will attract attention, both affirming and critical, require justification and (usually) consistency and alignment with the mission and strategic aims of the foundation.

Armed with data and the work of Leadership Council during the planning phase, Casteel was in a position to prepare a recommendation to the DRF board that demonstrated need, opportunity, alignment with organizational values and potential for impact. First, he was able to make the case that the \$5.4 million grant was consistent with the findings of needs assessment completed by Smart Beginnings. He cited data that suggested that children in poverty are at greater risk at falling behind in achieving educational potential than wealthier peers and noted that 37 percent of children under age 5 live in poverty in Danville. He noted that “[a]ccess to comprehensive parenting education programs [in the region] is limited, as most programs are designed to serve only a targeted demographic.” He reported that no providers in the region participated in the state’s quality ratings and improvement system and that staff working in local facilities said they wanted increased training to improve their performance (Danville Regional Foundation, 2010).

Casteel then made the case that the work of the Leadership Council under the planning grant had laid the foundation for success. The relationships, organization, and strategies developed over the planning phase positioned Smart Beginnings Danville-

Pittsylvania County

to dramatically increase the number of area children ready to succeed in school. The coalition is already working with area early childhood professionals, local schools, community leaders, social services, faith communities, healthcare workers, and other non-profits. The strategies for achieving success are clearly defined in the Initiative’s five-year plan. Some

of the proposed programs already exist and will be expanded upon; others will be created and implemented at the appropriate time. (Danville Regional Foundation, 2010)

Finally, Casteel took care both to demonstrate the measurable anticipated impact of the grant and the alignment with organizational values. His justification to the board in the memo considered during the 2010 board meeting reported that “[Smart Beginnings is] proposing that 95% of all children in Danville-Pittsylvania County will be prepared for kindergarten, as measured by the PALS-K assessment, and that 100% of 3rd grade children will pass the reading SOL (standards of learning) by 2015. “He continued by noting “these elements fit well with the DRF’s values of excellence, engagement, and equity and with our focus on education, and to a lesser degree health and economic competitiveness” (Danville Regional Foundation, 2010).

Over time, as Smart Beginnings took root in Danville, the key players involved developed ways of making sense of and talking about the \$5.4 million grant. These frames served critical purposes. “Most large grants develop a theme, a one-sentence comment, that makes sense to the board and that they can repeat at cocktail parties,” Casteel observed. “This one became, ‘Thirty-one percent of the kids in Danville aren’t ready for kindergarten.’ All of the sudden, we’re in crisis mode and we’ve got to the fix this broken ship.”

Casteel continued:

That was the early theme for that grant. If you go back and interview the board members and ask why was it important that they make the Smart Beginnings grant, they’d say because 31 percent of the kids weren’t ready to learn when they get to school. A board member would say, “We had to get kids started off on the right foot.” They may not remember the name, but most would remember that some economist said it was the best economic development investment we could make. And because of this we had the powerful business folks in our talking about the topic at the country club. (C. Casteel, personal communication, July 23, 2016)

For Glazer, Smart Beginnings Danville-Pittsylvania County represented the nexus of health, education, and economic development. “This work requires that people look at both health and education as inextricably linked,” Glazer said. “In many ways, Smart Beginnings is a health model of early childhood development. The Tobacco Commission investment in Smart Beginnings across the southern and southwestern regions was definitely an economic development investment. That is what the Commission was required to do.”

In Danville, early childhood is largely seen as an economic development tool. As part of Blueprint Virginia, the State Chamber convened focus groups across the state to help develop the state’s economic competitiveness plan. In every community, business leaders talked about early childhood development and the need for high quality early childhood education as the start of the workforce pipeline.³³ The focus groups reasoned if we’re losing a volume of capable workers early on then we need to prepare individuals to be productive and critical thinkers. More and more local school superintendents, as well as local chambers and economic development initiatives, are making this connection.

I’ve certainly seen where this logic and approach resonates both in Danville and within the Danville Regional Foundation. The community is still dealing with the transition in the economy and is looking at different ways to build a stronger future. (K. Glazer, personal communication, September 20, 2016)

For Stauber, whom Glazer commended as one of the top rural strategists in philanthropy, the investment in Smart Beginnings was a key building block of his longer-term goal to introduce a new understanding of philanthropy in the region and a new way for the region to think and act. “We went into this work with the understanding that this region has a very low tolerance for risk-taking and for failure,” Stauber noted. “People are afraid of

³³ Early childhood education is featured prominently in the Blueprint Virginia final plan. The five-prong recommendations were: (1) improving access to high quality early childhood education, (2) addressing the fragmentation and gaps that exist in the current public policy, (3) improving the flexibility of existing funding to meet the learning needs of at-risk preschoolers, (4) identifying opportunities for public-private partnerships, and (5) implementing “appropriate models from the private sector, such as pay for performance, in publicly funded child care and early learning” (www.vachamber.com).

the shame that goes with taking risks and not succeeding. We wanted to show that we could take risks and succeed. Finding a partner like VECF who had a lot of experience made it easier for the board and staff. There was an empty space in terms of leadership that VECF could fill and do in a very systematic way” (K. Stauber, personal communication, July 16, 2016).

Stauber continued his reflections on the impact of Smart Beginnings:

One of my theories about foundation strategy is the value of starting where nobody else is. There was a lot happening in pre-K in terms of Head Start and other providers, but those were all tactics without a strategy. So in terms of running a campaign to help a broad-based group of people realize that they needed to change and that we needed to change the ways that we support pre-K, this work was not happening. No one wanted to lead in this space. So we took a lesson from the Chinese military philosopher, Sun Tzu, who talked about first occupying the empty space, not the crowded space.

While some people in the community thought it looked risky, I never thought it was risky at all. It looked risky because there’s no tradition here of philanthropy. There’s a strong tradition of charity. So part of what we were doing was demonstrating what philanthropy looked like to people. We had great data, strong support from the board, and no competitive theory of change or organization fighting for leadership. It just made it a pretty easy first choice.

Yesterday, we had 25 university-based economic development professionals here. I talked to them about how Smart Beginnings was such a powerful example of how the Danville Regional Foundation is helping this community move region from a culture of “poor little us who somebody owes something to” to a culture that’s taking much more responsibility for its future.

It started as a foundation initiative. We put it on the table. We created the table. We brought people to the table. We recruited VECF as our partner. But it has very quickly become something that has become much larger than the foundation. We don’t go to their board meetings. We don’t sit on their board. They’ve moved from a foundation-initiated position to a responsive grantmaking initiative. They’ve recruited probably one of the best nonprofit boards in the region, and that’s been an important part in their success. That’s something that came from VECF. They were very clear that the places where their work has succeeded have been where they’ve had strong business leadership, civic leadership, and community leadership. We helped them put

that together from the very beginning, and it's really paid off. (K. Stauber, personal communication, July 16, 2016)

Reflecting Back

In considering the role of DRF throughout the evolution of Smart Beginnings, Kathy Glazer took care to point out the distinctive elements of working with Stauber and Casteel. “Karl and Clark have been rare funders,” she stressed. “They’ve been patient investors. They seem to understand that this is not a two- or even a five-year proposition. We’re talking generations here. They’ve both been interested in understanding where the challenges and barriers and learning along the way. They are willing to adapt and learn with us” (K. Glazer, personal communication, September 20, 2016).

While the foundation’s willingness to adapt is noted in the official paperwork that documents grant activities, opportunities for extensive learning between DRF and Smart Beginnings staff seem limited. “Clark gets a report from me twice a year,” noted Stratton. Her account of interaction with DRF paints a picture of a responsive, but relatively hands-off funder:

Over the past six years, I’ve probably called Clark about ten times to ask for twenty minutes of his time or to run an idea by him. And, I’ve really had quite little face time with Karl. One time I was asked to do a presentation to part of the DRF board. I’ve done that once in five years.

Part of the reason for this is that I had some people on my board who are talking often to Karl Stauber. They are the connector people. I suspect that these people talk about what we’re doing, and Karl and Clark feel updated. (A. Stratton, personal communication, October 20, 2016)

Perhaps the most critical lessons emerging from the work are captured in the reflections of Stauber, Casteel and Stratton. In considering the design and early execution of Smart Beginnings, Stauber noted critical omissions:

I wish we would've worked harder to have better supported the local superintendents. We spent a fair amount of time and energy, particularly with the county school district, but we probably could have been further along if those relationships had been stronger.

We also probably would have been smart to engage both the for-profit and not-for-profit private providers in the process, many of whom saw Smart Beginnings as a threat. Not all of them saw it as a threat, but clearly we had some very serious resistance.

Some of the private for-profit providers were pretty actively threatened by Smart Beginnings, particularly the Virginia Star Quality Initiative. My sense is that these providers were concerned that parents were suddenly going to have some information to assess what providers were doing a better job than others. Frankly, they were unhappy about that. They picked up the phone, and Clark spent a fair amount of time with them. And they called board members. (K. Stauber, personal communication, July 16, 2016)

Casteel echoed Stauber's thoughts about more thoroughly surveying the organizational landscape:

After we'd made the grant and it made the front page of the paper, I got a call from one of the private providers in town who had an after-school program for 3- and 4-year-olds – mainly 4-year-olds. They were very angry. What they said to me was that the foundation's investment in the new Northside preschool was going to kill their business. I didn't know what the heck they were talking about. I didn't understand it.

One part of the \$5.4 million model from day one though the present is engaging with after-school providers and helping to get their centers up to standard with the Virginia Star Quality Initiative. They go through a process to be identified and recognized by the Virginia Star Quality Initiative as a 1-, 2- or 3- star rated facility. What I learned afterwards was that they had felt excluded from the process. Four-year-olds were a sweet spot for after-school providers, not early childhood groups, because 3-year-olds took more teachers. Children that young aren't potty-trained yet.

Knowing this, would we have ultimately not made the grant? Did the market play out in some of those private providers needing to close? I don't know. What I do know is that they probably should have been around the table and [been] part of the conversation. (C. Casteel, personal communication, July 23, 2016)

For Stratton, clarity about who was not invited to the table came into focus as Smart Beginnings in Danville prepared a proposal to DRF to sustain and build on the initial \$5.4 million investment. The frame that informed the second investment influenced Stratton's perspective about who had been left out during the initial design phase:

So fast forward five years when we submitted a second proposal for \$3 million. It became clear then that there were people we had overlooked.

In this second round of funding we really recommitted to two things. We wanted to focus specifically on children and families in poverty and specifically on a two-generation approach. All the research points to the fact that the best thing that you can do for a kid is strengthen the household.

So we brought on the executive director of the housing authority and the COO of a federally funded health clinic. I wish we had brought them in earlier. We also brought in a local guy who runs a tutorial program. He brings an awesome grassroots connection both to the churches and to the African American community. He's a tremendous resource as we look to the future. (A. Stratton, personal communications, October 20, 2016)

The Smart Beginnings investment also became a resource and building block for DRF to learn from as it designed and invested in other community initiatives. "When I think about what we learned from Smart Beginnings, I compare that investment with our investment in after-school programs" Casteel observed. "A year or so after the program began, I was walking around with my chest stuck out saying, 'We've got this stuff figured out. All we have to do is create this platform around any issue that we're interested in, and it'll get fixed.'" He continued:

I was thinking that all we had to do around after-school was get a group around the table and give them our magic words. "Where are we now in making sure that every child has the out-of-school enrichment time that they need? What's excellence look like? Who does this better than anybody else? Build us a plan to bridge this gap." So we did. We pulled a group together, and we said, "We're really interested in what happens to kids outside of school."

So we got together a group that went to Asheville, North Carolina. There's a terrific after-school network there. They went to Providence, Rhode Island. I was hooked on the Providence model, [which is called] Providence After School Alliance. The planning group brought Hillary Salmons, the director, down to Danville to speak. After her speech, the group has a half-day planning session and comes to us and says, "OK, it's going to take us four years and \$2.3 million." We wrote them a check just like we had done with Smart Beginnings. We wrote the check and said, "Get it done." We sat here and thought we were so smart for fixing early childhood. Now we were going to fix after-school. (C. Casteel, personal communication, July 23, 2016)

Not all stories, however, have happy endings. "One year after making the grant," Casteel shared, "we went back to the group and said, 'Give us our money back. We're recalling this grant. You've made no progress. You've made no movement on this. You haven't hired an executive director. You don't have a board.' So they gave us the money back" (C. Casteel, personal communication, July 23, 2016).

When queried about the lessons DRF learned from the two experiences, both Stauber and Casteel had similar thoughts. Both noted that the after-school work lacked a champion. "The after-school group didn't have a member of our board, or an established leader from the community for that matter, who brought this to us and said this is really important," Casteel said (C. Casteel, personal communication, July 23, 2016). Stauber affirmed this insight. "There wasn't a Ben Davenport on the after-school work who would talk about it at Rotary Club or at the country club. The after-school work didn't have that kind of champion at either the private or public level" (K. Stauber, personal communications, July 16, 2016).

When comparing the two experiences, Casteel also focused on the composition of the planning groups convened at the beginning of the project. "Our after-school program probably had the wrong people at the table compared to our early childhood program. We didn't think through this selection process well enough."

When we started thinking about after school, we pulled in the after-school providers. We pulled in Boys and Girls Club. We brought in an after-school tutorial program. We brought in Big Brothers Big Sisters. With Smart Beginnings, when we were thinking about that effort and that group we pulled together, there weren't any providers except for the school system. There weren't private providers. Head Start was involved, but not really around the table. There were more business people around the table – more community leaders. United Way was involved in the Smart Beginnings conversation early on.

With the providers for the after-school work, there wasn't the enlightened self-interest that we were hoping for. The providers kept saying that if we gave \$2 million for an after-school network, then that money would not be going to support their organizations. As a result, some of the after-school providers actively disrupted that group when the opportunity presented itself. That was a big learning curve. (C. Casteel, personal communication, July 23, 2016)

For Stratton, the learning curve for the future involves stepping beyond the traditional boundaries of Smart Beginnings and engaging differently with the local community. She noted during the culminating interview of this research project:

I am experiencing a higher willingness to go to the street level. That's where I have to go if we are going to take our next steps.

My experience in over 20 years is that the street is really frustrating and feels almost unproductive. But now I'm pretty sure that part of the formula for moving forward is going to require that we do a better job engaging potential grassroots leaders and helping them to lead the charge. We don't have all that sorted out. We're planning now. We're studying. We're trying to figure things out and what it all might mean. (A. Stratton, personal communication, October 20, 2016)

And with these words of figuring things out, the researcher turns to the final chapter of this study.

Chapter Five: Analysis

Charting a New Philanthropic Agenda?

Unlike other institutions, foundations live at a rather lofty remove from customary structures of accountability. In more purely private or public institutions, the success of the enterprise is dependent upon the response of the constituency served. Clients, customers, and voters alike have immediate and direct sanctions at their disposal to express approval or displeasure. Furthermore, these sanctions are difficult to ignore or dismiss.

In contrast, private foundations serve the larger public indirectly – and often almost invisibly – by supporting the efforts of other groups and institutions. Moreover, their resources do not depend on the success of their activity but on the size of their bankroll. This independence offers private foundations unusual freedom. I would argue that this freedom requires redoubled efforts on the part of the foundations to examine carefully the consequences of their actions.³⁴

This study began by painting a macro-level view of organized philanthropy citing statistics about the number, assets and grantmaking distributions of foundations in the United States, as well as reflecting on the accomplishments and shortcomings of these institutions as they work to address inequity and foster opportunity. The preceding chapter took a micro-level view describing one investment of one foundation that focuses its resources in a three-county area of rural Virginia and North Carolina where poverty and inequity persist. In this final chapter, the researcher seeks to integrate macro and micro, identifying lessons and insights gained from one case study that stand to be relevant to the larger universe of organized philanthropy. By looking carefully and thinking critically at one foundation, the

³⁴ D. Susan Wisely (2002) “Parting Thoughts on Foundation Evaluation,” delivered in January 2002, at Lilly Endowment Inc.

researcher aims to provide a framework for philanthropic leaders to examine and reflect critically on the impact of their decisions and actions.

In approaching the task of preparing the case study, this researcher set out to consider a set of questions, some larger than others:

1. Research Question No. 1: What language and frames does the Danville Regional Foundation use to align the \$5.4 million investment with its mission and strategic aims?
2. Research Question No. 2: What data and perspectives did the foundation and its partners consider *and* exclude when designing the program and advocating for foundation board authorization?
3. Research Question No. 3: In what ways has the Danville Regional Foundation and its partners learned from and monitored the investment in Smart Beginnings and made adaptations to program design?

In framing these questions, the researcher offered three hypotheses:

1. Hypothesis No. 1: Given the foundation's mission to strengthen the economy, the decision to invest in early childhood will be framed primarily in terms of asset-based social policy rather than emphasizing enhanced educational outcomes for children.
2. Hypothesis No. 2: The research and design phase will privilege the voice and perspective of foundation board members and key staff over the voices and perspectives of childcare providers, educators, or parents of children who might benefit from educational opportunities.

3. Hypothesis No. 3: Foundation board and staff will spend significantly disproportionate time and resources on the research and design phase and less on program adaptation, oversight, and evaluation.

Truth be told, neither the framing questions nor hypotheses proffered were particularly interesting or provocative. They were questions that could be answered in this researcher's quest to earn a doctorate degree. The hypotheses were grounded both in the researcher's experience having worked in organized philanthropy for more than two decades and in his long-time professional relationship with the CEO of Danville Regional Foundation.

Through both interviews and document review, the researcher confirmed the three hypotheses. Indeed, the language of economics and assets-based policy were the frame for the Smart Beginnings investment. Heckman, not Piaget nor Montessori, provided the analytic frame to understand the value and importance of the investment. A very small group of elites informed the design, implementation, and funding of the early childhood initiative. The work involved to "go to the streets" took back seat to the work of organizing the Leadership Council. And disproportionately more time was spent on the planning and design phase of the work than on adaptation, learning, and evaluation. Getting the work done privileged learning from the work.

But research has a funny way of taking people by surprise. The original matter to be studied can become an entry point to ask another question, challenge an assumption, and pursue a line of inquiry not envisioned at the starting point. Such has been the case with this study of Danville Regional Foundation's investment in Smart Beginnings.

As the interview with DRF officer Clark Casteel was wrapping up, Casteel reached his hand to his head, ruffled his hair, put his elbows on his desk and leaned forward. Up to that point in the interview, Clark had sat reclined in his chair, weaving a story that reflected both his savvy and naiveté. He looked intently at the researcher and shared this thought:

The big-picture concern that I think about every day, even to this day, is that PALS may not be as important as we think. Ultimately, the success of this program is going to take 15 years to measure. We should have a 15-year goal and have logical, reasonable benchmarks between now and then that will suggest we're on the right path.

Truth be told, we're making big investments with limited research. There's Heckman's research and the Abecedarian and Perry Preschool work. But if you Google it, you can find people who poke holes in that research. If you follow states like Georgia and Oklahoma, and in some respects North Carolina, where they have spent a lot more money on early childhood education [than Virginia], you ask, "Are the children better off?" The evidence isn't clear.

I should have been better about asking what we meant by literacy and how we measure it. PALS test is testing literacy, but what about social skills? What about Carol Dweck's teaching on mindset?³⁵ How many of these kids are coming into kindergarten with a growth mindset instead of a fixed mindset? How many kids really believe they can learn? How many of these kids are coming out of or are going into kindergarten saying, "I love to learn"? How do we develop that love of learning? These strike me as the kind of literacies we should want to know more about and measure.

When people ask me about impact, here's what I say: In 2008-09, 31 percent of the kids in Danville public schools couldn't pass the PALS pre-K test. This year, only 14 percent couldn't pass that test. I think we can successfully pat ourselves on the back and say that we've helped a group of 5-year olds pass a literacy test. (C. Casteel, personal communication, July 23, 2016)

Casteel's frank assessment and his questions had a strange effect. The researcher's gut reaction was to assume the posture of *positional empathy* discussed earlier in the Methods section. This researcher could understand why Casteel and his colleagues made the

³⁵ For more information on Carol Dweck's research on "growth mindset," see: https://www.ted.com/talks/carol_dweck_the_power_of_believing_that_you_can_improve?language=en

decisions and took the actions that they did. This researcher would have reached out first to superintendents, not teachers. Protocol matters.

This researcher would have jumped on and capitalized on a prominent board member's enthusiasm for an idea. A strong case can be made that active board engagement is such a rare event within foundations and nonprofit organizations that to miss the moment might mean waiting for months for another spark to be lit. Staff members at foundations have an understandable want to get things done, and board support and engagement can facilitate action. At the end of the day, board members want action and results.

Finally, grant follow-up is tedious and frustrating. The energy of foundation life is in the new idea, the new project. Learning from the work sounds good in theory, but can often be frustrating or disappointing in reality. Given the power demands of philanthropy, nonprofit organizations often overpromise on the front end to get a grant. Hence, disappointment often rears its head during the post-grant review. Actual results rarely look as good as what was promised on the front end. The frustration of post-grant review can come when the parties involved realize that the right questions weren't asked at the beginning or that the time required to get the work done meant that data collection and lessons learned took a back seat. These conversations can be further complicated because the grantee often feels pressure to report only what worked and not focus on what fell short or was learned.

The researcher contemplated not reporting Casteel's final comments. The narrative did not require it. The phrase "no one would know" certainly crossed the researcher's mind. But the phrases "critical researcher" and "figuring out smooth relationships" served as moral counterbalance.

Lessons from Danville: Asking the Right Questions

With Casteel's words still echoing, this researcher pursued another line of inquiry. The process of researching and preparing this analysis created time and space to consider the question of whether philanthropy possesses the resources, commitment, and capacity to tackle the persistent challenges that persist in our region. The researcher suspected that both Stauber and Casteel understood this to be the ultimate aim of Smart Beginnings, implicitly assumed but never explicitly stated.

In pursuing this question, this researcher attempted to apply what Michael Schwalbe (2001) calls *sociological mindfulness* to the task at hand and to see the world as it is, not to see the world as the researcher wanted to see it. “[W]hat does it mean to be,” Schwalbe asks,

to be sociological mindful of power? It means paying attention to how resources are used, by whom, to make things happen or to keep them from happening. It means paying attention to how ideas are used, by whom, to shape thoughts and feelings and create comforting or distracting illusions. It means watching to see how information is filtered and shaped, by whom, in ways that create dependencies or keep others from acting effectively. It also means looking critically at rules and agendas to try to see who makes them, how they are made, and whose interests they serve. (p. 169)

Careful consideration of DRF's investment in Smart Beginnings through the lens of sociological mindfulness brings to the surface at least six questions that merit explicit consideration by philanthropic leaders when attempting to address issues of persistent inequity. These questions also might be a useful resource to hold in tension with the practices of strategic philanthropy:³⁶

³⁶As noted previously in Chapters One and Two, Michael Porter and Mark Kramer advocated for foundations to adopt a new approach of strategic philanthropy that included four practices, including (1) setting and focusing on clear and clearly defined goals, (2) integrating data and research into analyses, (3) clearly articulating assumptions and hypotheses to inform grantmaking and other investments, and (4) integrating evidence-based process as a critical component of practice.

1. What is the frame being used to name the social problem being addressed through foundation activity?

The importance of framing was explicitly noted by Ann Stratton in her interview. The first phase of Smart Beginnings was framed by PALS scores and the poor pass rate in Danville. But “in [the] second round of funding we really recommitted to two things,” she reported. “We wanted to focus specifically on children and families in poverty and specifically on a two-generation approach” (A. Stratton, personal communication, October 20, 2016). The shift in frames led Stratton to engage new people in the work of Smart Beginnings and to consider different strategies of action. Different frames lead to different strategies. Clarity on the front end is critical. Applying an equity frame likely yields different strategies and approaches than one that does not explicitly look at issues related to race, ethnicity, gender identification, sexual orientation, wealth, or ability.³⁷

2. What are the questions being asked to guide data collection, analysis, discussion, design, investment, and evaluation (if all six actions are appropriate)?

In his interview, Casteel discussed the critical role that questions played in the design of and investment in Smart Beginnings. “We began by throwing out a challenge and some questions,” Casteel explained. “We all agreed that the number [on the PALS test] made the region look bad and that we had to get a better handle on what excellence looks like. We asked questions like, ‘What communities do this better than anybody

³⁷ Tools and resources are being developed within philanthropy to support efforts to assess operations, culture, governance, grantmaking, and investments through an equity lens. See, for example, <http://www.racialequity.org>. While useful, only a small minority of organized philanthropy actively incorporates these resources in their work.

else? Who's already done research? What are the models out there?" (C. Casteel, personal communication, July 23, 2016).

These questions certainly are important ones, but the researcher can imagine others that might have led to different action: What are the limitations of the PALS test? What other forms of literacy should we care about and want to nurture in children? If PALS scores are low and are important to consider, what do we know about strategies to support parents and teachers who educate young people? Embedded in the questions that we ask are assumptions we make about whose knowledge and perspective matters and what information is worth knowing and not.

- 3. What is the data being collected and by whom?**³⁸ A key element of strategic philanthropy is reliance on data. This emphasis reflects both the quantifiable "big data" culture in which we live and a backlash against philanthropy that has long (and rightly) been criticized for making funding decisions based on some combination of perception, relationships, and good feelings. In the Smart Beginnings effort, PALS scores were the organizing data that focused action and measurement. While an important measure, one can easily imagine other data points and data sources that could have been used and that might have led to different action. Questions that focus on structural issues related to race, school funding, teacher salaries, and resources for professional development come immediately to mind. One can also imagine the use of focus groups and conversations with teachers and parents to complement standardized testing.

³⁸ In their efforts to improve outcomes for young children, the Annie E. Casey <http://www.aecf.org/resources/a-race-for-results-case-study-2>.

4. Who's missing from the discussion? In their interviews, Stauber, Casteel and Stratton all identified critical missing voices whose perspectives could potentially have informed the design and execution of Smart Beginnings. The list includes for-profit childcare providers, parents, and people whose work connects them to public housing, public health, and local residents. Myriad factors likely contributed to whose voices were included and whose were excluded as DRF sought input and engagement.

Almost reflexively, foundation officers invite people to meetings to learn from or to test an idea who are already on their mailing lists or in their rolodexes. Preference is given to people who can attend meetings during the regular work day. These people are essentially paid to go to meetings as part of their normal job description. When completing due diligence on a grant request or exploring the feasibility of an idea, the default for most foundation officers is to call on people whom they know will answer the phone or who will validate their assessments.

Applying an equity lens to the work of organized philanthropy requires the inclusion of voices and perspectives seldom represented in foundation offices. It also might require foundations to assess the value placed on efficiency and deadlines, recognizing that the people for whom the issue may be most relevant often cannot attend meetings held during the workday or might not have transportation to drive to foundation offices.

5. Who's making the decision? The DRF board represents the economic, social and political elite in Danville.³⁹ They are people who have a long track record of being

³⁹ The lack of diversity on foundation boards has been well documented with only modest signs of improvement. The majority of foundation board members are white, well educated men and women who fall in

successful in professional ventures and have assumed leadership roles throughout the region and Commonwealth. In many respects, the decision to invest in Smart Beginnings and to value the work through an economic perspective makes complete sense given the leadership group vested with decision-making.

While it is impossible to know what decisions and actions a board comprised of early childhood educators, grassroots organizers, parents, and nonprofit executives might have made and endorsed, asking the hypothetical creates the possibility for alternatives to be imagined and to realize that because things are the way they are doesn't mean they always have to be that way.

6. What is the desired end of the investment? Setting clear goals and using an evidence-based process to inform decision-making are key practices in the strategic philanthropy framework. The investment in Smart Beginnings adhered to both. A clear and measurable goal was set: 100 percent of third-grade children will pass the reading SOL by 2015. Ann Stratton reported that the reliance on evidence-based process was critical to determining how to invest dollars and what strategies to pursue. “When we were vetting strategies, we had a three-pronged criteria,” she noted. “The strategy had to be evidence-based or evidenced-informed. We simply did not have the luxury of experimentation” (A. Stratton, personal communication, October 20, 2016).

Both practices are needed improvements in the philanthropic practice. Too often, foundations have supported work that lacks clear goals or identifies goals beyond the aims of the investment being made. The emphasis on evidence-based

the middle or upper class. See <https://nonprofitquarterly.org/2011/04/11/foundation-boards-still-lacking-in-diversity>.

process reflects the increasing awareness that some strategies are more effective than others in tackling social problems and that precision in analysis on the front end to assess challenges and develop solutions can lead to more effective action.

Foundations working to address issues of inequity in the region can benefit from attention to both, but with a twist. Certainly, equity goals can be universal in nature. All children will learn. All homeless people will find secure housing. But an equity lens almost inevitably requires that foundations drill down on the specific conditions of subgroups to consider how limited resources can be expended to benefit the most vulnerable and marginalized. Given the lack of well-vetted strategies developed to address the particular challenges faced by these populations, a strong evidence base may not exist and experimentation may be necessary.

Take for example the issue of homelessness. The underlying issues that a transgender homeless youth and a homeless veteran face in finding safe and secure housing that creates stability and security are profoundly different. The level of resources available in a community to support these two groups and the system of care that both require are both likely different. No universal solution likely exists. Given that resources to promote affordable housing are dwindling in America with increasing contraction in state and federal funds, foundations concerned about housing issues are being forced to make tough choices. They are having to experiment with new partners and approaches that have no established track record. Equity requires precision, experimentation and risk – practices and ways of working that are not often associated with organized philanthropy.

What is Required? *Or* Does Philanthropy Have What It Takes?

With this phase of the analysis completed, this researcher's imagination then went to the image of Ford Foundation President Darren Walker looking out the window of his office and puzzling how the foundation he leads will responsibly invest more up to \$500 million to fight inequality in the United States and throughout the globe. Walker's thoughts certainly drift to the American South.⁴⁰ Walker's bold declaration of the Ford Foundation's commitment to tackle inequality concluded the beginning paragraph of this study.

As the Ford Foundation looks to address persistent inequality throughout the American South, it will undoubtedly have nonprofit partners to invest in and support. But Walker also will want to find philanthropic partners in the region who care deeply about inequality and wish to move the needle on this persistent challenge. Whom will he find?

Certainly, the region's philanthropic foundations possess resources and assets that can be employed and invested to tackle wealth and income disparities and low educational attainment rates in the region. A handful of foundations have been influenced by Paul Ylvisaker's imagination of what is possible with his five roles that all foundations can play in civil society. Joel Fleishman has shaped how some leaders think with the five strategies he proposes. Emmett Carson, president of the Silicon Valley Community Foundation, has expanded the thinking of some leaders when he describes a philanthropic toolkit that extends "beyond grantmaking to include loans, convening, public education, advocacy, cultural events, and public policy strategies" (Carson, 1996, p. 5). Danville Regional Foundation, Mary Reynolds Babcock Foundation, the Jessie Ball duPont Fund, the Black Belt Foundation

⁴⁰ For Walker's recent thoughts on the Ford Foundation's focus on inequality, see: <http://www.fordfoundation.org/ideas/equals-change-blog/posts/moving-the-ford-foundation-forward/>.

and Foundation for Louisiana would likely be on the short list of foundations that Walker's staff would call when exploring opportunities in the region.

But just as it's important to recognize the resources that philanthropy can bring to the work of addressing inequities, it's equally important to speak the truth about the constraints of organizational philanthropy. Organized philanthropy has critics, and plenty of them. In its publications and resources, the National Center for Responsive Philanthropy consistently cites several structural challenges that limit the effectiveness of philanthropy to tackle social justice and inequality, including (but not limited to): (1) the composition and perspective of foundation governing boards, which are disproportionately populated by white, well-educated and wealthy men and women; (2) the reluctance of most foundations to support general operating expenses and provide multi-year funding, thereby requiring nonprofit organizations to spend disproportionate time writing foundation proposals and reports; (3) a deep division between the needs and aims of nonprofits and the evolving priorities and aims of foundations; (4) a reluctance by boards and staff of foundations to understand the critical need to invest in public policy and advocacy efforts; and (5) a failure to adapt nimbly and responsibly to changing environments and conditions (www.ncrp.org). Of course, philanthropic resistance to working on complex and seemingly intractable issues of inequality persist. The practices and policies of foundations often serve to undermine and restrict the likelihood of making sustained change a reality.

Critics of philanthropy and the practices of foundations reside within the walls of these institutions as well. Leaders with years navigating the world of organized philanthropy lament the failure of philanthropy to claim and own the power it possesses,⁴¹ the tendency of

⁴¹ Jack Murrah, the retired longtime president of the Lyndhurst Foundation, notes: "I'm at a point in life when I'd like to see philanthropy really own up to its power – to understand its particular forms of political, social,

its leaders to avoid conflict,⁴² and the limited time that foundation staffs and boards spend listening to and learning with the organizations and people they support.⁴³

There have been efforts by some in the field to move Southern philanthropy to embrace an equity agenda. The well-intentioned work of the Mid South Commission to Build Philanthropy made recommendations to the philanthropy after an 18-month learning process that took leaders from Arkansas, Louisiana and Mississippi to Brazil and South Africa.⁴⁴ The recommendations included:

1. Move beyond the charity model of philanthropy;
2. Diversify governing boards and staff of the region's philanthropic organizations;
3. Listen attentively to, learn from, and develop new ways of empowering local people in local communities doing the work of building more just and equitable communities;
4. Increase the possibility of equity being realized by supporting work that promotes the development of equitable public policies; and

and economic power as well as its limitations. I'd like to see foundation leaders seek out people with complementary forms of power, be clear with them about their own values, goals, and priorities, and work together to advance an agenda that matters to all parties (Constantine, 2009, p. 120).

⁴² "On this question about the constraints the limit the capacity of philanthropy to make any real headway on the issues of race, equity, and poverty," Lynn Huntley, former president of the Southern Education Foundation, reflects, "I would be remiss if I did not talk about what I perceive as reluctance on the part of most foundations to deal with any issue that might generate conflict" (Constantine, 2009, p. 189).

⁴³ "That's what philanthropy at its best should be about," suggested Tom Wacaster, retired executive director of the Phil Hardin Foundation in Mississippi. "It should be about engaging people of all backgrounds, encouraging them to tell their stories within the context of their communities, hearing them talk about what they want to do in their communities and thinking about how foundation resources can fit into that vision. For me, it absolutely requires that funders listen attentively, respectfully, and with great care to the people who actually live in the communities where the foundations want to make grants" (Constantine, 2009, p. 72).

⁴⁴ To access the report prepared by the Mid South Commission to Build Philanthropy, see: http://www.issueLab.org/resource/where_hope_and_history_rhyme_reflections_and_findings_from_the_mid_south_commission_to_build_philanthropy.

5. Embrace and nurture the creativity, energy, and assets of the region’s young people.

While these recommendations might “make sense” or strike the outside reader as reasonable and well grounded, the simple fact of the matter is that they “have no teeth.” Grantmakers for Southern Progress, the Center for Effective Philanthropy, and Grantmakers for Effective Organizations all can propose action and make recommendations to the field, but no one has to listen. Foundations remain a largely unregulated industry. As long as they comply with the 5 percent payout rule,⁴⁵ file appropriate paperwork with state and federal agencies, and adhere to basic governance standards, they can keep their doors open. How they work and what they support is determined largely by a small group of board members and professional staff who remain largely accountable to no one.

But current reality needs not define or limit what is possible in the present or future. Philanthropic leaders in the American South can change their ways of being and leading – drawing lessons from leaders and thinkers who have come before them – to work more effectively and strategically on issues of inequality. Drawing from the writings and wisdom of Waldemar Nielsen, Paul Ylvisaker, and Joel Fleishman, this researcher argues that future philanthropic strategies designed and implemented to address issues of growing inequity in the American South must do three key things. They must deal squarely with issues of race and racialization, integrate deep public engagement in both the analysis of the challenge and the proposed remedy, and be grounded in an ethic of risk that privileges communal decision-making/action and resistance/partial resolution over unilateral decision-making/action and

⁴⁵ For more information on the five percent payout rule, see: http://c.ymcdn.com/sites/www.abagrntmakers.org/resource/resmgr/abag_publications/the_five_percent_minimum_pay.pdf.

victories. This researcher holds no illusions that these words will influence the majority of leaders in the field. This researcher's hope rather would be to build a small movement of leaders in the field who can work inside their organizations to make changes in practice and culture that might form the building blocks for change.

A Modest Agenda

With his decision to emphasize race and racism in his 1972 tome, Waldemar Nielsen lifted the veil on organized philanthropy's timidity in addressing one of the great social challenges of our collective life. While an increasing number of foundations demonstrate a willingness to incorporate a racial equity/structural racism lens in their work, observers of and leaders in philanthropy suggest that foundations in the South still have miles to go before adequately responding to this issue. As Linetta Gilbert, former program officer at the Ford Foundation, observes:

Far too many people across the country have no idea about the impact that race plays in every aspect of our daily lives. Race plays into almost every major decision that shapes our lives: the schools that our children attend, the interest rates we're quoted on loans, the neighborhoods where we can afford to live, and the quality of health care that we receive.

In the American South, there's never been any real coming to terms with racism. As a region, we've never gone through a process like South African Truth and Reconciliation Commission. We've refused to give serious consideration to the long-term consequences of slavery, lynching, and systematic disinvestments in black people. American blacks and whites have never reconciled with each other about how we can live in this country together. I argue for bringing more African Americans on the boards of foundations because I believe that authentic reconciliation will never occur in this country until people sit and work together on difficult public issues in powerful organizations." (Constantine, 2009, p. 47)

Philanthropy's reluctance to look race, racism, and racialization squarely in the eye in 2016 seems all the more confounding, particularly given the aforementioned Oliver and

Shapiro's 2006 analysis, *Black Wealth/White Wealth*, and the constant barrage of data pointing to the reality that low-income African Americans and Hispanics continue to lag well behind their white counterparts in educational attainment, employability, home ownership, and wealth accumulation.⁴⁶

But philanthropy does not stand alone in the American landscape as an institution unable to grapple with issues of race. In his book *Racial Healing: Confronting the Fear between Blacks and Whites*, Yale Law School Professor Harlon Dalton speaks to the paralysis immobilizes far too many Americans. These words, originally published in 1995, resonate more than 20 years later:

At this particular moment in American history, meaningful action at the societal level is virtually impossible. As a nation we lack a consensus concerning how to deal with the problems that bedevil us most. We seem unable to take sustained action in any direction for very long. And we don't trust anyone long enough to let them lead. We are, in short, politically paralyzed. The reasons for this paralysis are several, but chief among them is our failure to engage each other openly and honestly among race. Think about

⁴⁶ In *Black Wealth / White Wealth*, Oliver and Shapiro (2006) introduce the concept of the "sedimentation of racial inequality" [whereby] the cumulative effects of the past have seemingly cemented blacks to the bottom of society's economic hierarchy (p. 4). A history of low wages, poor schooling, and segregation affected not one or two generations of blacks but practically all African Americans well into the middle of the twentieth century" (p. 5). They argue that "the best indicator of the sedimentation of racial inequality is wealth. Wealth is one indicator of material disparity that captures the historical legacy of low wages, personal and organizational discrimination, and institutionalized racism. The low levels of wealth accumulation evidenced by current generations of black Americans best represent economic status of blacks in the American social structure" (p. 5).

"To understand the sedimentation of racial inequality," they continue, "particularly with respect to wealth, is to acknowledge the way in which structural disadvantages have been layered one upon the other to produce black disadvantage and white privilege. Returning again to the Federal Housing Act of 1934, we may recall that the federal government placed its credit behind private loans to homebuyers, thus putting home ownership within reach of millions of citizens for the first time. White homeowners who had taken advantage FHA financing policies saw the value of their homes increase dramatically, especially during the 1970s when housing prices tripled. As previously noted, the same FHA excluded blacks and segregated them into all-black areas that either were destroyed during urban renewal in the sixties or benefitted only marginally from the inflation of the 1970s. Those who were locked out of the housing market by FHA policies and who later sought to become first-time homebuyers faced rising housing costs that curtailed their ability to purchase the kind of home they desired. The postwar generation of whites whose parents gained a foothold in the housing market through the FHA will harvest a bounteous inheritance in the years to come. Thus the process of asset accumulation that began in the 1930s has become layered over and over by social and economic trends that magnify inequality over time and across generations" (pp. 51-2).

the issues that sit atop the American agenda: crime; welfare reform; taxes; government spending; the plight of the middle class; family values; immigration; drug abuse; AIDS. Together they carry enough racial freight to sink a nation. (pp. 27-28)

Responding to the legacy of racism and racialization and tackling growing inequality in the region will require that leaders in Southern philanthropy move beyond traditional ways of framing challenges and making grants, taking them into communities where they make investments. Leaders in the region will need to learn to work and share power differently, both with the organizations they support and the people and communities that are the “targets” or “intended beneficiaries” of their institutional resources. Writing in *Men and Women of the Corporation*, Rosabeth Moss Kanter (1977) offers a definition of power relevant to foundations and their leaders. “Power,” she writes,

is the ability to get things done, to mobilize resources, to get and use whatever it is that a person needs for the goals he or she is trying to meet. ... A monopoly on power means that only very few have this capacity, and they prevent the majority of others from being able to act effectively. ... However, when more people are empowered – that is allowed to have control over conditions that make their actions possible – then more is accomplished, more gets done. (p. 166)

The social context where they will find themselves working will not likely be friendly ones or where quick victories can be realized. “The policy and attitudinal environments across the South,” notes MDC,

erect barriers to sweeping initiatives to address the complex array of factors that produce widening income inequality, softening of the middle class, and stagnant economic mobility. State by state, the region has experienced a prolonged period of disinvestment, a pulling back from public services. To some extent, the cause can be attributed to the drop in tax revenues resulting from the recession; the states have legal mandates to operate within a balanced budget. But disinvestment also stemmed from policy decisions to cut or hold the line on taxes and to reduce services within limited revenues. (2014, p. 8)

But they are not without policy roadmaps and guides to think about what might be done to alleviate inequality.⁴⁷

As philanthropic strategies to combat inequality are developed that take race and racialization seriously in both analysis and remedy, leaders must forego expectations of quick victories, embrace the complexity and messiness of the work, and learn to build relationships and share power in new ways with the people and communities who benefit from their investments. Returning to the wisdom of Paul Ylvisaker, “[p]hilanthropy has no alternative now but to dare . . . [if it aspires to be] within reach of payoffs on a scale relevant to the

⁴⁷ Two policy frameworks – asset-based welfare policy and targeted universalism – may be particularly instructive to foundations committed to tackling issues of inequality.

The first of the two is articulated most clearly in Michael Sherraden’s 1991 text, *Assets and the Poor: A New American Welfare Policy*. “[A]sset-based welfare policy is not merely a matter of social programs,” Sherraden writes, “but of a policy framework that can, insofar as possible, integrate numerous policy efforts into a single system. This system should be designed so that a wide variety of creative asset-based welfare efforts by governments, corporations, nonprofit organizations, and households could mesh and complement one another. The system should be able to grow and adapt, facilitate experiments, discard failures, and expand successful efforts. In short, the key is to set up a policy framework within which asset-based welfare policies can develop. This system would include incentives and rules for participation within which parties can interact and experimentation can occur.”

“Before turning to the policy itself, it may be useful to set forth the basic principles that should guide asset-based welfare policy,” he continues. “Asset-based policy should: (1) complement income-based policy; (2) have universal availability; (3) provide greater incentives for the poor; (4) be based on voluntary participation; (5) not define individuals as “on welfare” or “off welfare”; (6) promote shared responsibility; (7) have specific purpose; (8) encourage gradual accumulation; (9) provide investment options; (10) promote economic information and training; and (11) foster personal development.”

For discussion of “targeted universalism,” see John A. Powell, “Post-Racialism or Targeted Universalism”: “To address structural racialization, we must understand the work that our institutions and policies are in fact doing, not what we want or hope for them to do,” Powell notes. “One alternative is to learn a great deal about how to talk about race in ways that are not divisive. The second alternative is to make sure that our institutions do the work we want them to do. This is done by adopting strategies that are both targeted and universal. A targeted universal strategy is one that is inclusive of the needs of both the dominant and the marginal groups, but pays particular attention to the situation of the marginal group. For example, if the goal were to open up housing opportunity for low-income white and non-whites, one would look at the different constraints for each group. Targeted universalism rejects a blanket universal which is likely to be indifferent to the reality that different groups are situated different relative to the institutions and resources of society. It also rejects the claim that formal equality would treat all people the same as a way of denying difference. Any proposal would be evaluated by outcome, not just the intent” (Powell, 2008, pp. 802-3).

problem. ... Philanthropy does what would be risky for others to do. It rarely does what it is risky for it to do” (Esposito, 1999, pp. 275-279).

Embracing complexity and sharing power represent significant opportunities for growth and learning for philanthropy, particularly in an age dominated by the expectation of return on investment outcomes and technological quick fixes to persistent public challenges. Such language and expectations can stifle creativity, restrict action, and limit the true power of philanthropy. Reflecting on the paralysis that can result under these circumstances, James A. Joseph, a former U.S. Ambassador to South Africa and President of the Council on Foundations, observes:

I sense that much of the hesitancy of [philanthropic] leaders stems from the ambiguity presented by many of the challenges that confront local communities. In most cases, there are no right and wrong answers to complex questions related to race, equity, and poverty. Many leaders prefer not to take many risks on an issue that doesn't present a clear path to victory or even a definite resolution. They stay close to home on safer, less controversial issues (Constantine, 2009, p. 13).

To counter these forces and act with boldness, philanthropic leaders must consider the value of developing an ethic of risk – derived not from a cost-benefit analysis or decision model, but rather one that recognizes that “ideals are far from realization and not easily won, that partial change occurs only through the hard work and persistent struggles of generations” (Welch, 1999, p. 70).

In her text, *A Feminist Ethic of Risk*, Sharon Welch proposes a model for “responsible action” grounded in a mature understanding of risk:

Responsible action does not mean one individual resolving the problem of others. It is, rather, participation in a communal work, laying the groundwork for the creative response of people in the present and in the future. Responsible action means changing what can be altered in the present even though a problem is not completely resolved. Responsible action provides partial resolutions and the inspiration and conditions for further partial

resolutions by others. It is sustained and enabled by participation in a community of resistance (p. 75).

It was such an ethic that informed and inspired Paul Ylvisaker to find new ways to resolve urban decline and decay with his masterful Gray Areas program, which created space and incentive for direct action by low-wealth people and communities, allowed disparate voices to speak and be heard in crafting community solutions, and which understood that victories in the present would be partial at best. Philanthropic strategies to address growing inequality must similarly be grounded in and reflective of this ethic.

While impossible to assess the impact of Ylvisaker's life, work, writing, and speeches, perhaps his most significant contribution to the field – one which provides both resource and challenge to philanthropy in 2015 and beyond – was his focus on the humanity of the women and men who serve as stewards of philanthropic resources. In 1987, at the 38th Annual Conference of the Council on Foundations, Ylvisaker delivered the keynote address, “The Spirit of Philanthropy and the Soul of Those Who Manage It.” In that address, he urged the leaders of philanthropy to “guard [their] own humanity” and followed with these words: “If you lose your own soul – whether to arrogance, insensitivity, insecurity, or the shield of impersonality – you diminish the spirit of philanthropy” (Esposito, 1999, p. 344). He followed with 10 other maxims that he believed should guide the spirit and work of people working in philanthropic organizations (pp. 344-346):

1. Guard the soul of your organization, even from your own pretensions.
2. Be ready to speak out and act on your own on hopefully those rare occasions when principle is at stake or the unspoken needs to be aired.
3. Constantly assess your own motivation.
4. Scan the whole gamut of your foundation's activities to make certain they are consistent with the goals and spirit of the philanthropic tradition.
5. Constantly traverse the lengthening distance between the words used in foundation docket items and press releases and the ultimate impact and beneficiaries of the grants once made.

6. Be willing to open the black box of philanthropy to share with others the mysteries of values and decision-making.
7. Never stop affirming.
8. Follow both routes to understanding, the compassionate as well as the analytical.
9. Don't ever lose your sense of outrage.
10. Don't ever lose your sense of humor.

As the list suggests, Ylvisaker never lost sight of humanity and what is at stake in the philanthropic interaction.

Ylvisaker brings front and center the soul of the leader as one a critical force for good or ill in the work of organized philanthropy. Precisely because these leaders are powerful and because the cumulative effect of their decisions and actions can go a long way to determine how a foundation's power is used, foundation leaders must be encouraged to pay attention to their internal lives as leaders and to keep close watch of how they use, abuse, or defuse their power. "A leader," Parker Palmer reflects,

is a person who has an unusual degree of power to create the conditions under which other people must live and move and have their being – conditions that can either be as illuminating as heaven or as shadowy as hell. A leader is a person who must take special responsibility for what's going on inside him or herself, inside his or her consciousness, lest that act of leadership create more harm than good. (Palmer, 1990, p. 7)

When all is said and done, philanthropy is ultimately a matter of the heart.

Philanthropic leadership requires women and men who can integrate heart and head and are able to think strategically and with empathy and compassion.

To love humanity requires empathy for the other, a willingness to walk in solidarity with people and communities, and a vulnerability to the world of suffering that we collectively inhabit. To lead with integrity and persistence in the face of inequality and injustice requires a willingness to cultivate, to borrow from Parker Palmer, "habits of the

heart” that bring us closer to one another and to experience “heartbreak” that impels us to deeper relationship and engagement in the world.

Writing in *Healing the Heart of Democracy: The Courage to Create a Politics Worthy of the Human Spirit*, Palmer articulates habits that philanthropy and its leaders may wish to cultivate and nurture as they tackle the work of combating inequality in the years to come:

- “We must understand that we are all in this together.
- “We must develop an appreciate of the value of ‘otherness.’
- “We must cultivate the ability to hold tension in life-giving ways.
- “We must generate a sense of personal voice and agency.
- “We must strengthen our capacity to create community” (Palmer, 2011, pp. 44-45).

After years of visiting underperforming schools, attending city council meetings where elected officials cut public service grants to support critical nonprofits, and watching as the cost of rental housing units soars while incomes remain stagnant, it is understandable that leaders may lose hope, fall into despair, and deny the feelings of grief that surfaces. But rather than deny the loss, they ought, as Palmer advises, to acknowledge and give expression to the deep sadness:

Diminishment and losses ... are among life’s painful experiences, and *heartbreak* is the most honest word I know for that pain. But pragmatic Americans have a hard time naming and claiming things of the heart when it comes to public life. Instead of saying “I’m heartbroken” about whatever it is that threatens our version of the American dream – acknowledging our wounds and thus opening them to healing – we withdraw into the silence of private life or express ourselves with the cynicism and anger that make the public realm toxic, producing more psychodrama than social change. To heal the wounds of our body politic, we must understand that these behaviors are

the masks heartbreak wears, symptoms rather than the underlying condition” (2011, pp. 57-8).

Only by taking this courageous step – guarding and preserving one’s humanity in the face of inequity, in justice and inequality – can philanthropy remain “caring and nurturing and persevering,” a vital and creative source of hope and resistance in these challenging times (Esposito, 1999, p. 279).

Call to Action

As this research project was coming to conclusion, the citizens of the United States elected a new President. While no one can forecast with any degree of certainty how President Trump will lead, concern has arisen that he will likely restructure social programs and public policies that protect and benefit low-wealth people. Early speculation has surfaced, for example, that he may block grant Medicaid benefits and severely curtail, if not deconstruct, the Affordable Care Act. With dwindling resources from the federal government, leaders at the state and local levels will inevitably look to private wealth and private foundations to fill the gaps.

Simply put, philanthropy cannot serve this role. Philanthropic resources are dwarfed by public dollars. They represent, at best, a drop in the bucket of this country’s resources that can be employed for public benefit.

If ever the time has come for leaders in organized philanthropy to rethink how they work and to give voice and power to the people whose lives and livelihoods will be compromised by retractions in public spending that time is now. The work of making equity a reality will require a fundamental commitment to invest in (among other strategies)

grassroots organizing and advocacy. Philanthropic leaders must look upon this period of our shared public life as an opportunity to enact with renewed courage and commitment and to stand with the most vulnerable who all too often lack voice and power in our democracy.

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