


LEADERSHIP SERIES

21ST-CENTURY COMMUNITY FOUNDATIONS

A Question of Geography and Identity

by Emmett D. Carson, Ph.D.

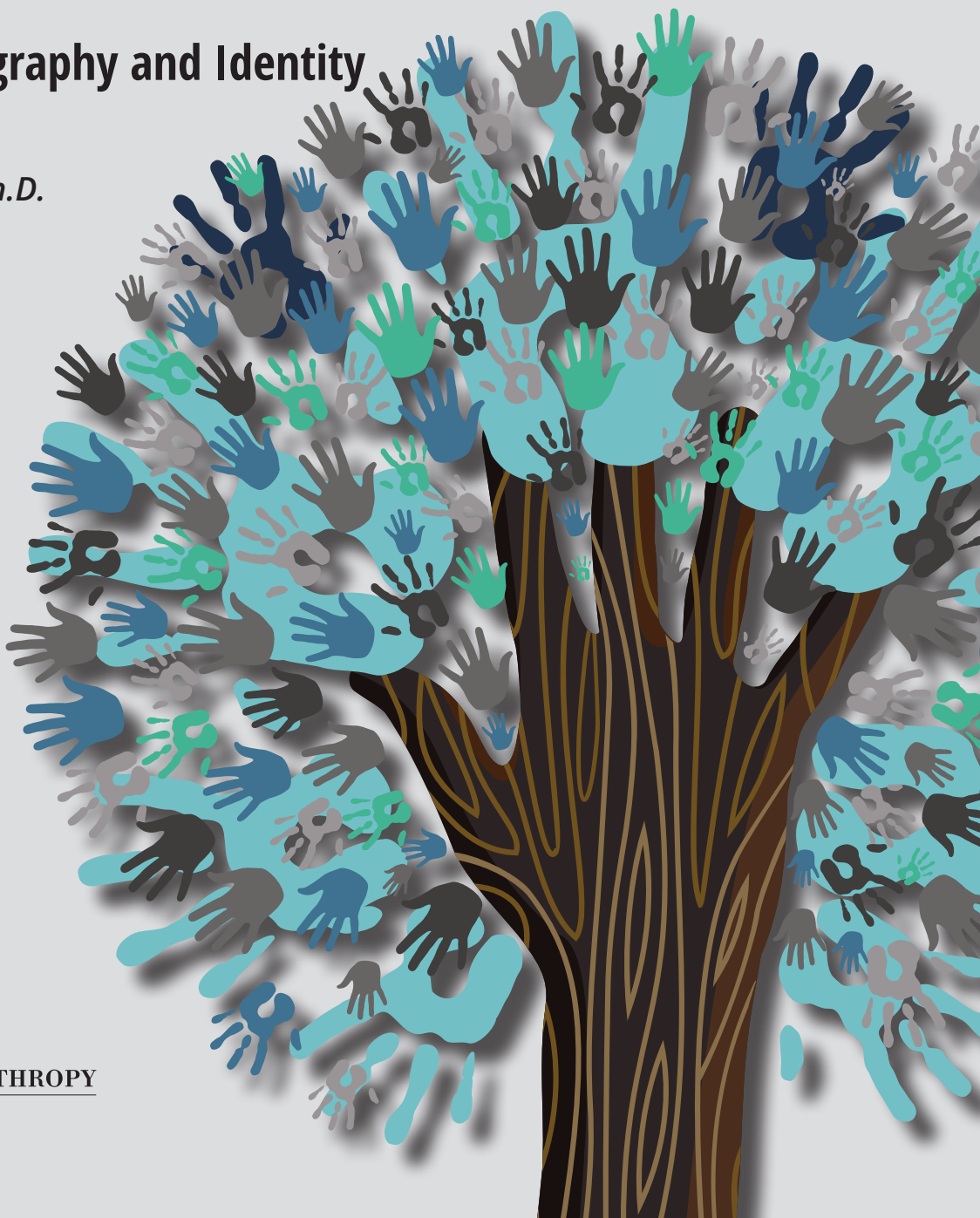
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This guide was written by Emmett D. Carson, Ph.D., Silicon Valley Community Foundation and edited by Jen Bokoff, Foundation Center.

Design by Christine Innamorato, Foundation Center.

Support for this publication was provided by the Lilly Family School of Philanthropy. To access this guide and other resources, please visit grantcraft.org.

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Global society is becoming more dynamic and interconnected, and community foundations must adapt. Community foundations are experiencing a "coming of age," and while this may force us to step beyond our comfort zones, engaging effectively with this new paradigm can allow community foundations to play a major role in meeting the challenges of our day.

WHY THIS PAPER?

Community foundations across the United States are actively thinking through how to engage with donors who have local, national, and international interests. This paper examines how different community foundations are responding to changing definitions of community to meet the needs of their donors and their local communities. It posits that the key characteristic of community foundations compared to other donor advised fund providers is their leadership and civic engagement within and outside of their stated geography. I wrote this paper because increasingly, community foundations are wrestling with this definitional issue, which is becoming a fundamental question to their operations. It's not going away—it shouldn't go away—and community foundations have a responsibility to explore and debate what can and will happen as a result.

HOW CAN I USE THIS AS A RESOURCE?

I wrote this paper from my perspective. While I hope it articulates some challenges and ideas that others might be wrestling with, it might not. *That's ok.* Consider this paper the beginning of what I hope to be an ongoing conversation about the changing definition of “community” and how it will affect the operations and approach of community foundations. For United States-based community foundations, I hope this paper is a springboard for thinking about your practices and interpretation of community. For community foundations outside of the United States, I hope this paper spurs thinking and conversation about how these issues do or don't resonate in your home countries. For other types of foundations, you might consider how you would communicate about your impact to the communities you serve. Is your reach inclusive and global? Your framing and perspective can influence the broader field.

WHO IS THE AUTHOR?

I am the founding CEO of Silicon Valley Community Foundation, the largest community foundation in the United States, and have had over 30 years of history engaging with, researching, and writing about community foundations and philanthropy. I have just completed serving as the first visiting chair of community foundations at the Lilly Family School of Philanthropy at Indiana University. It would be understandable for a reader to have concerns about my potential biases on this topic, though I would suggest that I have a unique position from which to think about these issues. As a practitioner-scholar, I both accept and welcome candid discussion of the ideas expressed in this paper based on the available facts and the documented historical record of events.

WHERE CAN I LEARN MORE?

You can be in touch with me, Emmett Carson, by e-mail at edcarson@siliconvalleycf.org or on Twitter at [@emmettcarson](https://twitter.com/emmettcarson). The Silicon Valley Community Foundation website siliconvalleycf.org and the Lilly Family School of Philanthropy at Indiana University website philanthropy.iupui.edu both have more information about what I do, explore additional questions in philanthropy, and share a variety of other resources that might influence philanthropic practice. GrantCraft, a service of Foundation Center, offers resources to help funders be more strategic about their work, and has published this paper as part of its leadership collection to encourage a conversation about this topic. Explore GrantCraft's resources at grantcraft.org and on Twitter by following [@grantcraft](https://twitter.com/grantcraft). Other services and tools that Foundation Center offers can be accessed at foundationcenter.org.

Introduction

Oddly enough, one of the central questions facing community foundations today is defining: What is meant by community? In writing “Community and Community Foundations in the Next Century” in the classic book *An Agile Servant* over 25 years ago, Paul Ylvisaker boldly predicted:

There will also be a proliferation of “kinds” of community foundations in the foreseeable future. One can expect not only differing scales of operation from neighborhood to region and state, but also differential adaptations in form and style to diversifying constituencies, needs, and cultures.¹

While Ylvisaker’s predictions regarding community foundations were not fully grasped at the time, they accurately help to explain the current challenges facing these institutions. This paper makes four arguments. First, Ylvisaker was correct that there would one day exist “a proliferation of different kinds of community foundations.” Second, there are distinct and important differences between community foundations and other donor advised fund providers. Third, the shifting definition of what community means is creating a profound identity crisis for place-based institutions including community foundations. Fourth, this new era of differing kinds of community foundations is to be celebrated as a tangible sign of their continued relevance and growing maturity.

The shifting definition of what community means is creating a profound identity crisis for place-based institutions including community foundations.

Given my role as the CEO of Silicon Valley Community Foundation, the largest community foundation in the United States, it would be understandable for a reader to have concerns about my potential biases on this topic. At the same time, with over 30 years of history engaging with community foundations and writing and conducting research on philanthropy, most recently as the first visiting chair of community foundations at the Lilly School of Philanthropy at Indiana University, I would suggest that I have a unique position from which to think about these issues. As a practitioner-scholar, I both accept and welcome candid discussion of the ideas expressed in this paper based on the available facts and the documented historical record of events.

This paper is part of GrantCraft's Leadership Series. GrantCraft publishes papers written by leaders in the field of philanthropy to spark ideas, stimulate discussion, and suggest possibilities. While you read, push yourself to learn from, but also critically reflect on, this text. What do you agree with? What other perspectives do you see? What questions does it raise for you? At the end of the paper, you'll find additional questions that you can use to spark conversation with colleagues and others, which you can also discuss further with an online community on grantcraft.org.

What is the Meaning Of Community?

Defining what is meant by community is difficult, in part, because the word has two distinct meanings. The first definition refers to people who live in a particular geography, whether it's a neighborhood, a part of town, a city, a region, a state, a country, a hemisphere, or the entire globe of humanity. The other definition of community is a group of people who have a shared interest. Those interests can be both professional and personal and there is no limit as to the number of interests a single individual can have.

Both of these definitions of community simultaneously coexist for all of us, all of the time. Every individual has multiple identities—nationality, ethnicity, gender, parent, spouse, professional and personal interests. These multiple identities are not in conflict with each other, but rather often comfortably coexist within an individual at all times.

It is interesting to remember that when the United States was founded, people had a stronger identification with their state of birth than with the nation itself. In fact, the underlying political argument that led to the Civil War was whether the federal government could force states to end slavery or whether states had sovereign rights to engage in slavery without the consent of the federal government. Many of those who fought for either the North or the South made their decisions based on their allegiance to their home state.

When the first community foundation was created in Cleveland in 1914, subsequent community foundations also organized themselves based on their geographical territory, usually a major city. St. Louis, Boston, Los Angeles, Minneapolis, Seattle, Indianapolis, Philadelphia, and New York were

among the cities where the first 18 community foundations were established over the next five years.² It was natural for these early community foundations, and for those that followed, to see themselves as having exclusive ownership of their geographical area. Each community foundation had its own distinct priorities tied to its local community. And, local residents almost exclusively wanted to support local efforts. These circumstances allowed community foundations to develop organizational norms in which they behaved more like operations tied to a community foundation franchise rather than independent organizations.

McDonald's is one of the world's premier franchises. It has a central management structure that controls who is given a franchise, dictates how closely they are located to each other, manages the brand identity, monitors performance against goals, and ensures that the products are generally the same. Amazingly, at every McDonald's worldwide, the french fries taste the same. Certainly, community foundations are not franchised operations. Instead community foundations should recognize and organize themselves to operate like members of a trade association.

If they were to behave more like members of a trade association, community foundations would acknowledge that they compete for customers and market share based on different services

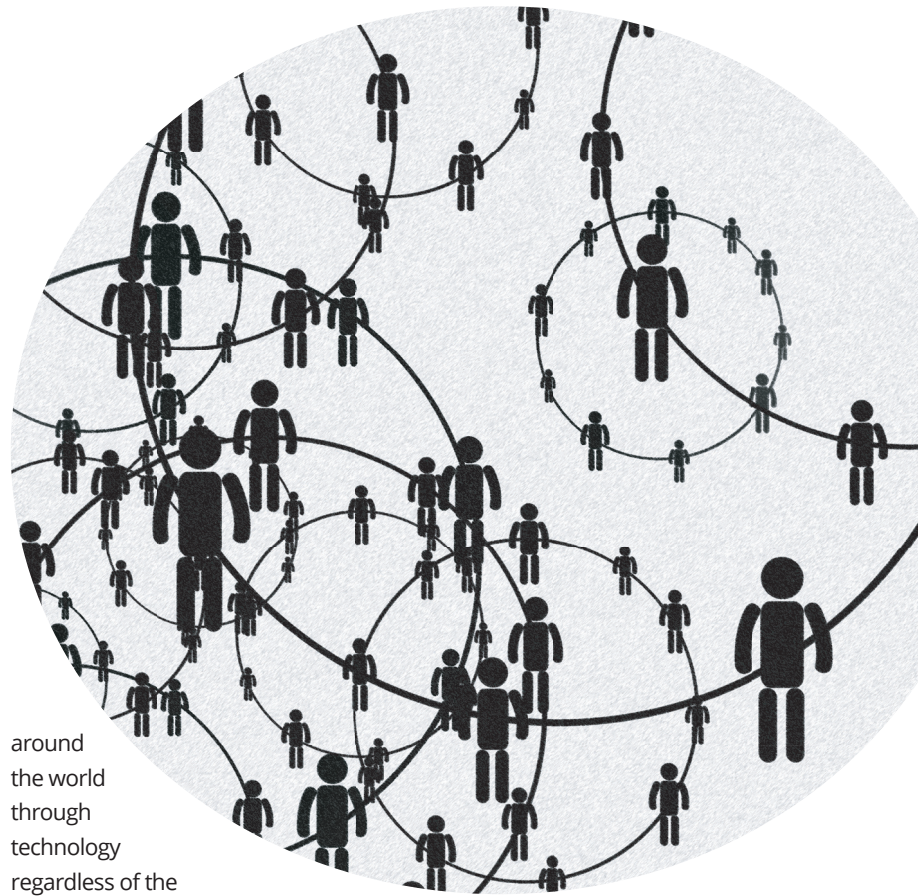
People can easily maintain their relationships to different places around the world through technology regardless of the distance involved.

and brand differentiation while sharing similar interests in wanting to influence the laws and regulations governing their operations. Maintaining or expanding the tax deductibility of charitable deductions related to donor advised funds offers one example. Although they recognize shared interests in establishing best practices and influencing potential legislation and regulations related to their operations, it is also true that some community foundations will increasingly compete with each other and other donor advised fund providers on the basis of their different missions, effectiveness, programs, leadership, fees, and structure.

Today, Americans are incredibly mobile. According to the U.S. Census Bureau, there are only 10 of the 50 states where 70 percent or more of the residents live in the state where they were born, with Indiana a close eleventh, at 68 percent.³ At the other extreme, there are six states where the number of people born in the state of residence ranges from a low of 24 percent to a high of 44 percent.

California has nearly 54 percent of people born in the state living there. Louisiana has the highest percentage of residents born in the state, at 78 percent, and Nevada has the lowest percentage of any state, at 24 percent. These data show that more and more people have an affinity to multiple places over their lifetimes. While everyone has a hometown, as we move from place to place we add to our sense of connection to those other places. In rare cases we may adopt these other places as our hometown, but in general we view these other places as additional points of connection.

Connection over shared interests has traditionally happened in person in shared spaces, perhaps a church or a coffeeshop or a library. Now, people can easily maintain their relationships to different places



around the world through technology regardless of the distance involved. Through Facebook, LinkedIn, texting, FaceTime, Skype, and even old-fashioned tools like e-mail and the telephone, there are many ways for people to stay in touch with every acquaintance they have ever met. In addition, these new technologies allow people who have shared interests to form an almost infinite number of online communities in which they never physically meet. In these communities, people can even take on wholly different personas, including avatars, and their reputations are based on the strength of how they articulate their ideas and knowledge rather than based on their degrees, age, race, or gender.

Donor Advised Funds Are Not Created Equal

One of the most perplexing aspects about the current discussions on donor advised funds is that they seldom acknowledge the unique differences between donor advised fund providers. To put this in context, just because a restaurant has hamburger on the menu doesn't make it a burger joint. Donor advised fund providers are not the same in mission, purpose, or operation as donor advised funds. Donor advised funds are held by 501(c)(3) nonprofit organizations that are public charities. The individual donor advised fund is not the same as private foundations that have a separate legal tax status. Contributions to a donor advised fund are gifts to the sponsoring nonprofit organization. All grants that are recommended from the donor advised fund must be approved by the board of the nonprofit organization. Private foundations, as their name implies, are governed by a small group of family members or individuals to achieve the family's charitable interests.

While community foundations, commercial gift funds, religious organizations, and universities all offer donors the option of a donor advised fund, they operate very differently. In general, community foundations focus on trying to engage donors in broader local community issues and being a catalyst on local issues. They seek to establish relationships with donors to the community foundation and to connect those donors with each other. It is important to note that not all community foundations engage in these types of leadership activities.

After decades of referring to themselves as philanthropy's best-kept secret, many community foundations used to frequently describe themselves as being just like the commercial gift funds but focused on their local community. Community foundations and

other donor advised fund providers benefited considerably from the enormous marketing by commercial gift funds. The commercial gift funds can be rightfully credited with popularizing donor advised funds and having helped to exponentially expand philanthropy to new donors across a wide income spectrum.⁴

In hindsight, community foundations must take some responsibility for having helped create the confusion in the public's understanding of their work and that of commercial gift funds. Unlike community foundations, commercial gift funds are not structured to provide educational opportunities for their donors to learn about and support specific community issues or to easily interact with each other. As I wrote in a 2002 article, "A Crisis of Identity for Community Foundations":

Commercial gift funds have, without a doubt, forever changed the charitable landscape. The question is: What is the relevant lesson for community foundations and what role, if any, might be played by national private foundations?

By their very names, community foundations are more than a charitable bank account for individual donors. If not, commercial gift funds and donor-focused community foundations are distinctions without a difference. If donor-focused community foundations represent the future, they will be eclipsed by commercial gift funds, which are more efficient and offer more investment choices. The real lesson to be drawn from burgeoning donor advised funds is that the convening and community building roles of traditional community foundations have enormous value—a value commercial gifts funds and donor-focused community foundations are incapable of replicating.⁵

Another characteristic distinguishing community foundations from commercial gift funds is that community foundations often use their institutional voice and public standing to engage in advocacy efforts aimed at moving a specific community topic or to engage in bringing diverse segments of the community together to discuss challenging community issues. To be clear, as stated earlier, not all community foundations engage in these activities. However, many have accepted that a key role of community foundations is to provide leadership.⁶ A recent example of this is that 57 community foundations signed a joint letter to the Consumer Financial Protection Bureau urging it to adopt new regulations to curb predatory payday lending practices.⁷

Although some refer to commercial donor advised funds as national donor advised funds, this confuses rather than distinguishes these organizations. Community foundations regularly award grants to nonprofit organizations throughout the United States and often have donors located in other states. There is also another issue to consider. While commercial funds are designated as nonprofit organizations, they were created by and are heavily subsidized by their for-profit parents in terms of staffing,

The popularity of new ways of giving that reflect new cultural norms of choice and flexibility are to be celebrated and not discouraged.

marketing, and infrastructure. This is a fundamentally different relationship than when a nonprofit establishes a for-profit subsidiary to create a revenue stream to support its nonprofit operations that is controlled by the nonprofit mission. The mission of a for-profit organization is also distinct from public benefit corporations that have missions to undertake activities that will consider social outcomes that may result in the public benefit corporation's not maximizing its profits.

There is an inherent conflict of interest as to how commercial gift funds balance their charitable purpose while being almost entirely subsidized by for-profit interests. The understandable goal of for-profit investment companies is to increase investable assets and create lifelong intergenerational relationships with families. The corporate interest is to retain and grow assets from which they derive fees. The nonprofit interest is to expand and encourage giving by donors. The salient question, beyond the scope of this paper, is how this inherent conflict of interest within commercial gift funds is balanced in such a way that allows them to maintain their independence in carrying out their nonprofit mission to distribute the assets within donor advised funds while being financially supported by corporate



interests that are focused on retaining and managing the donor advised fund assets.

By contrast, community foundations, United Ways, and religious and educational institutions have as their missions to distribute funds and do not have the benefits of subsidies from a commercial operation. There has been a great deal of concern expressed about Fidelity Charitable Gift Fund overtaking United Way on the Chronicle of Philanthropy's Top 400 fundraising list.⁸ The United Way of America was founded in 1887, nearly a quarter of a century before the first community foundation in 1915 (The Cleveland Foundation) and 44 years before the first donor advised fund was established in 1931 by The New York Community Trust. The fact that it has taken 125 years for another national charitable vehicle to potentially eclipse United Way in fundraising is a testament to the dominance United Way has held in the charitable marketplace. The popularity of new ways of giving that reflect new cultural norms of choice and flexibility are to be celebrated and not discouraged.

Both the United Way and donor advised fund vehicles are ways for individuals to engage in charitable giving and are important but different elements of the larger philanthropic ecosystem. The traditional United Way model relied on small contributions from employees through workplace payroll deduction plans that were distributed to selected nonprofit organizations determined by United Way, such as the Boy Scouts and Red Cross. Smaller, less well known and more ethnically diverse nonprofit organizations were often excluded from participating in United Way campaigns prior to 1980.

United Way's monopoly of the charitable marketplace was so dominant that the National Black United Fund (NBUF v. Campbell, 494 F. Supp. 748, 1980) and the NAACP Legal Defense Fund (NAACP Legal Defense Fund v. Campbell, 504 F. Supp. 1365, 1981) brought forward and

won two Supreme Court cases that allowed women's, ethnic, and environmental campaigns to participate in the Combined Federal Campaign.⁹ At the same time, employees began to resent the corporate pressure to participate in United Way campaigns in which they had neither any choice about the nonprofit organization that would receive the gift nor the flexibility to determine when and under what conditions to make the grant. In response, United Way allowed donors to designate gifts and some local United Ways began experimenting with donor advised funds to provide donors with greater choice.

Many of the concerns that are now being voiced about the access of nonprofit organizations to donor advised funds are similar to the criticisms that were once leveled at United Way. The growth in donor advised funds reflects that individual donors want flexibility and corporations have found that employee morale and engagement is much stronger by allowing employee committees to determine a company's charitable giving priorities.¹⁰ Historically, United Ways raised money and distributed those resources annually to selected nonprofit organizations, while donor advised fund providers allow donors the flexibility of determining the nonprofit organization and the flexibility of when to make the grant. In many ways, donor advised funds represent the next evolution of personalized giving.

Lastly, United Ways, religious funds, and university gift funds create a relationship with donors but usually require them to direct a percentage of their giving to projects being operated or identified by their institution, unlike community foundations, which allow donors to support any nonprofit organization. All of the various donor advised fund providers, along with private foundations, play important, complementary and different roles within the philanthropic ecosystem.

FOR INTERNATIONAL AUDIENCES

This paper was written with the history and structures of United States-based community foundations in mind. How do you see similar or different structures in your country? Why do local donors choose to invest their resources through community foundations, and what are their other options? If you'd like to share a response or ideas from another country, please comment [here](#) or submit commentary for publication [here](#).

A Crisis of Identity

The increasing mobility of individuals coupled with the greater connectivity through the Internet is creating disruption for all kinds of place-based institutions, including community foundations. Additionally, with the introduction of the Fidelity Gift Fund in 1991 and other commercial gift funds that followed, and as some universities and United Ways began to offer donor advised funds, community foundations could no longer act as if they had protected franchises.

With a wider selection of donor advised fund providers to choose between, residents of a community can now donor advised fund providers based on leadership, community impact, fees, investment returns, online services, community advice, and reputation. And, residents of a given community are more likely to have connections to nonprofit organizations based in other geographic communities that they wish to support.

After nearly 100 years of operating without active competition, community foundations find themselves having to redefine their value proposition relative to commercial gift funds, other community foundations, and those United Ways, Women's Funds, universities, and others that offer donor advised funds. At the heart of this identity crisis is asking and answering the question: What is the meaning of community when it comes to community foundations? Ylvisaker rightly understood that the idea of community is inherently elastic. He stated:

Community is a word of elastic meaning; its capacity to stretch has been challenged over the last century and will be tested even more dramatically during the next. The changing dimensions are not only geographical but include forces of diversity, social fragmentation, values, and shared interests....

The geographic stretching of community is actually a constant process, simultaneously moving in opposite directions: downward, to

the individual neighborhood, and outward, to embrace the entire world and eventually (certainly with environmental concern) all of space.¹¹

The question of how to define community is no longer as simple as it once was. Silicon Valley Community Foundation (SVCF) was launched in 2007. In its merger documents, its board stated:

Our donors also know that social issues cross geographic boundaries, and they hold different definitions of 'community'. To some donors, community means their own neighborhood. To others, it is the town where they grew up. Still others see themselves as global citizens. Silicon Valley Community Foundation will meet donor partners where they are and support their personal definition of building community—locally, nationally and around the globe.¹²

SVCF is both the largest funder of nonprofit organizations in the nine-county San Francisco Bay Area¹³ and the largest international grantmaker among community foundations.¹⁴ SVCF has developed a Global Charity Database (www.siliconvalleycf.org/ngo) with over 1,000 international nonprofits that have been pre-vetted according to U.S. law to which any citizen can make a charitable contribution. In this way, U.S. donors can easily support worthwhile nongovernmental organizations around the world.¹⁵

Community foundations around the world are increasingly meeting donors where they are. It would be a mistake to view Silicon Valley

Community Foundation's desire to meet donors where they are as unique to Silicon Valley's well-known innovative culture. The Rhode Island Community Foundation, Minnesota Community Foundation, Oregon Community Foundation, Foundation For The Carolinas (a two-state solution representing both North and South Carolina), Arizona Community Foundation, Delaware Community Foundation, and others have defined themselves as serving the entirety of their respective states. Still, other community foundations have defined themselves in regional terms, including Central Indiana Community Foundation, East Bay Community Foundation, The Community Foundation for the National Capital Region, The Community Foundation for Northeast Florida, and the Community Foundation of Southeastern Michigan, among others.

Community foundations have recognized that their definition of community extends beyond a central city and have tried to communicate that geographical reality in their names.

Other community foundations have recognized that their definition of community extends beyond a central city and have tried to communicate that geographical reality in their names. Examples include The Community Foundation for Greater Atlanta, The Greater Milwaukee Foundation, The Greater Cincinnati Foundation, The Community Foundation for Greater New Haven, Greater New Orleans Foundation, and many others. Notwithstanding the names of these state, regional, and even greater city community foundations, there are other community foundations that have defined their community as a smaller geographical area that operates within the same geographies of those state and regional community foundations.

The Minneapolis Foundation traces its history back to 1915 and operates and coexists in the same geography as the Minnesota Community Foundation. Similarly, the California Community Foundation, which by its name presumably serves the state of California in addition to the state's other 55 community foundations, actually focuses its efforts on Los Angeles County. Clearly, community foundations are well along

Ylvisaker's path of "differing scales of operation from neighborhood to region and state." But what of Ylvisaker's prediction about "differential adaptations in form and style to diversifying constituencies, needs, and cultures"?

There are a growing number of community foundations that are experimenting with broadening their reach to accommodate the changing needs of donors. In effect, they are experimenting with the elasticity of community in the 21st century. For example, The Boston Foundation acquired The Philanthropic Initiative to enable its donors to engage in more national and global work. Greater Horizons was created by the Greater Kansas City Community Foundation to provide smaller community foundations across the U.S. and their donors with back office services. And, the Foundation For The Carolinas (a two-state community foundation) is providing back office services to major corporations around disaster relief.

Community foundations may also be starting to question the value of an explicit geographical reference altogether. Silicon Valley, which is served by Silicon Valley Community Foundation, cannot be found on a map of the U.S. and its residents debate where its geography starts and ends. Perhaps the most dramatic example of rejecting the tradition of using geographic designation was the decision by the Community Foundation of Greater South Wood County to change its name to the Incentive Community Foundation. In describing the reasons for the name change, it was stated:

What we heard from the community was that our name didn't feel accessible and didn't reflect the scope of our work...We're really a community development organization that uses philanthropy as a tool to foster civic engagement and community improvement.¹⁶

What is fascinating about the decision of the Incentive Community Foundation is their belief that greater community inclusion and engagement are more likely to be achieved without an explicit reference to the very local geography that was included in its former name. Similarly, Minnesota Partners was established by The Saint Paul Foundation and Minnesota Community Foundation to create a network of 1,700 affiliates to engage in collective efforts across Minnesota.

Community and Financial Viability

It is important to realize that the elasticity of community also has a direct impact on a community foundation's financial viability. This fact was not lost on Ylvisaker, who noted that an "equally powerful force for expansion is financial: the greater potential of a larger territory for fundraising and asset building."¹⁷ Community foundations are social enterprises. They require expert staff who understand community trends, provide quality accounting and investment oversight, and make ever-increasing investments in technology to meet consumer demand and to remain competitive with commercial gift funds and other donor advised fund providers.

Geographical communities are dynamic places that expand and contract based on a number of factors, including economic market forces. Local economies can expand due to an economic boom or the shared interests of residents living in adjacent communities. When a community is growing, it has a larger population that can both serve and provide the community foundation with greater financial support for its operations. Conversely, a smaller community or one that is contracting will have fewer people who can potentially provide financial support for the community foundation's mission. This financial reality may be an important consideration in leading some community foundations to focus on broadening their geographical reach.

Another consideration is that for community foundations in central cities where a high percentage of the residents were born and stayed in the community, there is likely pressure to expand their geography over long periods of time. Over decades, these community foundations are likely to run out of a sufficient supply of new potential donors that can provide them with the necessary resources to maintain their operations. These community

Local economies can expand due to an economic boom or the shared interests of residents living in adjacent communities.

foundations will have approached virtually all of the established families, and these families either will have established a relationship with the community foundation or they will have not. Without a large enough in-migration of new residents, such community foundations will see their financial viability decline unless they can broaden their base by expanding their geographical footprint.



Conclusion

In conclusion, what will the changing interpretation of community mean for community foundations? Do these developments spell the end of community foundations? As I am the visiting Charles Stewart Mott Chair on Community Foundations at the Lilly Family School of Philanthropy at Indiana University and an alumnus (I have an honorary degree from Indiana University), it seems appropriate to use Indiana University, Purdue University, Indianapolis (IUPUI) as a mini case study example of how the elasticity of community is affecting place-based institutions. Indiana University was created in 1820 and three facts quickly demonstrate how closely Indiana University's identity is tied to the state of Indiana.

First, every president since Andrew Wylie, Indiana University's first president, has followed the tradition Mr. Wylie set by answering the question, "Of what advantage is a college to a community?" at their installation ceremony. Second, in 1852 the Indiana state legislature declared Indiana University to be "The University of State." And, third, students and faculty of Indiana University are called Hoosiers, which is the same nickname for residents of the state.

represents 146 countries with over 1,812 international students on the IUPUI campus, alone representing six percent of the student body.¹⁸ In addition, there is no doubt that there are many more students who attend Indiana University who are from states other than Indiana. Has Indiana University lost its way? Is it no longer concerned with Mr. Wylie's perennial question of what advantage is a college to a community? Should it only admit people who are Hoosiers by birth? The answer is, of course not.

Accepting this new understanding of community will require that community foundations give up behaving as if they are franchises operating within protected geographical areas.

Indiana University was unquestionably established to serve the residents of Indiana, yet its website prominently states Indiana University's strong desire to become a global university. It states: "We welcome students from around the globe and are committed to increasing the number of international students on our campus. Their presence enriches campus life and turns every classroom into a cultured exchange." It further states that the student body

Indiana University is doing what every forward-thinking place-based community institution must do if it is to remain relevant in a global society by responding to the evolving needs and interests. It is embracing a world in which community is no longer static and fixed, but dynamic and interconnected. Cities are doing the same thing. For example, Indianapolis was recently selected into the Brookings Institution's and JP Morgan Chase's Global Cities Initiative.¹⁹ Indianapolis is the 20th-largest export market in the U.S. and hopes the program will help it to develop strategies to expand into Africa, Asia, and Latin America. Acceptance of these trends is not a rejection of the past, but rather a necessary and astute embrace of a "glocal" future, where local and

global destinies become increasingly intertwined. In their own way, community foundations are facing similar challenges and opportunities.²⁰

As community foundations enter their second century, they are witnessing both an end and a beginning. Like the caterpillar that becomes a butterfly, community foundations are coming of age. Some will remain what they have always been and thrive. Others will become something different and also thrive. And, there will be those that will be unsuccessful and wither away regardless of if their efforts are to stay the same or to evolve by trying new ideas. Those differing kinds of community foundations that achieve success will share the same DNA to help diverse people within an elastic definition of community to reach broad consensus on how to address difficult social issues.²¹

The medical profession has been able to develop different kinds of institutions—community clinics, research hospitals, specialty hospitals, and all-purpose general hospitals—that serve different and overlapping communities. Similarly, the education profession has developed different institutions—community colleges, private four-year colleges, research universities, state universities, and online universities—that serve different and overlapping communities. These ecosystems of different types of institutions can at times partner with each other and at other times compete to achieve different but related missions relying on different revenue models. There is no reason why we should not believe and expect that community foundations cannot and will not serve different and overlapping communities in the same ways that the professions of medicine, education, and banking, among many others, have done.

Accepting this new understanding of community will require that community foundations give up behaving as if they are franchises operating within protected geographical areas. They must realize that local donors will increasingly be interested in supporting projects at home, across the nation, and overseas. After all, when students of Indiana University graduate and move to communities across the nation and likely around the world, what would they say if their local community foundation was unwilling to process their annual gift to this great university or to a nonprofit operating in their hometown in this or another country?

The world and local communities have become inextricably tied together. The issues of environment, jobs, and health, among other issues, will require a complex understanding of what is occurring in the local community with an understanding of the international context. The very best community foundations will continue to reflect the interests of residents within their local community and the charitable interests of those residents will increasingly be a mix of local, national, and global concerns. Our world can only benefit from community foundations that can meet these changing 21st-century definitions of community.

Emmett D. Carson, Ph.D., is CEO and President of Silicon Valley Community Foundation and served as the first visiting Charles Stewart Mott Foundation Chair on Community Foundations at the Lilly Family School of Philanthropy at Indiana University during the 2014–2015 academic year. This paper is based on remarks from a public lecture given at the Lilly Family School of Philanthropy, Indianapolis, Indiana, January 26, 2015.



QUESTIONS TO SPARK DISCUSSION

1. What does “community” mean to you? To your community foundation? To other stakeholders of your foundation?
2. Do you see solutions to and/or initiatives for the issues that your community foundation is trying to influence outside of your geographic scope? How might investment in these programs strengthen your foundation’s work? What challenges might it present?
3. What trends have you observed in your communities with regard to donor intent around issues of perpetual endowment versus spend-down?
4. What challenges in financial sustainability does your community foundation face? What are some possible ways to address these challenges by rethinking approach and organizational brand identity?
5. What does your community foundation offer to donors that they may not find by investing their resources elsewhere?
6. For non-community foundations, how might a changing strategy for locally based community foundations impact your work?

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