

DANIELS FUND

HOW CAN THIS
COLORADO GRANTMAKER
FUZE DONOR VISION
WITH COMMUNITY NEEDS
FOR GREATER IMPACT?

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BY **KEVIN LASKOWSKI**



philamplify

honest feedback to improve philanthropy



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EXECUTIVE SUMMARY

The Daniels Fund is one of the largest grantmakers in the Rocky Mountain region. In 2012, the foundation held \$1.29 billion in assets and gave away \$47 million in 11 different program areas and four states: Colorado, New Mexico, Utah and Wyoming. Created in 1997 by William “Bill” Daniels, an early pioneer in cable television, the Denver-based grantmaker is governed today by his friends and business associates, all but one of whom knew the founder personally before his death in 2000.

Daniels specified that 30 percent of the foundation’s grantmaking would go toward funding scholarships for lower-income students. The other 70 percent is dedicated to the areas of aging, alcoholism and substance abuse, amateur sports, disabilities, early childhood education, K–12 education reform, ethics and integrity in education, homelessness and disadvantaged populations youth development and, finally, Young Americans Bank, which Daniels created in 1987 to teach kids financial responsibility through hands-on learning.

The Daniels Fund is unique among larger grantmakers in the seriousness with which it approaches its connection to its founder. The explicit embrace of donor intent as a guiding philanthropic principle represents an important test for the methodology of Philamplify: is strategic, social justice philanthropy compatible with donor intent? This report concludes that they are.

In 2002, Hank Brown, the former Republican senator and congressman from Colorado, took over from the foundation’s first executive director, Phil Hogue, former president of Daniels & Associates. Believing that the foundation had

drifted away from its founder’s intentions, Brown and the board initiated a significant restructuring in 2004. Shortly after opening a new multimillion dollar headquarters in Denver, the foundation closed its field offices in New Mexico, Wyoming and Utah and let one-third of the staff go. In 2005, Brown departed to become president of the University of Colorado and Linda Childears, a board member of the Daniels Fund, stepped into the role of CEO. Under her leadership, the foundation has undertaken considerable effort to explicitly ground all of the fund’s activities in Bill Daniels’ life, work and words. Most recently, the foundation has elected to concentrate on “cradle to career” education in New Mexico while de-emphasizing other program areas in the state.

Stakeholders widely praised the Daniels Fund for its commitment to underserved communities, especially the Daniels Scholarship program, its positive impact on the lives of many individuals and families, the professionalism and responsiveness of its staff, and the care the organization exhibits for the vision of its founder. The foundation can increase its impact, in line with the vision of founder Bill Daniels, by engaging its stakeholders more consistently, communicating strategy and decision-making more transparently, expanding its use of systemic change approaches into more program areas, aligning investments with mission and providing larger, multi-year grants.

KEY FINDINGS

1. **The Daniels Fund prioritizes underserved communities and thoughtfully devotes resources to create opportunities for individuals and families who might not otherwise have them.** The Daniels Scholarship is designed to find students of character who may not score

well on standardized tests or have a stellar grade-point average but show potential in other ways and qualify for financial aid. Because of the program's engagement of the community in the selection of scholars and the foundation's monitoring and support of the scholars once in college, Daniels Scholars graduate from college at twice the rate of lower-income and first-generation college students generally. The very nature of the program areas assures that underserved communities benefit substantially from the foundation's work.

2. The Daniels Fund underinvests in systemic change efforts, thereby limiting its impact in many of its program areas.

The foundation's resources are divided according to its bylaws into 11 program areas in four states. The majority of the Daniels Fund's grant-making supports service delivery. "Its focus is on individuals and not community or systems change," said one grantee. The foundation overwhelmingly prefers direct services and capital projects to more upstream, preventive efforts and is not substantially involved in advocacy, civic engagement or public policy efforts. While there are notable exceptions, it is unclear why the foundation pursues advocacy in some program areas and not others. This limits the ultimate impact of the fund's resources in any particular area, many of which are chronically underfunded by philanthropy.

3. Community collaboration and stakeholder engagement is strong in some key initiatives and less present in other areas.

The selection process for the Daniels Scholars recruits nonprofit and philanthropic leaders to interview and help select finalists to build a network of mentors and support for college-bound students. A Youth Advisory Board guides the Young Americans Bank. Yet, the foundation does not general-

ly look to grantees for input, and when it does, it does so informally and sporadically with little indication that the feedback affects its processes and decisions.

4. Grantees and other stakeholders view the Daniels Fund's strategy as effective and there is extensive evidence of impact on the lives of individuals in most program areas.

A majority of survey respondents strongly agreed that the foundation's current strategies in their program areas were likely to achieve the foundation's intended objectives and that the foundation is having an impact.

5. A majority of grantees view the foundation's program staff as helpful and effective, but perceptions of the board are more mixed.

Grantees overwhelmingly praised the foundation's staff and its helpfulness, but some perceive the board to be isolated at times from outside perspectives and those of its own staff, which limits the foundation's effectiveness and responsiveness.

6. Though it provides operating support grants, the Daniels Fund does little to no true multi-year grant-making, which undermines grantee effectiveness.

Grantees require flexible, long-term capital to achieve their goals. The Daniels Fund provides general operating support, but almost no multi-year grants. In fact, it appears to give 12-month grants on an 18-month grant cycle.

7. The Daniels Fund invests its assets and makes grants with a view to perpetuity and sometimes invests in businesses at odds with its mission.

Bill Daniels established the Daniels Fund as a perpetual institution, and the foundation maintains a conservative payout to preserve its corpus. It does not screen

its investments or attempt mission investing beyond its commitment to the Young Americans Bank. Despite Bill Daniels' own struggles with alcoholism, and the fund's commitment to combating alcoholism and substance abuse, the fund's portfolio includes the world's largest brewers and distillers.

RECOMMENDATIONS

- 1. Maintain the foundation's strong commitment to serving marginalized communities and to providing general operating support.** Bill Daniels' and the foundation's explicit commitment to "the underdog" and their practice of providing flexible capital to effective nonprofits should continue.
- 2. Deepen the engagement of grantees as the foundation continues to identify and prioritize key areas for stronger emphasis.** Grantees suggested that the foundation concentrate its efforts in a few areas. The foundation is following up its changes in New Mexico with similar examinations of its priorities in Utah in 2014 and Wyoming in 2015. Strategic shifts could be highly impactful, provided the foundation involves more current grantees and other community leaders in the learning process with clearer, more consistent communication. The foundation should provide for those program areas it de-emphasizes, seeking creative ways to fund and support collaboration across issue silos.
- 3. Increase investments in advocacy and civic engagement to improve the foundation's impact on entire systems related to program priorities.** With only 4 percent of sampled grant dollars going annually to structural efforts to improve the lot of those most in need of opportunities or second chances, the foundation should increase its investments in advocacy, civic engagement
- and public policy. Grantees suggested more systemic investments in areas like disabilities, where the foundation could do much more to make systems accessible and accommodating for disabled persons.
- 4. Improve transparency and communications among board members, the grants committee, program staff and current and potential grantees.** The board can and should exercise oversight over the grantmaking process while empowering the chief executive and program staff to be more responsive. Advisory boards or committees composed of local community members might also be a helpful addition to the foundation's work and serve as a training ground for future board members. The creation of an internal grants committee in 2007 was a step in the right direction. The foundation should make grantees more aware of its existence and expand the committee's size and scope of grantmaking authority.
- 5. Increase multi-year funding and minimize gaps in funding between grant cycles.** Make three- to five-year commitments to trusted grantees, checking in annually but guaranteeing funding through the entire grant period. Research shows this to be an effective philanthropic practice that supports nonprofit capacity to achieve missions. Also, allow grantees to apply for grant renewal prior to a grant's end, or provide grants of appropriate size, given the grant's actual duration.
- 6. Align the foundation's investments, compensation policies and payout policies with its goals.** Divest the fund of alcohol accounts, end or reduce board compensation and increase its payout while maintaining its commitment to perpetuity.

BILL DANIELS AND THE DANIELS FUND

In 1952, William “Bill” Daniels – fighter pilot, entrepreneur and future billionaire philanthropist – walked into Murphy’s Bar in Denver, Colorado, and saw a television for the first time. A two-time Golden Gloves state boxing champion, he was thrilled to see a fight on the screen, live from Madison Square Garden. “I thought, ‘Wow, what an invention,’” he recalled years later, “and I looked forward to seeing more television when I got to Casper.”¹ Casper, Wyoming, however, had no televisions. The mountains blocked the signal. Daniels had come to the city to set up a new insurance business. Instead, he would become a pioneer in cable television and, with his brokerage firm, Daniels & Associates, the man at the center of “the whole way in which the cable industry decided to make money.”²

In 1997, he established the Daniels Fund, laying out the causes and communities the fund would support (see Appendix A for a detailed description):

- Approximately 30 percent of charitable allocations support college scholarships for graduating high school seniors who demonstrate character, leadership and a commitment to service, among other qualities.
- The other 70 percent funds grants in 10 areas: aging, alcoholism and substance abuse, amateur sports, disabilities, early childhood education, K–12 education reform, ethics and integrity in education, homelessness and disadvantaged populations, youth development and, finally, Young Americans Bank, which Daniels created in 1987 to teach kids financial responsibility through hands-on learning.
- Daniels also defined the geographic areas where

he wished his money directed – the four states that “contributed to the luck I have had” – Colorado, New Mexico, Utah and Wyoming.

Daniels appointed family, friends and business associates to the board, and when he died in 2000, they became stewards of a \$1 billion legacy, one of the largest foundations in the Rocky Mountain region with \$1.29 billion in assets and \$47 million in total giving in 2012.

In 2002, board members came to believe that the foundation had drifted away from its founder’s intentions. Hank Brown, the former Republican senator and congressman from Colorado, took over from the foundation’s first executive director, Phil Hogue, former president of Daniels & Associates, and initiated a significant restructuring in 2004 with the assistance of a board committee. Daniels himself had planned to build a headquarters for the fund in Denver’s Cherry Creek neighborhood. Shortly after opening the new multimillion-dollar space, the foundation closed its field offices in New Mexico, Wyoming and Utah and let one-third of the staff go – the result of a 7–2 board vote taken the day before. The only dissenters were Hogue and trustee Diane Daniels Denish, Bill Daniels’ niece and New Mexico lieutenant governor.

The Daniels Fund’s high administrative expenses were initially cited among the reason for the layoffs, but it became clear that a larger rethinking was at work. CEO Linda Childears said the decision “translated directly into more philanthropic dollars,” saving \$2.3 million annually.³ Additionally, the board had come to believe that the foundation’s four offices had begun to act like four different

foundations. Staff had significant grantmaking discretion, including the ability to turn down grant proposals and approve grants up to a certain amount. Because it believed that this discretion had contributed to the perceived drift, the board retracted all grantmaking authority while it examined grantmaking in the four states and tried to consolidate the foundation brand.⁴ Some lauded the effort, with one commentator later calling it “a rare victory for donor intent.”⁵ Critics, noting that the dissenting board members and departing staff leaned liberal, called the shake-up “a right-wing coup.”⁶

In 2005, Brown departed to become president of the University of Colorado and Linda Childears, a board member of the Daniels Fund and founding president of Young Americans Bank, stepped into the role of CEO. Under her leadership, the foundation has undertaken considerable effort to explicitly ground all of the foundation’s activities in Bill Daniels’ life, work and words. For nearly two years, the foundation investigated and collected Daniels’ considerable correspondence, resulting in a book, *The Life and Legacy of Bill Daniels*. Interactive kiosks were set up at each of the major institutions with which Bill Daniels was personally affiliated so that visitors could learn more about the man behind them. The board annually discusses donor intent: what has been done to preserve Daniels’ legacy and what will be done in the future.⁷

The foundation remains unique among larger grantmakers in the seriousness with which it approaches its connection to its founder. By 2012, board and staff members of the Daniels Fund were required to sign a statement of understanding and commitment to donor intent.⁸

In 2013, “after careful evaluation,” the Daniels Fund revised its grantmaking strategy for New Mexico “to focus primar-

ily on education-related initiatives” and “improving the cradle-to-career education continuum.” That same year, *Philanthropy* magazine named Bill Daniels to its inaugural Philanthropy Hall of Fame as one of America’s 50 greatest philanthropists.⁹

The explicit embrace of donor intent as a concept and guiding philanthropic principle represents an important test for NCRP’s Philamplify methodology: is strategic, social justice philanthropy compatible with a robust donor vision? This report concludes that they are.

OVERVIEW OF METHODOLOGY

NCRP developed an assessment tool for foundations that addressed the strategic practices outlined in *Criteria for Philanthropy at Its Best* and its more recent report, *Real Results: Why Strategic Philanthropy is Social Justice Philanthropy*.¹⁰ *Criteria for Philanthropy at Its Best* provides a comprehensive and nuanced set of benchmarks that foundations can use for effective operational and grantmaking practices. *Real Results* argues that to maximize impact, foundations must be both strategic and just.

“Strategic and just” means not only having clearly aligned goals and strategies and a way to measure impact, but also considering who benefits from the foundation’s grantmaking and how, seeking input from affected communities and

attempting to change systems that perpetuate inequity. A comprehensive, nuanced examination of foundation goals, strategies and practices shows how strategy and justice can be aligned to be more impactful in target communities.

Key questions this assessment addressed were:

Overall Goals and Strategy

- What are the foundation’s primary goals, and is it employing strategies likely to achieve those goals?
- Which stakeholders and what sources of data and best practice have informed these strategies?
- Given its mission and goals, is the foundation appropriately seeking to benefit or empower underserved com-

Figure 1. Philanthropy at Its Best (PAIB): At the Intersection of Strategy and Social Justice



Source: Niki Jagpal and Kevin Laskowski, *Real Results: Why Strategic Philanthropy is Social Justice Philanthropy* (Washington, DC: National Committee for Responsive Philanthropy, January 2013).

munities? Is the foundation applying an equity lens or analysis to its grantmaking? Is it addressing disparities in outcomes for the issues or constituencies it prioritizes?

- Does the foundation pursue systemic change strategies? Does it support grantees to use the full range of advocacy tools legally at their disposal? Is the foundation leveraging its limited dollars in ways that are consistent with the foundation's mission and goals?
- Is the foundation looking at the ecosystem of actors within the sphere it seeks to influence and collaborating strategically with others?

Outcomes and Impact

- Has the foundation worked across sectors and silos to achieve impact?
- Has the foundation effectively supported community-driven collaboration and coalitions among grantees and other nonprofits?
- How does the foundation measure its progress and impact?
- Can the foundation and its stakeholders point to specific signs of progress?

Partnership with Grantees

- Does the foundation employ responsive grantmaking practices, such as providing core support and multi-year funding? How do the foundation's grantmaking practices advance or hinder achievement of its goals?
- How does the foundation go beyond the grant to leverage its relationships, convening power, expertise and other assets to help grantees achieve mutual goals?
- Does the foundation solicit feedback from its grantees and applicants and act on that feedback?

Other Effective Practices

- How do the foundation's investment and payout policies and practices support its own mission and the goals of its grantees?
- Does the foundation operate in a transparent and ethical manner, with policies in place to prevent fraud and abuse?
- Is the board of directors large and diverse enough to allow for effective and ethical decision-making?

NCRP met with and encouraged Daniels Fund board and staff leadership to participate in this assessment. The Daniels Fund declined to participate, citing disagreement with some of NCRP's *Criteria for Philanthropy at Its Best*. NCRP kept the Daniels Fund CEO informed of its progress and invited input throughout the process. NCRP shared a draft of the assessment report and Daniels Fund president and CEO Linda Childears, its chief financial officer, Jeb Dickey, and board chair, June Travis, provided detailed feedback.

NCRP employed the following methods during the review process:

- **Literature Review.** NCRP reviewed relevant publicly available foundation materials, including the revamped website *The Life and Legacy of Bill Daniels*, grantmaking guidelines, impact maps, annual reports, Forms 990-PF, media reports and more.
- **Confidential Grantee Survey.** NCRP compiled a list of names and email addresses of 879 grant recipients through online research, beginning with three years' worth of grantmaking information on Forms 990-PF (2010–2012, the latest available). NCRP distributed a

SurveyMonkey survey via email to 879 recipients. We received 334 complete responses and an additional 22 mostly complete (60 percent) responses allowing for quantitative data analysis — a response rate of 41 percent. Sixty-five percent of respondents were from Colorado; 29 percent from New Mexico, Utah and Wyoming, and 5 percent from other locales. (See Appendix B for more details about the respondents.)

- **Stakeholder Interviews.** To delve more deeply into topics raised in the survey responses, NCRP conducted interviews with current and former grantees selected based on the relevance of their survey responses to identified themes, their knowledge and expertise to fill in gaps in our data, and their indicated willingness to be interviewed. NCRP also interviewed individuals in the sector who are familiar with the foundation’s work. These included local and national philanthropic leaders, journalists, academics, public officials, former

foundation board and staff, and nonprofit leaders.

NCRP sought a diverse interview pool with a range of perspectives. We then conducted confidential interviews with more than 40 stakeholders, including eight grantmaking peers and former staff and 36 grantees and other community leaders. Seventeen declined to participate.

- **Analysis of Survey and Interview Data.** NCRP analyzed the grantee survey data to discern if any correlations existed between grantees that held certain characteristics (e.g., current/prior grant recipient, program area) and their responses about key topics such as foundation effectiveness and partnership with grantees. Researchers used an iterative process to do a content analysis of open-ended survey responses and interview transcripts. Some themes were then probed further in the stakeholder interviews.

KEY FINDINGS

GOALS AND STRATEGIES

The Daniels Fund prioritizes underserved communities and thoughtfully devotes resources to creating opportunities for individuals and families who might not otherwise have them.

Bill Daniels believed in opportunity and in second chances: “I am into helping people who need help, who are hungry, unclothed, in trouble ... In my case, I am for the underdog, for guys who need a second chance.”¹¹

One interviewee said:

“I didn’t know Bill Daniels, but he had this thing about opportunities. The fund has been remarkable in creating opportunities for people who might not otherwise have them. It’s such an eclectic group of interests. I think where they do really well is creating opportunities. If I think about the Daniels Fund going away tomorrow, that’s what’s missing.”

In several areas, the Daniels Fund combines Bill Daniels’ vision with community need and good grantmaking practice with great results. The Daniels Scholarship program is the most well-known of the Daniels programs. It is designed to find students of character, who may not score well on standardized tests or have a stellar grade-point-average but show potential in other ways and qualify for financial aid. It demonstrates the foundation’s focus on creating new opportunities while engaging community members and constantly improving the selection process and scholarship experience.

Today, if they know nothing else about the Daniels Fund, stakeholders and others know of the Daniels Scholars. Anyone familiar with or involved in this signature effort finds it impossible to “come away without hope for the future,” as one interviewee said. Participating in the selection process is “one of the best experiences I’ve ever had in philanthropy,” said another. The interviews are another respondent’s “favorite day of the year.”

Stakeholders see the program as “the real strength” and “primary impact” of the foundation and “a life-saver for our students.” More than any other foundation effort, it perhaps epitomizes the individualistic approach of Bill Daniels and the Fund that bears his name: “making life better ... one individual at a time.”

“In the beginning, they were in the forefront of creating something that tried to capture a certain type of student,” said one interviewee. Daniels himself was looking for students who had drive and spirit, the kind of person who might flourish at university if only he or she had the support. “The diversity of scholarship recipients is enviable for anyone working on disparities,” noted another interviewee. Statistics from the foundation’s 10-year examination of the program demonstrate the remarkable diversity of Daniels Scholars (see Table 1).

The scholarships are last-dollar contributions, meaning awards kick in after all other public and private aid has been granted. The foundation takes pains to look for and invest in students in real need, and examines Free Application for Federal Student Aid (FAFSA) and College Scholarship Service (CSS) PROFILE forms. “It’s unusual for

a private foundation to do that,” an interviewee noted. “It’s usually the universities that do that. Daniels is doing that work upfront.”

The scholar selection process involves leaders in the nonprofit and business community. Fellow grantmakers and grantees are asked to interview the candidates. More than 300 local leaders participate annually in the selection process. The foundation does considerable narrowing of the applicants beforehand and offers trainings prior to the interviews – day-long events held in more than 20 locations in each of the four states in which Daniels operates. More than 500 students are interviewed; approximately 250 will be named Daniels Scholars. Many nonprofit and philanthropic executives speak highly of the program and think fondly and proudly of their own experience as part of it.

“I’ve been impressed that they continue to improve the process,” one participant said. “The foundation is consistently investigating and improving the selection process.” “They’re willing to tweak the rules,” said another. “Every year they ask for feedback.” The fund keeps an eye on completion and success in college, providing additional support to students, many of whom are the first in their

families to pursue a degree. According to the Daniels Fund, from 2009–2014, two-thirds (66 percent) of the scholars were first-generation college students. Already introduced to and networking with potential mentors and local leaders during the selection interviews, Daniels Scholars are given a laptop computer and support from a “SWAT team” of caseworkers on the Daniels Fund staff that monitors progress. Finally, they are connected to fellow Daniels Scholars, both current students and alumni.

The Daniels Fund is “an advocate for the disadvantaged in the community,” according to one grantee. In addition to the scholarships, the foundation’s grantmaking is oriented to underserved communities. The bylaws established program areas benefitting senior citizens, those suffering from addiction and persons with disabilities. It is a traditional approach to charity that funds services and programs for vulnerable individuals and families to give them opportunities to succeed. Two-thirds of survey respondents (66 percent) strongly agreed that the fund’s strategies were likely to achieve greater access to opportunities for the populations served. Nearly as many respondents (61 percent) strongly agreed that the fund’s strategies were likely to achieve more equitable outcomes for populations served.

The fund devotes substantial resources to marginalized groups. In 2011, Foundation Center data showed that at least 40 percent of sampled Daniels Fund grant dollars were classified as directly benefitting one or more underserved groups,¹² and this is likely an underestimate. The numbers do not include the fund’s substantial giving in and support for rural areas, which is not coded as such by the Foundation Center. Moreover, the Foundation Center’s sample does not include grants less than \$10,000 nor grants to individuals, including

Table 1: Daniels Scholars Demographics, 2000-2014

Gender	
Female	59%
Male	41%
Race/Ethnicity	
Caucasian	36%
Hispanic	31%
Black/African American	11%
Other	10%
Asian American/Pacific Islander	8%
Native/Aleut or Native American	4%

Source: The Daniels Fund, 2014.

scholarships, which comprise a significant portion of the Daniels Fund's grantmaking.

Finally, Bill Daniels was known for acts of "drive-by philanthropy." Daniels would head impulsively to a food bank or other charity with cash to be handed out to clients and passersby or delivered to an organization. He was known to make his private jet available to fly those in need of medical care to specialists. An admitted "soft touch," he would read articles in the *Denver Post* and write a letter with a contribution enclosed to the subject. Daniels had the means to respond when he heard of some pressing need, and so he did, and in 1998, he encouraged the fund to do so:

"I realize from time to time a human-interest story might be brought to your attention by another person or something you might have read in the newspaper or seen and heard in the media. In addition, you may hear of someone who needs a second chance. These situations may fit within the purpose of the foundation. I encourage you to take a good look at them. There may be some individual or family in trouble that needs somebody's help."¹³

Today, the foundation's Rapid Response Fund carries on this tradition. A network of trusted charities may bring the foundation staff word of some pressing need. For example, when a young man was diagnosed with lung cancer, his parents were spending more and more time on the road traveling to chemotherapy treatments far from home, all while juggling jobs and caring for three other children. In situations like these, with a word from the charity, the Daniels Fund steps in with one-time, emergency assistance within certain defined limits. The board approves the allocation; it budgeted \$782,000 for the Rapid Response Fund in 2013. Senior Daniels Fund staff approve the requests and the board reviews quarter-

ly reports. When there's a need, the billion-dollar grantmaker can turn around a check within 24 hours.

This focus on the most vulnerable members of society can alert the foundation to larger systemic challenges and motivate action. Changes in the Daniels Scholars program spurred the fund's shift in New Mexico. "Scholars were not doing as well," said Daniels Fund CEO Childers. "We wanted to understand that, and we understood that the education system, driven a lot by poverty, was the big challenge in New Mexico. We stepped back and asked, 'Could we be smarter on the grant side as well?'"

The Daniels Fund underinvests in systemic change efforts, thereby limiting its impact in many of its program areas.

The foundation's dollars and focus are spread thinly across many programmatic areas in four states (see Appendix C). Some grantees and peers expressed the opinion that the Daniels Fund may have too many program areas going in too many directions for the foundation to be truly successful, suggesting the need for a more focused approach. "Broad, deep, they're all over the map," said an interviewee. "They don't seem to know what they want to fund, what kind of impact they want to have, or how they want to fund it. [They are] spreading the peanut butter, funding a large number of grantees in small amounts."

For instance, in 2012, the median grant size among the nation's largest foundations was nearly \$29,000.¹⁴ The median grant given by Daniels in 2010–2012 was \$25,000. The average grant given was nearly twice that size (\$53,185), with a number of larger grants skewing the distribution. The typical grant falls below the median grant size of similar funders in a number of program areas and in several states. Aside from a few notable larger investments, such as those

in the Colorado Meth Project, charter school networks, universities and Young Americans Bank, most Daniels Fund grants are smaller, one-year, service-delivery grants. Grantees encouraged the fund to “further define or narrow the program areas” and “double down on a few core areas.”

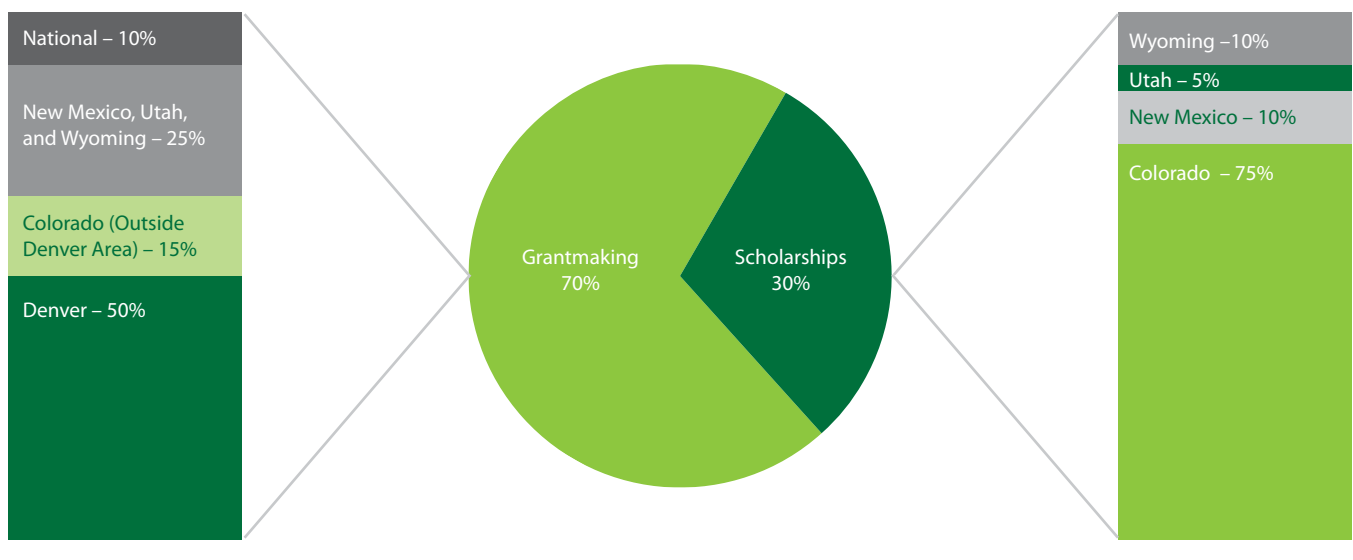
Grantees working on substance abuse, aging, disabilities and amateur sports were pleased with the foundation’s broad mandate and urged the fund to closely follow Daniels’ wishes for the foundation because it would mean continued resources for philanthropically neglected issues. At the same time, the sheer number of issues handled by the Daniels Fund means that the dollars that are available for already underfunded endeavors are scattered in comparatively smaller grants to many nonprofits every 15–18 months. “Although we are very grateful for any grant, the current grant is almost too small to be effective,” said one grantee.

“Being confined by the foundation’s bylaws, there are few changes that could be made,” one grantee acknowledged. “In the absence of the restrictions, the strategies would be

prioritized.” The foundation must pick and choose, and it has to an extent: just three program areas – homeless and disadvantaged, K-12 education reform and youth development – comprised more than half (56 percent) of non-scholarship grant dollars from 2010–2012. Such choices are difficult but perhaps necessary when the foundation is literally all over the map.

On one hand, the foundation’s spread betting demonstrates a responsiveness rare among larger funders. The Daniels Fund is, by many accounts, very responsive to community needs. It easily meets or exceeds suggested benchmarks for support for marginalized groups even without an explicit equity lens. Daniels’ insistence on supporting those “who need help, who are hungry, unclothed, in trouble ... the underdog,” and writing into the bylaws support for lower-income people, elderly citizens, disabled persons, people with addiction, homeless and otherwise disadvantaged populations guarantees that the foundation provides valuable assistance and opportunities to individuals and families in need.

Figure 2. The Budget According to Bill Daniels



Sixty-nine percent of respondents strongly agreed that the foundation’s strategies in their program area were based on evidence or best practice. Sixty-five percent strongly agreed that the foundation’s current strategies were likely to achieve the intended objectives for that program area. As one grantee wrote, “I really believe the Daniels Fund’s strategies and practices are some of the most progressive and generous in the philanthropic arena in Colorado.”

Most respondents believe the foundation’s strategies are at least somewhat effective in supporting marginalized communities to determine and lead their own strategies, have a more powerful public voice, gain access to greater resources and achieve more equitable opportunities or outcomes.

On the other hand, when asked which activities organizations undertook in their program areas, Daniels Fund grantees were most likely to say program development (67 percent) or social services (44 percent) and far less likely to say civic engagement (12 percent) or policy advocacy (5 percent). As one interviewee put it, “the Daniels Fund grants are more targeted toward services than to programs that encourage empowerment.” Indeed, in 2011, 4 percent of sampled Daniels Fund grant dollars were classified by the Foundation Center as “social justice grantmaking,” which NCRP uses as a proxy for the kind of advocacy, organizing and civic engagement that makes for lasting systemic change.¹⁵ Social justice philanthropy is defined as funding work for structural change to increase the opportunity of those who are the least well off politically, economically and socially.¹⁶ NCRP’s *Criteria for Philanthropy at Its Best* encourages grantmakers to provide at least 25 percent of grant dollars for such work.

“The problem that I have with sticking with downstream methods is that we’ll never solve the problems,” said a grantmaker. “They’re never working upstream, [asking]

‘Why does that happen, what are the policies, issues and underlying determinants of those behaviors that we might be able to get at in a different way?’ The work that they’re doing is great and it’s very effective, and I would never take anything away from the importance of services.”

The foundation’s goals, public profile and recent shifts in strategy evince an existing and growing desire among Daniels Fund leadership for wider impact. Program goals in the areas of early childhood education and K–12 education reform explicitly focus on broader, more systemic improvements. “Our work in K–12 has been systemic all along,” said Childears. “I think our work at Young Americans is systemic. A lot of the other areas like homelessness and disadvantaged are more direct service; aging and substance abuse are direct service. It depends on the funding area.” The foundation is a publicly recognized advocate for school reform and for philanthropy itself. “They’ve been very involved in the charter school movement,” said one interviewee. “They’ve supported it along with a lot of other Colorado funders.” One education grantee noted how support for charter schools had particular benefits for lower-income communities, saying schools were “opening additional high-performing seats for low-income students of color who have historically not had access to this kind of quality college-preparatory education.”

Table 2. How effective were the Daniels Fund’s strategies in supporting underserved communities?

	Very or Somewhat Effective
To determine and lead their own strategies for change?	67%
To have a more powerful public voice?	58%
To gain greater access to resources?	81%
To achieve more equitable opportunities or outcomes?	80%

"I think our greatest success has clearly been in the charter areas," said Childears, calling K–12 education reform "the toughest thing we do." She adds, "We've funded a number of charters that are doing really well and expanding and growing and multiplying, and that seems to make a lot of sense. We need different kinds of approaches, different ways to do things."

"Daniels has been very supportive of our work to educate public officials about the role of philanthropy and actively participates in our annual Hill meetings and local advocacy work and encourages others to do the same," a nonprofit leader said. "The CEO is well very respected by lawmakers and regulators and is a strong spokesperson for philanthropy."

When the foundation explained its decision to focus on education in New Mexico, its letter to grantees made clear that "systemic change" was the goal:

"The decision to revise our grantmaking strategy in New Mexico was not made lightly. Over the past several months our executive management team traveled the state for a series of meetings to gain input from community leaders. We also conducted extensive research on historical trends that reveal the heartbreaking consequences of accepting a business as usual approach. This led to the conclusion that focusing on education allows us the best opportunity to support systemic change in the state."

However, when the foundation does invest in systemic change, its inconsistent attention to the structural bases of inequity limits its ultimate impact. As one grantee said:

"For some people, it's interrupting generational cycles. Most of us live what we learned. It used to be that we

would tell people 'it's your problem, go fix it.' And that's not going to work. They say, 'I would fix it if I could.' It's like telling me as a social worker that tomorrow I'm going to be a neurosurgeon. You can't just give them \$20,000 and a new life. That's not going to work. Our culture doesn't think like that. People think that they should just know this stuff and do it, and if they don't, there's something wrong with them. These things are not going to help if kids are coming from families in cycles of poverty, incarceration and addiction. It's a package deal."

Some stakeholders observed that the foundation makes unpredictable shifts, with its efforts too shortsighted and risk-averse to break persistent cycles of poverty. One grantee commented on the foundation's apparently short-lived interest in comprehensive community programs:

"At one point [the Daniels Fund] was really hot on Geoff Canada [founder of the Harlem Children's Zone] and the Promise Neighborhoods and, then, all of a sudden it stopped. We would like to see some consistency ... for those programs that are outcomes-focused, have real potential, have the leadership in place. ... Otherwise, I don't think we are going to see societal level changes..."

Sometimes decisions are made because of influence, and sometimes there is [no] real strategy; [it's] the pet project or the intervention du jour. One time it is character education, the next time it is leadership. Part of that is a cultural inheritance passed down by Bill Daniels. The way Bill did business oftentimes was by relationships. If you knew Bill Daniels and he liked you, that made a huge difference. Obviously, he was incredibly successful so it is not like it doesn't work, but sometimes the foundation ... has that same cultural approach."

Others have echoed a sentiment expressed by a peer grantmaker:

“My job is to help program people understand that philanthropy is the one place where we can take risks where others cannot. The government cannot take the kind of risks we do. Individuals don’t want to take the kind of risk that foundations can. Nonprofits can’t take it because they don’t have the money to take it. Sometimes when you take risks, you’re not always right; it doesn’t always work out. Hopefully, you learned and you don’t make the same mistake again, but these philanthropic dollars, they’re [in] this precious place, as I see it. Linda and her staff and board may not share that. ... I think that in their grantmaking, they may be a little more risk-averse than they could be. ... They have always taken risks with the kids in the scholarship program. When any of us are trying to measure impact, the more risks you take, you could have a big win with big impact, but think about the things that won’t have impact. The more we’re measuring impact, I’m a little worried that the less we’ll be willing to try new things. ... Bill certainly took big risks.”

Some respondents cautioned that the foundation’s emphasis on providing opportunities to deserving individuals tends to lead the foundation to support the most advantaged of the disadvantaged. Despite the foundation’s outward commitment to the most marginalized communities, “I do not believe the foundation is effectively serving our most vulnerable youth,” one grantee said.

The foundation believes that its support for charter schools in Denver is building and influencing a more responsive school system through networks like the Denver School of Science and Technology, where 100 percent of graduat-

ing seniors were accepted to a four-year college for the seventh year in a row,¹⁷ and STRIVE Preparatory Schools, which rank fourth of the top 11 secondary schools in Denver and in the top 20 overall on the Colorado Growth Model.¹⁸ STRIVE Prep students are more likely to be eligible for free or reduced-price lunch, students of color or English language learners than students in Denver public schools generally.¹⁹

However, this diversity is not reflected in charters statewide or in all the states in where the Daniels Fund makes grants. For example, in 2010, in 10 states (including Colorado, Utah and New Mexico), the percentage of white students was higher in charter schools than in regular public schools; also, five of the six states with the highest percentage of Latino public school students (New Mexico, California, Arizona, Nevada and Colorado) were each a state in which Latinos were underrepresented in charter schools.²⁰ One interviewee pointed to the criticisms leveled at charter schools nationwide. “Standards discourage enrolling at-risk students,” the interviewee said. “Yes, the school serves disadvantaged students, but they’re the advantaged students within that community.” Another grantee noted, “Charters are still pretty selective.” An interviewee said, “The Daniels Fund doesn’t set out to do that, [but] this pushes some kids out of the system.” A survey respondent wrote, “We’re generally behind when it comes to holding charters schools accountable.” In Colorado, for example, while charter schools generally outperformed non-charter schools on state performance measures in 2012, they still lagged in numbers of special education students enrolled.²¹ This serves to undermine the foundation’s work on behalf of people with disabilities.

Unless the foundation aims to help groups that bear the brunt of inequity, as well as individuals, and is willing to

fund advocacy and civic engagement that holds systems accountable, the Daniels Fund runs the risk of harming the very populations it seeks to benefit.

Several stakeholders urged the fund to reach deeper to support more marginalized youth. One youth development grantee recounted:

“I had the great pleasure to attend the awards banquet [for the Daniels Scholars]. At all tables, you were mingled with young people – one going to Harvard, the other going to MIT. They would have never been able to do that if it weren’t for the Daniels Fund. Their accomplishments were amazing. You come back to my poor kids, and there is nothing like that for them. Sometimes we have a star, but we have problems finding a place for them to live. I think that would be good: a place where they can be supported in getting their lives together, writing scholarship applications. We do some of that but we don’t have the resources to do this. That is where I would like to see the money go. These kids fall through the cracks.”

Assistance for individuals, whether in the form of scholarships or temporary housing, can reliably produce positive short-term outcomes, making it a valuable, low-risk investment. At the same time, it often can leave the underlying reasons for support unaddressed: disadvantaged persons encounter systems that are ineffective at or incapable of meeting their needs. While support for individuals allows them to succeed, those without that support remain trapped in those systems. At worst, they fall farther behind.

A grantee maintained that the Daniels Fund is not alone in shying away from seeking longer-term, more systemic solutions to problems:

“We deeply appreciate the money. It seems at times that the Daniels Fund, along with other partners statewide, want only to apply Band-Aids without addressing the root problems of poverty in our area. I wish that there were more opportunities for us to work as partners rather than only recipients of the assistance.”

Community collaboration and stakeholder engagement is uneven, with high levels of engagement in some key initiatives and weak engagement in other areas.

Foundation strategy is stronger when those that stand to benefit have a voice in the decision-making process. Community voices add to Daniels’ original vision, shaping foundation strategies in a few areas. The fund recruits nonprofit and philanthropic leaders to interview and help select finalists for the Daniels Scholars and to build a network of mentors and support for the college-bound students. “When you involve the community in your work, people feel pride,” said one interviewee about her experience with the scholars. “You know that you’re making a difference. People behind the scenes have set you up to be successful.” A Youth Advisory Board guides the Young Americans Bank. The foundation’s annual board retreat features a community reception, attended by as many as 100 people, and presents an opportunity for board members to meet and converse with grantees and other leaders.

The foundation has some involvement in collaboration and coalition-building, especially when it comes to engaging other nonprofits and philanthropies on nonprofit issues. Several peers and nonprofits spoke highly of the Daniels Fund’s support of Rural Philanthropy Days, convenings that have successfully brought foundations and nonprofits together around rural issues and increased foundation

funding for them. “Rural Philanthropy Days is really tuned into what needs to be done and bringing funders into the mix,” said one interviewee. “The Daniels Fund is a big funder. Everybody in the rural areas appreciates that.” This considered engagement is paying dividends for Colorado’s previously neglected rural areas:

“In the early 1990s, [Community Resource Center] found that only 3 percent of grants funded by Colorado’s private funding community were awarded outside of the Front Range. Currently, over 30 percent of those funds are now awarded to Colorado’s rural communities. The state is recognized as having one of the most comprehensive and robust rural funding programs in the country.”²²

However, survey data suggest that many grantees do not believe their input informs the foundation’s direction. While 82 percent of respondents believed the Daniels Fund’s evaluation measures to be relevant and useful, only about half (49 percent) said that the foundation consulted with them in creating those outcome measures. Only 31 percent of survey respondents said the foundation had asked for feedback about its strategies or practices in the last three years. Of the 110 respondents who said they had been asked, most (59 percent) noted it took place in informal one-on-one conversations, and 89 percent did not know if the foundation had made any changes as a result. As one grantee explains:

“I am not aware of any efforts or strategies the foundation has implemented to ensure that underserved communities are engaged. Our understanding is that the foundation’s board of trustees decides what it wants to fund – and this seems arbitrary – not always based on best practices in the field – and that’s what you have to provide to receive funding.”

For instance, it’s unclear how much grantees and other leaders were involved in the foundation’s decision to shift gears in New Mexico. “Our executive team spent quite a bit of time with folks in the state,” said Childears. The executive team made two trips – northern and southern tours of the state – and held more than 30 meetings with state-level officials, nonprofit leaders and others, a third of whom were grantees. However, nearly all of the grantees interviewed in New Mexico were surprised by the foundation’s eventual decision. “I don’t get the impression that they consulted anybody,” one grantee said. There is good reason to get fresh perspective from government, business and disinterested community leaders. Grantees may have an overriding interest in continued funding, yet they also bring knowledgeable perspectives of their own and especially of the communities they represent and engage. Excluding those voices may make for less effective strategy and potentially undermine trustful and transparent grantor–grantee relationships.

OUTCOMES AND IMPACT

Grantees and others view the foundation as effective, and there is evidence of impact on the lives of individuals in most program areas.

Sixty-five percent of survey respondents strongly agreed that the foundation’s current strategies in their program area were likely to achieve the intended objectives. Seventy-nine percent believe the foundation is having an impact in the program area in which they are working.

The foundation has several remarkable pioneering successes, which were initiated by Daniels himself:

- **The Daniels Scholarships.** “The scholarship funds have an immediate and profoundly positive [effect]

on the lives of those so honored,” wrote one grantee. Since 2000, 3,022 students have been awarded more than \$108 million in scholarships. There are approximately 1,000 Daniels Scholars attending more than 200 colleges and universities in 45 states. Daniels Scholars graduate at significantly higher than typical rates. According to the foundation, 64 percent of Daniels Scholars from 2000–2007 graduated from college within six years. The foundation predicts more recent cohorts will graduate at even higher rates (70 percent or more), “given the emphasis on graduation planning throughout the college career.” Scholars are more than twice as likely to earn a bachelor’s degree within six academic years than other low-income or first-generation students (26 percent).²³

- **Young Americans Bank**, the world’s only chartered bank designed specifically for young people. “Setting that bank up was the most fun I ever had,” said Childears, founding president of the bank and now president and CEO of the Daniels Fund. By the end of 2011, nearly 70,000 accounts had been opened and nearly half a million children were served by the bank and its companion programs.²⁴ The foundation is the financial guarantor of the bank.
- **Principle-based business ethics in schools.** When Daniels became concerned that business students were neglecting ethics, what he called “the ultimate business advantage,” he worked with the University of Denver to pioneer one of the first principle-based business ethics curricula. In 1994, the business school was renamed the Daniels College of Business. Today, the Daniels Fund Ethics Initiative is a partnership with eight business schools in Colorado, New Mexico, Utah and Wyoming. Grantees report that students show greater awareness of ethical dilemmas in the workplace and “are interacting with community leaders in

a profound and meaningful way to bring ethics into daily consideration.”

Beyond these, the Daniels Fund has contributed to a number of other impacts, such as:

Aging

- “The Daniels Fund is well known throughout the end-of-life industry in Colorado and Wyoming,” wrote one grantee. “Its support has allowed us to offer cutting-edge programs that would not have otherwise been possible due to financial constraints.”
- Jewish Family Services of Colorado pioneered the first naturally occurring retirement community (NORC) model, called Colorado Senior Connections, which “enables seniors to remain independent in their own homes by providing programs to them for in-home and personal care assistance, wellness and fitness, transportation, volunteering, preventative and education, agency and referral services, care management and social activities.”

Alcoholism and Substance Abuse

- The Colorado Meth Project reports that its efforts since 2009 have had “measurable impact on young people’s attitudes toward meth that have contributed to reduced teen meth use in multiple locations in Colorado.”
- The 12–24 Club is “the only facility of its kind in the country,” providing meeting space for more than 36,000 addicts and a safe haven for young people struggling with substance abuse addictions.
- One grantee working with teens noted “large positive changes in 30-day substance abuse, binge-drinking, riding with someone under the influence and other risky behavior since our programming started.”

Amateur Sports

- “The city of Laramie is one of the poorest municipalities per capita in Wyoming, largely because of fewer property tax revenues. Yet, in terms of quality-of-life amenities (parks, vibrant downtown, arts, recreational offerings, etc.), Laramie is a leader in the state,” wrote a grantee. “Daniels Fund monies have helped the city of Laramie to construct an Olympic-sized lap pool, which is one of the most widely used features of our recreation center.”

Disabilities

- “Along with other donors, because of the Daniels Fund, thousands of people have received the durable medical equipment they need to improve their lives, function at home and in the community, achieve their goals and become more self-reliant,” wrote one Daniels Fund grantee.
- “In the rural area where we live, there are no other services for families with children who have disabilities,” said another. “Without the funding Daniels provides, these families would not have access to respite, parenting education and advocacy.”

Early Childhood Education

- “More than 90 percent of children participating in our program have met developmental milestones on time,” a grantee reported. “Our outcome evaluations show that parents have a better understanding of child development, are more confident in their ability to provide for their children, see themselves as more competent as their child’s first and most influential teacher and in spending more quality time reading and talking to their children.”
- “The [early childhood education] system-building is stronger than ever in Colorado,” wrote one respondent.

Organizations such as Colorado Bright Beginnings are educating “families throughout Colorado on how to give better support for their child’s physical, emotional and intellectual development during the first three years of life.”

Ethics and Integrity in Education

- A consortium of eight universities, through its frequent discussions and annual ethics case competition, has succeeded in starting a “broader conversation about business ethics than existed previously,” said one grantee.

Homeless and Disadvantaged

- The Daniels Fund works with a number of organizations that can boast impressive successes with vulnerable populations. “The Daniels Fund has been a major supporter of our organization,” wrote a respondent. “Ninety-two percent of our homeless families have transitioned to permanent housing; 99 percent have maintained personal safety.” Nine out of 10 report increased access to resources, overall income and life skills.
- Since 2007, the Denver Street Outreach Collaboration has housed 2,275 men, women and youth through its street outreach efforts. Road Home prevented more than 6,199 families and individuals from becoming homeless through eviction assistance. Road Home also mentored 1,208 families and seniors out of homelessness through its partnership with the faith community. Overall, 96 percent of clients served remained in permanent housing one year later.

K-12 Education

- The Daniels Fund has been an “enormous [agent] of change in Denver,” said one grantee. “The educational goals achieved through Daniels Fund leadership are well known,” wrote another grantee. “The fund

supports innovation in education, scholarships for Western-states students and research on best practices and household empowerment.”

- “Everything in this town is: ‘are we helping kids graduate high school?’” said one interviewee. “It’s a mantra that the mayor, the governor, the schools are all trying to push.” The interviewee explained that Denver has been “a laboratory for charter schools,” saying, “[Daniels Fund CEO Linda] Childers really put her muscle and reputation behind charter schools.”
- As a result of these efforts, “graduation rates for youth in our program have increased approximately 30 percent since 1990,” wrote another grantee. “A general rise in graduation rates has occurred over the past two years, which we believe is a direct result of efforts led by foundation intervention in support of local non-profits and the school districts to specifically address low graduation rates.”

Youth Development

- “The education landscape for economic and personal financial literacy education has improved dramatically in this state with new academic standards and assessments to measure progress in learning,” wrote one respondent.
- According to the Daniels Fund website, The Bridge Project, operated by Denver University’s Graduate School of Social Work, is “the only program delivering consistent, structured and education-focused programming within the four public housing neighborhoods it serves.” The initiative provides “more than 500 youth annually with computer training, reading classes, one-to-one tutoring, mentoring, technology training, scouting and outdoor experiences, community and social leadership education, and financial assistance for college or trade schools.”

Scholarships

- Daniels Fund scholarship recipients best their peers both nationally and often within the schools they attend. Daniels Scholars were more than twice as likely to graduate college within six years than lower-income and first-generation college students nationwide. In addition, a grantee wrote, “scholarship recipients at our college have a higher rate of completion than non-recipients.”

RELATIONSHIP WITH NONPROFITS AND GRANTEES

The majority of grantees view the foundation’s program staff as helpful and effective, but perceptions of the board are more mixed.

Seventy percent of respondents rated their partnership with the Daniels Fund “very effective.” The Daniels Fund inspires strong opinions, with many grantees and other stakeholders speaking highly of the organization. One interviewee said, “They’re my favorite grantor to work with.”

“The Daniels Foundation is the most open, accessible foundation we have ever worked with, an incredible organization,” one grantee respondent said. When asked about the most effective aspects of a partnership with the Daniels Fund, grantees praised program officers’ availability, warmth and attentiveness, noting their understanding of the issues and a desire to learn from the grassroots. Grantees value the personal connection and open relationship they have with some of the program staff. Two program officers were especially singled out for praise as “extremely approachable” and “highly professional,” and an “excellent collaborator and critical friend” with valuable experience “having run a nonprofit organization.”

Thirty-five percent of respondents said the Daniels Fund had given them financial or other support to collaborate with other organizations. Of the 124 organizations receiving such support, 90 percent found the support “very useful.”

The foundation does not seem to provide much in the way of support beyond the financial. According to survey findings, the Daniels Fund does not, by and large, bring grantees together with other stakeholders to work on a common issue, invite grantees to funder convenings to share and discuss their work, provide opportunities to learn from peers or provide access to donors or policymakers or technical assistance. Less than 40 percent of respondents received such support. However, of those respondents that did, a substantial majority found them at least somewhat useful. For instance, the Daniels Fund makes its Denver-area headquarters available free of charge to nonprofits for meetings, retreats and trainings.

When asked what kinds of assistance grantees would like the foundation to offer, respondents said:

- Introductions and access to other funders (65 percent)
- Support for collaboration (45 percent)
- Information on best practices (43 percent)
- Professional development (38 percent)
- Research related to program area (37 percent)

Views of the foundation as a partner can vary considerably within and between programmatic and geographic areas. Even similarly situated grantees (same program area, same state) sometimes reported completely dissimilar experiences. One grantee seemed to have encountered another foundation entirely, meeting with senior leadership and not program staff. “They were unavailable and uninterested in working with us, commenting on our work or continuing

it,” the grantee said. “The people with whom we dealt were singularly unprofessional and closed-minded.” When asked what she would change about the way the fund works with grantees, one respondent said, “Everything: better dialogue, greater transparency, more trust, better funding.”

While one grantee appreciated the Daniels Fund’s intense application process because it spurred the nonprofit to “bring its A game,” others thought it was simply too much. “The application itself was intense, and the follow-up was the most intensive follow-up I’ve ever been through in my career,” an interviewee confessed. “It was more intensive than any funder that I’ve ever dealt with. There is an element of helpfulness. If I had to do it for everybody, I couldn’t do it. It pushes you to be a better self. Is it all necessary? Maybe not. The first time around, I thought, ‘Wow, they’re going deep.’ The second time, the follow-up, it was over the top. It was too much.”

Although some were pleased to see a new online application, at least one grantee was displeased and looked forward to an update: “The Daniels Fund is probably the leader of the pack in terms of a miserable online application. I can’t believe that this particular iteration will stand.” Another encountered a little bureaucracy amid the switch. “Last year, they went to an all digital, all online grant application,” the interviewee said. “They asked us to still submit in paper form, so it created desk time. Then they said, ‘Why did you submit this?’ ‘Because our grant officer asked us to.’”

While there was near universal and enthusiastic praise for the staff, opinions about the board were more mixed. The Daniels Fund board consists of 11 people, including CEO Childears. “Many are self-made; many have first-hand experiences related to our funding areas; all [are] highly involved and knowledgeable about our communities,” Childears said. They are a racially diverse group from a

variety of professional backgrounds. The board is largely from the corporate world, coming to the nonprofit and philanthropic sector as donors and board members. All but one knew Bill Daniels personally.

Many survey respondents characterized the board's leadership and commitment to Daniels the man as highly ethical and impressive, even noble. "I might not always agree with them, but I think they have a boatload of integrity," said an interviewee. "The Daniels Fund is so respected in our community," said a grantee. "Linda and her team have done a wonderful job carrying out Bill's wishes and legacy through the programmatic strategies in place."

The Daniels Fund is unique in the seriousness with which it approaches the will of its founder. One interviewee said:

"I've never seen a foundation that so constantly refers back to its mission and to the will of [its founder]. It's as if Bill Daniels was still in the room. Actually, Linda Childears, the CEO, knew Bill well and worked with him, and I think had a very good sense of his values and priorities. She has a personal commitment, and I think that's borne out in the folks she's chosen to work with her. I think that the board, from my impressions, shares that same mindset. They're constantly saying, 'Is this in line with Bill's intentions here, here and here?' It's unusually conscientious."

However, others described the board in less favorable terms: out-of-touch, ideologically-driven, elitist, hierarchical and corporate or lacking a nonprofit perspective. As one grantee close to the foundation put it, despite the foundation's enthusiasm around school choice, "no one on the board knows what it's like to put your kid in a bad school in the first place. Poverty is still a mystery for some on the board."

Several grantees expressed concern that staff knowledge is not shared and valued at the board level, and that the board and staff are not in sync regarding strategy and program implementation. "I think their program staff have a good idea of what's going on on the ground," said one grantee. "They're hampered by policies that seem arbitrary in terms of what they can fund." Another grantee praised a foundation program officer, noting the officer's responsiveness and good sense, but voiced concern that the officer's valuable perspective did not seem to inform the board's strategies and decision-making.

The Daniels Fund pays its trustees, unlike the three-quarters of independent foundations that do not compensate their board members.³¹ Each member earns between \$23,000 and \$32,000 annually for about 25–30 hours of work per quarter to prepare for and participate in board and committee meetings. In 2012, the group earned \$290,055 in total trustee compensation, not counting CEO compensation. NCRP recommends that foundation board members serve without compensation, excluding reimbursement for expenses. Research does not support the contention that remuneration is necessary to recruit talented board members or that compensated boards lead to greater philanthropic impact.³² In instances where compensation appears required, researchers at Georgetown University recommended limiting board compensation to \$8,000 per member per year.³³

Daniels himself apparently desired that the board receive compensation, so the foundation is unlikely to revisit this policy. The other charity created directly by Daniels, Young Americans Bank, however, does not provide compensation to its trustees, nor do its affiliates. Board compensation continues, according to Childears, because of the amount

of work the board members do to prepare for and participate in board meetings.

Some grantees feel that the foundation's interpretation of donor intent is not always true to the spirit of the founder and that it hinders achievement of the very community impact the founder sought. "Institutionalizing [the legacy] is the challenge," said an interviewee. They are "stuck in Bill Daniels' legacy to a degree that seems over the top compared to similar foundations," said a grantee.

Stakeholder feedback highlights both the opportunities and challenges faced by the Daniels Fund board as it seeks to maintain and appropriately implement its founder's wishes. Although a major change in staffing and in the staff-board balance of responsibilities took place a decade ago, community members still see reverberations of those decisions today. Prior to the closure of the field offices in 2004, staff members at the Daniels Fund had significant discretionary grantmaking authority. Believing that this power had resulted in mission drift, the foundation brought all decision-making authority to the board.

After consolidating the foundation's work, the Daniels Fund established an internal grants committee in November 2007. Grants of up to \$50,000 are approved by a staff committee that meets monthly, except in those months when the board as a whole meets. The committee handles 72 percent of grants and 27 percent of grant dollars.

According to Childears, prior to the reorganization, the foundation's staff had experience in grantmaking but they had less familiarity with Daniels' style of philanthropy:

"[Phil Hogue] hired very good people. They were very experienced in grants and scholarships. The challenge

was they did not have the Bill Daniels flavor. The culture became their culture, not Bill's. I'm not saying it's right or it's wrong. It was just their style and not so much Bill's, and I think the board felt that we really owned that problem and needed to fix it. ... Bill believed in self-sufficiency, helping people help themselves. I'm not saying that's not what we were doing. Self-sufficiency was a big thing to him, a hand-up not a hand-out responsibility. We had grown to offices in every state that looked like different foundations, and this man couldn't have been any clearer on what he wanted done."

Some stakeholders and former staffers expressed concern that the limiting of staff input and devaluing of professional philanthropic experience had contributed in the past to distrust, insularity and instability. "They had one of the most diverse and inclusive staffs, people who understood the issues. We thought, 'What are you doing?'" an interviewee related, recalling the foundation's restructuring. There is the perception that the board can appear out of touch when it comes to the communities the foundation works with.

This perception was reinforced for many New Mexico grantees in the aftermath of the foundation's decision to shift almost exclusively to funding education in that state. According to Childears, the foundation spent considerable effort to support grantees and maintain commitments: giving exit grants for those that had been with the foundation for some time, reallocating \$500,000 from the national grant pool to homelessness and disadvantaged in New Mexico, and maintaining the commitment to the ethics programs at two New Mexico universities. Still, interviewees were nearly unanimous in criticizing how the Daniels Fund communicated its intentions and transitioned existing grantees. One grantee's story was typical:

LOSING A CHAMPION

A nonprofit leader on news of the shift in funding strategy in New Mexico, a change that would mean little or no future funding for the leader's organization:

"I always thought Daniels was a pretty cool, progressive kind of guy, willing to look at and fund some of the less visible members of the community, the most disenfranchised. When you're talking about issues related to addiction, I look for those people who are champions, the beacons of light, the heroes.

Here's a guy who was successful, somebody who had to pull himself out of the mud. He used his power and privilege to get other people access to things they wouldn't otherwise have access to.

In my own position, I find it really important to keep that vision of the founder, that integrity alive. It's still vital. I find myself in staff meetings saying I have to remember what the intent was. I think: not on my watch. I'm not going to be the one who lets mission creep.

I copied a section of ['The Wisdom of Bill Daniels'] they [the Daniels Fund] sent and gave it to everybody. I loved it, reading about this guy and his life, but it all seemed incongruous.

I don't know if they're carrying on his legacy in a way that he would or not. That's not for me to say, but from my perspective, it didn't seem like it. It seemed like they'd moved far away from that.

I'm used to rolling with the punches. This one hit me in a different way. This was a little more painful. We kind of lost access to a funding source and a person that really cared about the most disenfranchised among us." ■

"Initially, we were very excited about our relationship with the foundation because the program manager we engaged with was very thoughtful and thorough in her review of our proposal, and she seemed legitimately committed to working with our population. After completing the project we were asked to reapply – only to submit an application and find out that our program manager had left and they were no longer interested in funding anything in our issue area in the state. This is very frustrating for an organization. Obviously, foundations change focus, but to seemingly do that out of the blue overnight is very hard to manage. I hope that they are being more thoughtful and strategic in their approach."

The fund explained in letters and later on its website that it had "conducted extensive research on historical trends that reveal the heartbreaking consequences of accepting a 'business as usual' approach." Stakeholders reported that the fund did not share what it had learned that had convinced it of the need for a change. Grantees reported that, after completing laborious proposals, they had been assigned a new program officer with little follow-up or explanation.

For some, the way the change in the New Mexico strategy was handled echoed an existing perception that the foundation acts impulsively. "They keep changing the rules," said one interviewee. "Every couple of years, making multi-year grants then not, then asking for new evaluation measures – it's not a responsible business practice." Some inconsistency in the experience of grantees is perhaps inevitable for any foundation, yet these reported experiences suggest that the foundation may want to explore how to present a more reliable and coherent face to grantees and other stakeholders.

“You never know what you’re going to get,” said one interviewee. “They do not always stick to their strategies,” another grantee noted. “We were told we were not funded because the board had decided at the last minute.” The grantee’s program officer had given every indication that their proposal would be funded and was reportedly as surprised as the grantee by the board’s decision.

Every Daniels Fund employee and board member signs a statement of understanding and commitment to Bill Daniels’ intent. Some observe that philanthropic experience is not necessarily at odds with donor intent, yet the foundation appears to see it that way. “I am not sure that I could assume an assignment in which I was required to carry out the philanthropic intentions of the founder – to the letter,” said one respondent. “I can’t even begin to fathom how you would work with that,” said a peer funder. “It’s an albatross. How can you ever be innovative if you’re always trying to project a person who’s passed on before?” Ultimately, grantees seem to be willing to overlook these shortcomings because of the resources and expertise the Daniels Fund brings to the table. Even grantees who have misgivings about aspects of their relationship nonetheless rate the foundation highly. As one respondent candidly wrote:

“Small nonprofits such as the one I work for just want enough funding to run the programs. Unrestricted money is gold in the nonprofit world. I think that, as private foundations go, Daniels does a fine job. Their application process seems rather extensive for the amount of support they provide, but in my world, you do what you have to do to get the funding needed to assist the [populations] we serve.”

OTHER EFFECTIVE PRACTICES

Though it provides generous general operating support, the Daniels Fund does little to no true multi-year grantmaking, which undermines effectiveness.

Many grantees especially appreciate the share of grant dollars the Daniels Fund provides as general operating support. Grantees value this “extremely helpful” commitment on the part of the Daniels Fund very highly. As one grantee said:

“It’s very good and we’re so grateful that they understand the importance of general operating support. A lot of grants that we apply for are programming grants that don’t cover anything. For instance, [with another funder,] rent was covered last year but not this year. How can they require you to attend a conference call their grant won’t pay for?”

According to Foundation Center data, 32 percent of the Daniels Fund’s sampled grant dollars were made available as general operating support on average from 2008–2010, and 21 percent in 2011. NCRP recommends that foundations provide at least 50 percent of grant dollars in the form of core support.³⁴ Seventy-one percent of Daniels Fund survey respondents noted that they had received general operating support.

Outside of the scholarships, Daniels Fund grantees are not allowed to reapply until after the conclusion of the grant period. One grantee noted that some grantmakers do this to allow new grantees to compete in the upcoming grant cycle. While it’s true that the added time could make the process more open, others see different motives at work. One interviewee spoke of how important it seemed to be to the board that the foundation “cut off ineffective grantees.”

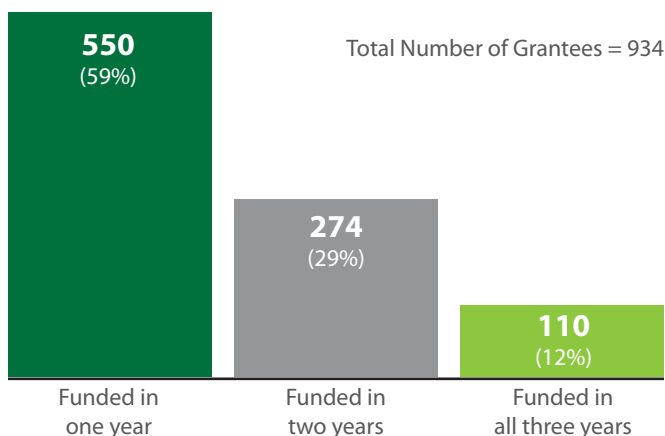
Others say that the foundation simply makes 12-month grants on what amounts to an 18-month grant cycle. “As a private foundation, they have every right to set their own schedule,” said one grantee. “There are no specific, consistent deadlines. That can create a cash-flow problem.”

Another grantee explained:

“You go through the grant process, but you can’t apply until you are closed out. So if you have a 12-month grant, it means you have to wait three months after the end of your grant term, so it is really a 15-month grant. With that in mind, it is your grant advisor’s decision when you will go forward. We had a couple of years where the grant advisor decided to wait to put us forward, so it wasn’t when we wanted it to go forward, so a 12-month grant turns into a 20-month grant.”

Given that the foundation’s internal grants committee has authority and the foundation can turn grants around quite quickly, even in 24 hours as with the Rapid Response Fund, the reasons for this long and inconsistent grant cycle are unclear.

Figure 3. Daniels Fund Grantees Receiving One, Two or Three Years of Support, 2010-2012



Source: Daniels Fund Forms 990-PF, 2010-2012.

The results are that grantees do not have consistent funding that allows them to maximize their impact and effectiveness. For instance, over three years (2010–2012), the Daniels Fund supported 934 organizations, most of them for a single year.

Though one in eight (13 percent) survey respondents said they had received multi-year support and 15 percent have been funded for 10 years or more, the board authorizes few true multi-year grants. Nearly three in five grantees (59 percent) were funded only once in the three years analyzed. According to data from the Foundation Center, the Daniels Fund reports zero multi-year grants, i.e., they either do not make them or do not make enough information available to classify them as such.³⁵

Childears explained:

“We had a lot of multi-year grants prior to the recession. That really curtails your ability to do a lot of other things. We do multi-year on capital [projects] all the time. We do multi-year with organizations where we have long-term relationships. But as a general rule, our policy is ‘let’s renew every year and take a look at some one we know pretty well, easier than starting new, but let’s keep ourselves flexible.’ That is the main strategy.”

Many nonprofits urged the foundation to rethink this approach. One grantee said:

“A longer term grant commitment (three to five years) would help our organization spend more time and budget on growing our program rather than having to scramble in the grant process. We strongly believe that with a longer grant period, we would be able to accomplish our overall program goals with greater success and measurable growth.”

The Daniels Fund invests its assets and makes grants with a view to perpetuity and sometimes invests in businesses at odds with its mission.

The 5 percent payout requirement operates much more like a ceiling than a floor for many foundations.³⁶ More than half (55 percent) of foundations in a 2012 study paid out between 4 and 5.9 percent of net assets from 2007–2009.³⁷

The Daniels Fund is by and large no exception, with payout rates ranging from 4.5 to 5.2 percent from 2008 to 2012. The foundation is managed for perpetuity, following the wishes of its founder. The Daniels Fund's website reads:

“Bill Daniels intended the Daniels Fund to be a permanent part of our community, operating in perpetuity. We generate returns by carefully investing our assets, creating our capacity for charitable giving while maintaining – or even growing – the base of assets to carry us into the future.”³⁸

One interviewee noted that the foundation's able stewardship of its charitable assets is an argument for foundation perpetuity: such management preserves critical philanthropic resources for the state. The Daniels Fund's assets lost nearly a third of their value in the recent economic downturn but have since bounced back.³⁹ “They have more money than most funders in our state,” said the interviewee. “I think they started with a billion, paid out some \$550 million, and they still have a billion left.”

Still, the Daniels Fund could pay out at higher rates to help achieve its mission. While the foundation is not alone in a conservative payout, it is behind many of its peers. The median endowed independent foundation paid out at a rate of 5.8 percent of net assets from 2007–2009.⁴⁰ Studies

show that higher payout levels are ultimately consistent with a commitment to perpetuity.⁴¹

The foundation could also do more to ensure that its assets advance its mission. Childears explained the foundation's investment strategy:

“Our activity has been return-oriented. We have always looked at the investment dollars separately from the grant allocation and said, ‘Let's go for maximum security and return on this side to enable us to do what we do on the grants and scholars side.’”

This “firewall” between grants and asset management is common among grantmakers. In addition, the foundation's proxies are voted on by outside investment managers.⁴² These are missed opportunities to mobilize the foundation's assets for maximum social consequence and not merely financial returns. Indeed, some have argued that mission-related investing is “not only consistent with fiduciary duty but the duty of a fiduciary.”⁴³ Moreover, there is growing evidence that socially responsible screens help and may even be required for sustainable, positive financial returns.

The fund does not screen its investments, presenting a source of potential conflict with mission. Several of the nation's largest foundations screen against addictive substances such as alcohol and tobacco.⁴⁴ The Daniels Fund does not. Despite Bill Daniels' own public struggles with alcoholism and prescription drug abuse, which motivate the foundation's work on alcoholism and substance abuse, a cursory review of the foundation's holdings reveals investments in Anheuser-Busch InBev, SABMiller PLC, and United Spirits, Ltd., the world's largest brewer, second-largest brewer, and second-largest spirits maker,

respectively. It appears that some of the foundation's investments serve to undercut its grantmaking.

In 2011, approximately one in seven Foundation Center survey respondents were engaged in some sort of mission-related investing,⁴⁵ but the Daniels Fund does not appear to make any program-related investments (PRIs) or other mission-related or impact investments. Young Americans Bank is perhaps an exception by providing financial services to a population marginalized by its age. Daniels insisted on creating a real, chartered bank and, to allay regulators' concerns that a bank that served children would soon become insolvent, guaranteed that the Daniels Fund would back it.

RECOMMENDATIONS

1. Maintain the foundation's strong commitment to serving marginalized communities and to providing general operating support.

The foundation's explicit and closely held commitment to second chances and "the underdog," to senior citizens, people struggling with addiction, people with disabilities and to underserved communities in Colorado, New Mexico, Utah and Wyoming, is to be commended and preserved. Its lauded Daniels Scholars program is a crown jewel of the foundation and achieves significant outcomes for marginalized students.

Continue providing a significant portion of grant dollars in the form of general support, a valued and effective strategy that supports the capacity of high-performing nonprofits.

2. Deepen the engagement of grantees as the foundation continues to identify and prioritize key areas for stronger emphasis.

Many nonprofits suggested revisiting the 11 program areas, perhaps by closing or de-emphasizing certain programs. With a narrower focus, these grantees argued, the foundation would be able to make larger, multi-year grants to fewer organizations, and its dollars would go farther.

The foundation is already examining its priorities in Utah in 2014 and plans to do the same in Wyoming in 2015. Childears indicated that the foundation would be consulting stakeholders in those states. It would

be important for the fund to ask stakeholders and experts: "Where are the foundation's resources best concentrated among program agendas and states?" It would be wise for the foundation to learn from the mistakes of the most recent New Mexico shift by involving more current grantees and other community leaders in the learning process, and clearly and consistently communicating decisions well before they go into effect. It would also be highly beneficial for the foundation to seek creative ways to marry program goals with one another and fund multiple initiatives at the same time to preserve some level of support for underfunded areas.

Grantees encouraged "more input from the grassroots to inform the work of the foundation" and engaging "communities of color on input before new strategies and initiatives are rolled out." As one survey respondent argued:

"The foundation needs to bring its grantees together to ask: 1) What are the needs of the community? 2) Where are the greatest needs? 3) Who's doing what to address those needs? 3) Are there opportunities for us to support best practices or collaborative approaches? 4) How can the foundation be more effective in its grantmaking? The biggest problem right now is that there's no dialogue between the Daniels Fund and its grantees, let alone community constituents. Once the foundation decides its strategy, it needs to communicate that plan to the community with at least a one-year lead time so folks who are no longer going to receive

funding can prepare – and folks who will receive more funding can dialogue with the foundation and develop a better partnership.”

Community members are involved in the Daniels Fund’s work, but the fund would benefit from directly engaging affected communities in creating change and funding groups that do. The foundation is both well-positioned and experienced in convenings, and grantees suggest they should do more of this.

The foundation’s Denver headquarters could make a fitting venue for ongoing grantor–grantee discussions and not just free rental space. The space could host networking events with funders and nonprofits, convenings to foster greater cross-silo collaboration, technical assistance and professional development activities, all of which are types of assistance its grantees seek.

At the same time, the foundation should not lose touch with Daniels’ legacy. Peers advised “moderating” donor intent with “context-sensitive strategies.” For instance, one suggested retaining the program areas but emphasizing aging and education: “All areas are likely of value given the interests of Bill Daniels, but with coming regional demographic shifts, I see aging services and education as the primary needs moving forward.”

Another grantee suggested a focus on the intersection of aging and housing. Several grantees warned of “a tidal wave” of demand that an aging population represents, a wave that is largely being ignored as grant-makers, including the Daniels Fund, pursue greater returns on investment among youth.

3. Increase investments in advocacy and civic engagement to improve the foundation’s impact on entire systems related to program areas.

To achieve greater impact for the populations Daniels is devoted to, grantees encouraged the Daniels Fund to “be influential in effecting policy change” and to “concentrate some of their funding on systemic change.”

Though the Daniels Fund is mostly known for its scholarships and direct-service work, the foundation is seen as already investing in public policy change in certain programs. It is important to clarify and communicate its additional commitment and interest in large-scale change so that stakeholders better understand the rationale for why and how these choices are made.

The Daniels Fund is active in K–12 school reform and could invest funds in advocacy and civic engagement to ensure that (a) all charters, not just those funded by Daniels, are accountable to meet high standards and serve marginalized students; and (b) all underserved students have access to high performing schools, whether district, charter or private schools.

The foundation also can support advocacy to advance causes in other program areas. A nonprofit leader working with people with disabilities encouraged the Daniels Fund to think bigger:

“Denver has all these things, but in the rest of the state, accessibility is spotty. It’s about ensuring that Colorado has a health care system that’s usable [by people with disabilities]. Mostly, [grants have] been about equipment. It’s a pretty limited vision.

We need to change the community. We need to make it more accessible. That's not a concept that the foundation really gets. If I were in their shoes, that's what I would be funding. It's not a package. It's too disparate. You can help one person or you can help 20 at a time. Let's do something bigger. There's a part of you that wants to help people less fortunate, but there's a set of missed opportunities if they're truly interested in change."

"Breaking into silos at the funder level is counterproductive," suggested one grantee. "The silos should be working together for comprehensive coordinated change." Indeed, the Daniels Fund appears to practice many of NCRP's hallmarks of exemplary philanthropy but often in one program area and not in others. The causes and communities for which the Daniels Fund cares would benefit considerably from cross-issue synergies that allow what works in one area – targeting of investments, community engagement, influencing public policy – to work in all of them.

Ensuring that the communities Daniels seeks to benefit are engaged in policy change, if not driving the strategies the Daniels Fund supports, will be critical to the foundation's lasting success.

An increase in advocacy funding would not necessarily require the foundation to seek out new programming or new grantees. The foundation could simply look to the excellent service providers already in its portfolio and use general operating grants to support their advocacy on behalf of their clients and build additional capacity for public policy engagement. Service providers often are ideally suited to advocate for broader change because they know well the systemic barriers

that program participants face in seeking to better their own lives.

4. **Improve transparency and communications among board members, the grants committee, program staff and current and potential grantees.**

Revisiting the division of labor and grantmaking authority between board and staff can increase responsiveness to grantees and other nonprofits. One grantee suggested:

"I would plan more carefully to position the foundation as a partner to those in the community who are providing direct services. I would work with the board to create a more stable process of making decisions, so that the foundation could be as reliable to its nonprofit partners as it requires its nonprofit partners to be to their clients."

The creation of an internal grants committee in 2007 was a step in the right direction. The foundation should make grantees and others more aware of its existence and process, and expand the committee's size and grantmaking authority. Granting greater authority to program staff and executive leadership would allow them to communicate with grantees more readily and more effectively. The board certainly can develop broad strategy and exercise oversight over the grantmaking process while empowering the chief executive and program staff to be more responsive, more consistently.

One grantee suggested recruiting "additional experts to the board of decision-makers." Another recommended engaging additional people of color. Advisory

boards or committees composed of local community members, similar to the Daniels Scholars selection process, might be a helpful addition to the foundation's work and serve as a training ground for future board members.

5. Increase multi-year funding and minimize gaps in funding between grant cycles.

Grantees suggested offering more multi-year commitments to improve effectiveness and gave these reasons:

- "Sustainability and impact." Multi-year grants afford organizations time to plan and expand. They can serve more individuals for longer, scaling the impact of the original grant.
- "Building leadership and capacity." Sustained, long-term funding allows nonprofits to invest in both the programs and the organization and people that provide the programs.
- "Ease the workload of your employees." An interim check on progress after six months or a year is less resource-intensive than an evaluation and new grant cycle every 18 months.
- "Be a leader in the nonprofit world." A mere tenth of the philanthropic sector appears to report multi-year grantmaking.⁴⁶ A grantee contended that the Daniels Fund, with its considerable resources and profile, could lead a movement for nonprofit sustainability, modeling general operating and multi-year support as good grantmaking practice.

NCRP also recommends that the foundation allow active grantees that are not awarded multi-year grants

to apply before the grant period ends and make grants annually, as is done with the scholarship programs.

6. Align the foundation's investments, compensation policies and payout policies with its goals.

It is important to seek out creative ways to leverage all of the foundation's considerable assets on behalf of Daniels' vision, including:

- **Eliminate alcohol from the Daniels Fund investment portfolio.** Daniels struggled with alcoholism and found sobriety with the Betty Ford Center and Alcoholics Anonymous in 1985. From there, according to *The Life and Legacy of Bill Daniels*, a newly sober Daniels not only rushed "headlong into some of the most creative and profitable business dealings of his career... he became more generous and attentive to the needs of others than ever before."⁴⁷ Both the Young Americans Bank and what would become the Daniels College of Business at the University of Denver date from this period. Divestiture and simple screens against certain kinds of investments could be an equally creative renewal for the Daniels Fund.
- **Use program-related and mission-related investments to advance other program goals.** Last year, the *Denver Post* noted the investments of several of the Daniels Fund's peers: the Rose Community Foundation participated in the country's first Transit-Oriented Development Fund, the Piton Foundation purchased land along a new light-rail line corridor, and the Colorado Health Foundation established the Colorado Fresh Food Financing Fund.⁴⁸ Such investments could play an increasingly important role as the Daniels Fund shifts its

programmatic emphasis. The foundation's corpus can advance goals the foundation's grantmaking may no longer be able to sustain. The Daniels Fund might offer loan guarantees to high-performing nonprofits no longer eligible to receive grants; invest in community development financial institutions, such as Santa Fe's Permaculture Credit Union; or explore other financial opportunities like New Mexico's Native Green Loan Fund.⁴⁹

- **Eliminate board compensation or limit it to \$8,000 annually for each board member.**⁵⁰

Whereas Young Americans Bank trustees are not paid, Daniels Fund board members can also forego salary to make additional scholarships and grants.

Finally, NCRP recommends that foundations do more than the legal minimum and pay out at a rate of 6 percent in grants alone.⁵¹ Higher payout will reflect the urgency of the problems the Daniels' Fund seeks to alleviate and mobilize maximum resources now for social good. The foundation's dedication to perpetuity is laudable. Equal if not greater zeal for the causes and communities that animated its founder would be equally praiseworthy.

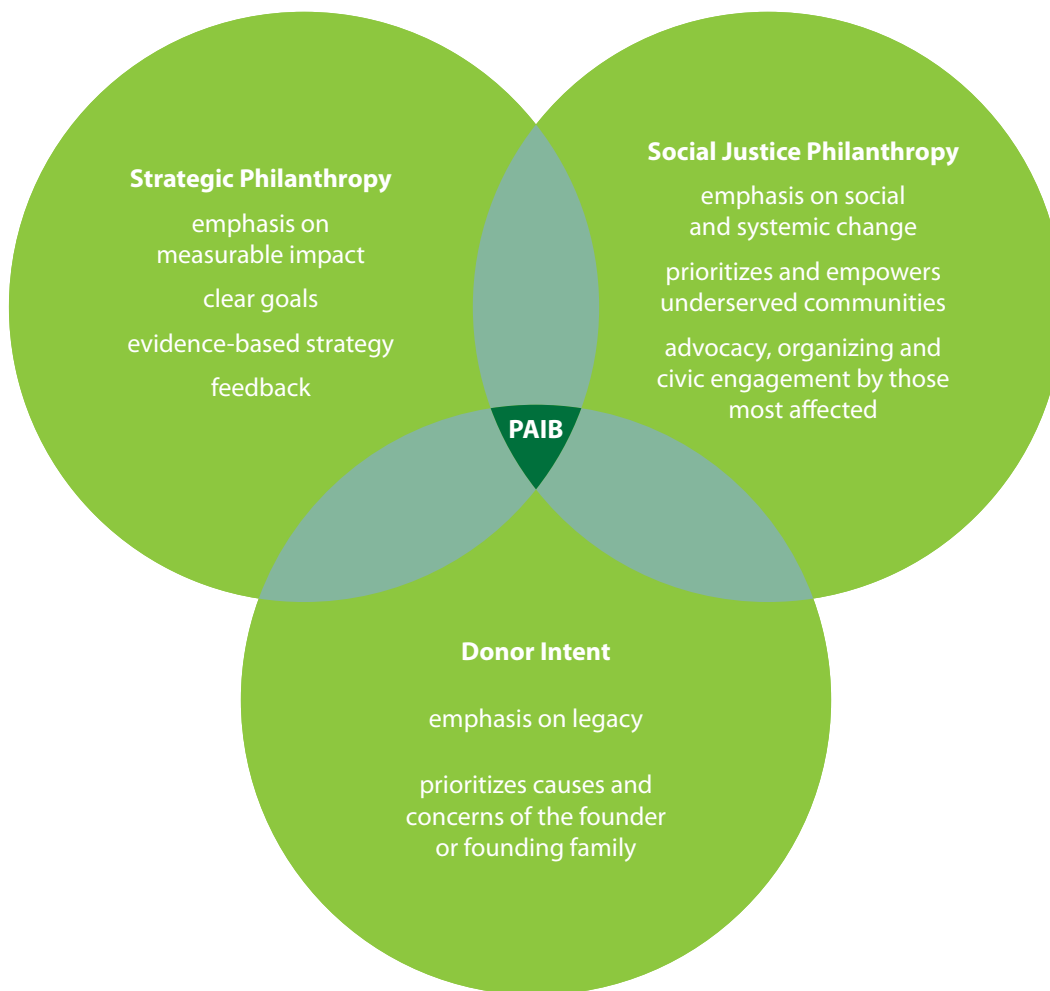
For additional suggestions from stakeholders to improve foundation practice, See Appendix D.

CONCLUSION

The Daniels Fund reveres and takes seriously its commitment to its larger-than-life founder. But a focus on legacy does not mean the foundation ignores other commitments. In fact, the foundation’s most effective contributions appear to be where donor intent, community voices and effective philanthropic practice meet.

Bill Daniels’ vision for the Daniels Fund was informed by the communities in which he lived. Those communities and considerations should continue to inform that legacy. The more the Daniels Fund’s leadership and staff can translate the concerns and intentions of their founder into a concrete, systemic agenda, and consistently communicate that vision to grantees, the more likely they are to have greater impact. The more they can engage stakeholders and partner well with grantees, the more likely it is that such impact will last.

Figure 4. Philanthropy at Its Best (PAIB): At the Intersection of Strategy, Justice and Donor Intent



APPENDIX A

THE DANIELS FUND PROGRAMS

Grant Areas	Goals	Motivation	Focus Areas and Strategies
SCHOLARSHIPS			
Daniels Scholars	“A comprehensive scholarship program that helps students build successful lives.”	“Students that become Daniels Scholars are chosen because they embody the traits and values Bill Daniels identified as hallmarks of the program.”	Approximately 250 annual scholarships for graduating seniors from high schools in Colorado, New Mexico, Utah or Wyoming to cover unmet financial need and personal support for a four-year college education.
Boundless Opportunity	“Benefit highly-motivated nontraditional students who recognize the power of education to create a better life for themselves and their families.”	“America remains the greatest nation on earth, where boundless opportunities still exist for each and every one of us.”	Direct and indirect expenses for: Adults entering or returning to college, GED recipients, Foster care youth, Juvenile justice youth, Returning military, Individuals pursuing EMT/paramedic training, Individuals pursuing Early Childhood Education (ECE) certification
PROGRAMS			
Alcoholism and Substance Abuse	“Assist youth and adults with alcohol and substance abuse challenges in achieving and maintaining stability.”	“Bill suffered from alcoholism and ultimately recovered after seeking treatment. This struggle had a profound effect on him and led him to help many others facing similar challenges.”	Prevention (Emphasis on Youth), Treatment, Supportive/After-Care Services (Recovery)
Amateur Sports	“Expand opportunities in quality youth sports programs that foster sportsmanship, confidence, discipline and teamwork. Expand opportunities for national and international amateur sports competition.”	“Bill had a lifelong passion for sports. He knew from personal experience that participation in sports and access to quality coaches help to develop discipline, confidence, teamwork and sportsmanship.”	Youth Sports, Competition
Disabilities	“Assist individuals with physical and developmental disabilities and their families in achieving and maintaining independence and quality of life.”	“At a time when most people with disabilities were institutionalized, Bill’s developmentally disabled sister, Dorothy, received dedicated care and support at home. Bill saw the benefits of compassionate care. He also suffered from his own disability – hearing loss – later in life.”	Developmental Disabilities (Supportive Services), Physical Disabilities (Equipment)
Early Childhood Education	“Improve the quality of the early childhood education system to ensure school readiness.”	“Bill cared deeply about children and their education, and he saw the need for early childhood experiences that provide a healthy, safe, nurturing and stimulating environment.”	Teacher/Leadership Quality, Facility Quality, Parent Involvement

Grant Areas	Goals	Motivation	Focus Areas and Strategies
PROGRAMS (continued)			
Homeless and Disadvantaged	"Assist homeless individuals and families in achieving and maintaining self-sufficiency."	"Bill had genuine compassion for those enduring hard times and believed people can get back on their feet with the right support. He wanted to give homeless individuals and families the hand-up they need to achieve and maintain self-sufficiency."	Emergency Services, Transitional Housing with Supportive Services
K-12 Education	"Improve the quality of the K-12 education system to ensure increased student achievement."	"Bill felt strongly that every student deserves a quality education that is relevant and applicable to the workplace. He believed in the power of competition and alternative approaches to achieve reform, and offer families quality educational choices."	Reform/School Choice, Parental Engagement, Teacher/Leadership Quality
Youth Development	"Provide opportunities for youth to develop character and gain the necessary life skills to become successful adults."	"Bill supported youth programs that encourage strong character, personal responsibility, accountability, patriotism, giving back to the community and an understanding of the free enterprise system."	Academic & Supplemental Services, Civic Literacy & Community
YOUNG AMERICANS BANK			
	"Our philosophy is to reach children with vital financial skills through hands-on relevant education."	"In 1984, Bill Daniels ... read about a young group of Denver students seeking a bank loan for a class project and the challenges they met. That's when Bill Daniels realized that we as a society are doing a disservice to our youth by not teaching them early about our financial and economic system. His answer: a real bank just for young people."	Financial literacy and learning by doing: <ul style="list-style-type: none"> • Savings Accounts, Certificates of Deposit, Checking Accounts, ATM Cards, Debit Cards, Internet Banking, Credit Cards, Loans • Classes, Youth Advisory Board and Entrepreneurial camps, activities and resources

Source: The Daniels Fund website, <http://www.danielsfund.org/>.

APPENDIX B

PROFILE OF 356 GRANTEE SURVEY RESPONDENTS

What is your annual budget?

Answer Options	Response (%)	Response (Count)
Under \$100,000	6.2	22
\$100,000–\$499,999	26.1	93
\$500,000–\$999,999	16.0	57
\$1 million–\$4.99 million	32.0	114
\$5 million–\$9.99 million	7.3	26
\$10 million or more	12.4	44

What is the total number of years that your organization has received funding from this foundation?

Answer Options	Response (%)	Response (Count)
1–4 years	45.8	163
5–9 years	39.3	140
10 years or more	14.9	53

Are you currently a grantee?

Answer Options	Response (%)	Response (Count)
Yes	60.4	215
No	39.6	141

The following are the major program areas of the Daniels Fund. Which area(s) were you funded to work on?

Answer Options	Response (%)	Response (Count)
Aging	12.4	44
Alcoholism and Substance Abuse	8.4	30
Amateur Sports	5.3	19
Daniels Fund Scholarship Program	5.3	19
Disabilities	13.2	47
Early Childhood Education	12.9	46
K–12 Education Reform	9.8	35
Ethics and Integrity in Education	6.7	24
Homeless and Disadvantaged	26.7	95
Youth Development	23.3	83
Other (please specify)		31

Grantee Respondents by State

State	Number	Percentage
Colorado	233	65.45
New Mexico	49	13.76
Utah	30	8.43
Wyoming	26	7.30
Other	18	5.06
Total	356	100.00

APPENDIX C

DANIELS FUND GRANTMAKING, 2010-2012

Non-Scholarship Grantmaking by Program Area, 2010–2012

	No. Grants	% of Grants	No. Grant Dollars	% of Grant Dollars	Average Grant Size	Min. Grant Amount	Median Grant Size	Max. Grant Amount
Alcohol and Substance Abuse	107	5.9	7,538,574	7.8	70,454	2,500	40,000	700,000
Aging	168	9.3	7,721,751	8.0	45,963	2,000	25,000	500,000
Amateur Sports	104	5.7	4,443,980	4.6	42,731	3,000	25,000	700,000
Disabilities	120	6.6	5,792,423	6.0	48,270	2,500	20,000	600,000
Early Childhood Education	152	8.4	5,778,387	6.0	38,016	1,000	17,111	250,000
Ethics & Integrity	37	2.0	5,962,280	6.2	161,143	2,500	161,379	830,000
Homelessness & Disadvantaged	334	18.4	17,465,065	18.1	52,291	2,500	30,000	500,000
K–12 Education Reform	225	12.4	24,159,958	25.1	107,378	100	40,000	1,500,000
Multiple programs	21	1.2	648,750	0.7	30,893	3,750	15,000	125,000
Rapid Response Fund	179	9.9	236,940	0.2	1,324	103	1,066	6,512
Young Americans Bank	23	1.3	4,688,253	4.9	203,837	5,000	317,622	385,650
Youth Development	342	18.9	11,934,877	12.4	34,897	1,000	20,000	1,000,000
All program areas	1812	100.0	96,371,238	100.0	53,185	100	25,000	1,500,000

Non-Scholarship Grantmaking by State, 2010–2012

State	No. Grants	% of Grants	No. Grant Dollars	% of Grant Dollars	Average Grant Size	Min. Grant Amount	Median Grant Size	Max. Grant Amount
Colorado	1252	69.1	65,625,424	68.1	52,416	103	22,750	1,500,000
New Mexico	213	11.8	9,313,155	9.7	43,724	2,500	25,000	500,000
Utah	89	4.9	4,546,770	4.7	51,087	2,500	33,870	400,000
Wyoming	124	6.8	8,909,938	9.2	71,854	2,500	28,832	830,000

APPENDIX D

“IF YOU WERE CEO OF THE DANIELS FUND ...”

Top Issues Raised and Illustrative Comments

Which approaches would you continue to use?	What would you do differently to increase the foundation’s impact?
FUNDING AREAS	
<ul style="list-style-type: none"> ▪ “The Daniels [Fund] does an excellent job of becoming knowledgeable about program areas that it funds. This thorough analysis of the program area helps ensure that funds are granted to organizations that are credible, financially stable and can achieve the desired outcomes.” ▪ “I think all areas are likely of value given the interests of Bill Daniels, but with coming regional demographic shifts, I see aging services and education as the primary needs moving forward.” 	<ul style="list-style-type: none"> ▪ “I’d narrow the areas of focus to three to five areas. I think the Daniels Fund has too many areas of focus. I’d figure out which are the very best organizations in the geographic region to partner with to address those issues. I’d consult with those organizations to understand what they need most to achieve maximum impact. I’d fund them well, probably on a multi-year basis, maybe providing general operating [support], depending on the focus of the organization.”
GRANTEE ENGAGEMENT, CONVENING AND COLLABORATION	
<ul style="list-style-type: none"> ▪ “I really believe the Daniels Fund’s strategies and practices are some of the most progressive and generous in the philanthropic arena in Colorado.” ▪ “[The] Daniels [Fund] has been great to work with. The system for selecting the Daniels Scholars is fantastic because it involves community members in the student evaluation process. This is obviously a lot of work [for] the Daniels ‘family,’ but I believe it [is] good for the students and also serves as an outreach opportunity for Daniels to inform the community about all of the things the Daniels Fund is doing.” 	<ul style="list-style-type: none"> ▪ “Based on my current knowledge of the strategies, I would continue the current ones and develop an advisory group of grantees to provide feedback on future direction. This group could help the foundation understand the issues and changing needs of the organizations it supports.” ▪ “I would focus on building more relationships between my grantees and connecting them with other funders and donors that would support their organizations.” ▪ “I would convene more of the funded entities and share experiences/outcomes/best practices. I would seek feedback/input from stakeholders to inform the overall philanthropy of the foundation. I would seek to minimize the internal politics and personal agendas of trustees and focus more on systemic change-related outcomes.” ▪ “I would just work to bring the already-strong influence and voice the foundation has into the more rural and underserved communities of Colorado. I’d lead the foundation in being the champion for working on solutions to poverty throughout the region by convening elected officials, other funders and human services organizations in every program area.”

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“IF YOU WERE CEO OF THE DANIELS FUND ...”

Top Issues Raised and Illustrative Comments

Which approaches would you continue to use?	What would you do differently to increase the foundation’s impact?
SERVICE AND SYSTEMS	
<ul style="list-style-type: none"> ■ “I think The Daniels Fund is doing a great job – it is meeting diverse community needs [and] the staff and its leadership are connected to the mission and the organizations they fund.” ■ “If I were CEO, I would continue to focus on funding direct human services in the array of areas that have been identified as connected to the legacy of Bill Daniels — aging, substance abuse, early education, disabilities, youth development and the scholarship program. I would continue to focus on ensuring that competent providers had adequate funding to support those in our community who need extra help, thus honoring the Daniels legacy. I would view this as a long-term strategy to support the development of a community of well-informed, well-educated citizens.” ■ “Continue to underline the importance of supporting nonprofits that are serving those who have been marginalized by our society, i.e., homeless individuals and those recovering from serious and persistent mental illness.” 	<ul style="list-style-type: none"> ■ “I would focus on strategies with proven success, such as investing in supportive, affordable housing and homelessness prevention. The cost of prevention is much less and produces an immediate, significant impact.” ■ “I’d invite regional representatives to collaborate with the board. I’d convene gatherings for service providers and their clients. I’d look for more opportunities to address the root causes of poverty.” ■ “All of the foundation’s funding areas bear a great deal of merit. If I were CEO, I would reevaluate work being done around community organizing and civic engagement. Having worked for an organization in Denver that has the aforementioned as its mission, and seeing the lack of results related to it, I would take another look at funding current strategies. Often, what I witnessed was the organizer creating a cause for the community and moving forward with it, not the community taking up its own cause and fighting. From my viewpoint, there were too many political agendas being pushed and not enough actual grassroots movement.”
DONOR LEGACY	
<ul style="list-style-type: none"> ■ “I would continue to abide closely by the original intentions of Bill Daniels and his personal priorities in helping society.” ■ “The faithfulness of the foundation to strive to fulfill Bill Daniels’ wishes for the fund. The foundation does a lovely job of sharing Bill Daniels’ life story and keeping his dreams alive.” 	<ul style="list-style-type: none"> ■ “Focus on community impact, and how [the foundation] can team with other funders and nonprofits. Sometimes, the Daniels Fund focus seems to be blowing its own horn, not the nonprofits doing the work. ... Bill Daniels was a great man with a great legacy. At some point, move to the current and future mission of the fund, and not focus so much on Bill. His legacy is secure.”

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“IF YOU WERE CEO OF THE DANIELS FUND ...”

Top Issues Raised and Illustrative Comments

Which approaches would you continue to use?	What would you do differently to increase the foundation’s impact?
STAFF ROLES	
<ul style="list-style-type: none"> ■ “Would definitely continue to use the personalized touch that comes about through regular phone calls, emails and actual contact with staff from the Daniels Fund. You know there are real people who really care there.” ■ “I would continue to hire program officers with good analytical skills, i.e., those who recognize what the challenges are in my issue areas and can speak to nonprofits about challenges, strategies and solutions.” 	<ul style="list-style-type: none"> ■ “As CEO, I would try to listen to my [program staff] regarding what organizations are doing and which ones should be funded. They are the ‘feet on the ground’ and have a good understanding of what communities need and which organizations are filling that need.” ■ “I would increase site visits and provide feedback on observations. I would provide more training opportunities for organizations and connect nonprofit leaders to others in similar situations.” ■ “I would investigate evidence-based best practices for all of the areas where the foundation makes grants and ask the staff to search out organizations using those practices for grants. In doing this, I would ask the board and staff to put aside personal preferences or other biases that might lead the foundation to ignore what works in favor of less effective models.”
GRANTMAKING APPROACH	
<ul style="list-style-type: none"> ■ “I would continue to provide general operating support. I would also continue to support the program areas chosen by the founder. They are broad-based and serve disadvantaged populations.” ■ “I would continue to emphasize the use of evidence-based best practices and focus on outcome deliverables to maximize investment.” 	<ul style="list-style-type: none"> ■ “I would make the grantmaking process more transparent and collaborative, working with the organizations I funded to determine measurements. I would do what I could to balance the dynamic between funder and grantee by eliminating the guesswork.” ■ “[Provide] general operating support grants [with] multi-year commitments to those nonprofits the fund is very familiar with that are doing exemplary work on the ground. I would also make supplementary grants for evaluation (too few nonprofits can afford to do their own evaluation out of general funds) and I would make grants to new social enterprises that nonprofits are starting currently to help raise funds more creatively to support their missions. This could lead to job creation, etc.”

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ABOUT PHILAMPLIFY

Philamplify is an initiative of the National Committee for Responsive Philanthropy that aims to maximize the impact of our country's grantmakers. At the center of Philamplify is a series of comprehensive reports conducted by highly regarded researchers assessing foundation grantmaking and operations. Assessments include key findings and recommendations, along with in-depth analysis of foundations' funding strategies and feedback from peer funders, nonprofit leaders, issue experts, community members and more. By making these assessments public, Philamplify seeks to build a culture of transparency, mutual accountability and knowledge sharing.

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