

Redefining Community Foundations

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Redefining Community Foundations

The CEO of the largest merged community foundation in the world reflects on the changing interests and identity of its donors **BY EMMETT D. CARSON**

FOR NEARLY 100 YEARS, community foundations have defined themselves as place-based organizations concerned exclusively with improving a specific local geography. The merger that resulted in Silicon Valley Community Foundation—a community whose geographic location, interests, and identity cannot be placed on any one map—raises profound questions about whether traditional definitions of place and community can or even should remain constant in a century when people are increasingly global citizens and issues come in and out of relevance.

In 2006, the boards of Peninsula Community Foundation and Community Foundation Silicon Valley unanimously voted to undertake the largest merger ever attempted between two community foundations. Silicon Valley Community Foundation (SVCF) launched in January 2007, and that summer Eric Nee of this publication interviewed me about what he described as my “bold plans.” Five years later, it seems appropriate to reflect on what happened and what relevance our experience may have for the larger field of community foundations.

Today, as the Great Recession appears to be easing, SVCF has assets of more than \$2 billion and is recognized by the Foundation Center as both the largest single grantmaker to San Francisco Bay area nonprofit organizations and the largest international grantmaker among community foundations. In 2011, we granted \$235 million, raised \$470 million, and awarded more than 10,000 grants to nonprofits in 25 countries. Although bigger doesn’t make the programmatic work better, our scale has allowed us to better weather the recession and make significant improvements to our HR and IT systems.

What I have learned is that nonprofit mergers are especially challenging because of the intense emotional investment of stakeholders: board members, staff, donors, grantees, public officials, and others who rightfully believe they have ownership in the process and the outcome. Moreover, mergers of equals, like our parent foundations, seldom occur in either the nonprofit or for-profit sector because they are infinitely more complex, requiring every policy and procedure to be reviewed and debated. Lastly, mergers are expensive—and the more complicated the merger the more expensive. Our merger could not have been accomplished without the support of the Skoll Foundation, the David and Lucile Packard Foundation, the Omidyar Network, the James Irvine Foundation, and the William and Flora Hewlett Foundation.



RAISING MONEY AND ISSUES

Much of Nee’s interview focused on whether SVCF could successfully engage in advocacy and simultaneously be successful in attracting donors. As Nee put it: “He [Carson] was known as an activist willing to get out in front of controversial issues concerning race and poverty. He plans to do the same at SVCF, believing that an engaged community foundation is not only more effective but also more attractive to donors. If Carson proves to be right, he could change the way community foundations are run.”

Although Nee attributes SVCF’s social change agenda to me, the pursuit of this agenda was the driving reason for the merger. Shortly after the merger was approved, SVCF issued a vision for the new community foundation that said “Silicon Valley Community Foundation will have a large enough presence to be a true force in triggering social change through community leadership. We

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will become the ‘go to’ resource for knowledge about community needs and strategic philanthropy and will be well positioned to take new ideas to scale regionally.”

It was this vision that attracted me to the community foundation. And it was SVCF’s commitment to a social change agenda involving support for the social safety net and a response to the foreclosure crisis that ultimately unified the board, staff, and community about the value and promise of SVCF. It gave us a common purpose and the ability to see beyond the short-term merger difficulties and focus on how to make our region better. We continue to engage difficult community issues. We have:

- focused on closing the racial achievement gap in which African-American and Latino children are disproportionately steered to lower-level math classes despite passing standardized tests that would put them on a college track.
- developed mobile applications for immigrants to increase access to legal services and successfully boosted efforts to count undocumented immigrants during the 2010 Census.
- helped to pass statewide legislation that removed fingerprint requirements for food stamp recipients.
- supported successful efforts to put city- and countywide moratoriums on new payday lending establishments, while advocating for statewide legislation to institute a 36 percent interest rate cap.

As SVCF has pursued a social agenda for the common good, we have enjoyed unprecedented fundraising success. In five years, we have raised more than \$1 billion, distributed more than \$1 billion, and increased assets under management by more than \$500 million. Although it is certainly true that Silicon Valley is fortunate to have more than its fair share of wealthy people, it would be a mistake to attribute SVCF’s fundraising success solely to proximity. To put this in perspective, SVCF’s cumulative grantmaking exceeds the total grantmaking of its two parent foundations over their combined 94 years of operation and the first tech boom. During the second most challenging economic environment in history, we have been able to establish a social change agenda and achieve consistent fundraising success.

A 21ST-CENTURY VISION

Community foundations historically have been defined by the specific local community they serve. In fact, some community foundations actively dissuade donors who do not share their local institutional interests. Perhaps the most profound and startling insight to emerge is that SVCF’s founders wanted to serve philanthropic interests of Silicon Valley donors locally and worldwide. As stated in the merger documents: “Our donors also know that social issues cross geographic boundaries, and they hold different definitions of ‘community.’ To some donors, community means their own neighborhoods. 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 definitions of building community—locally, nationally, and around the globe.”

Perhaps it is not surprising that Silicon Valley, the most innovative and globally networked place in the world, would be the first

place to recognize explicitly that conventional definitions of community based solely on local geography do not conform to a future in which people increasingly see themselves as global citizens with charitable interests at home and abroad. Yet the idea of community foundations accommodating the international philanthropic interests of their local donors is not entirely new. Fifteen years ago, I wrote in a Council on Foundations publication called *Grantmaking for the Global Village* that foundations of all types were beginning to engage in what I referred to as globally inspired grantmaking.

“Globally inspired grantmaking,” I wrote, “recognizes that the interplay between international and local events requires that foundations actively identify, monitor, and respond to international events and trends affecting their local interests. ... This new perspective has led foundations that are primarily interested in a specific local community to support a wide range of globally inspired grantmaking activities at home and abroad.”

What is different today—and what I believe will become one of the distinguishing characteristics of 21st-century community foundations—is that these institutions will fulfill donors’ local, national, and global philanthropic expectations. One example of the global trend is our new Donor Circle for Africa, which involves 30 donor families and supports nongovernmental organizations on the continent.

Most community foundations already routinely approve grant recommendations from their donor advisors to qualified US nonprofit organizations, such as educational institutions and national and international nonprofit organizations headquartered in the United States. This work has been greatly facilitated by online tools that verify nonprofit status and IRS 990 filings, such as Charity Navigator.

Currently, before awarding a grant to a foreign nongovernmental organization, every foundation must independently verify the NGO’s legal eligibility, a significant barrier. The Treasury Department and Internal Revenue Service, however, have recently proposed new regulations, Reliance Standards for Making Good Faith Determination, that will allow foundations to rely on verification from a third party that an NGO is eligible to receive US grants.

With this 20-year barrier removed, all foundations will have a legal, efficient, and cost-effective way to facilitate global giving. For community foundations, the only remaining question is whether they are willing to envision and reimagine their definition of community in light of an increasingly interdependent and interconnected world where people see themselves as local, national, and global citizens. Such a world will increase pressure on local US nonprofit organizations to demonstrate their value and impact in a competitive national and global marketplace.

SVCF’s merger success was due to the extraordinary work of its parent foundations, founding board members, and staff. Our success was not assured and required significant risk taking. We have shown that it is possible to tackle challenging community issues and be effective at fundraising. Our most important contribution going forward may be in helping to redefine how community foundations remain relevant by meeting the local, national, and global interests of their donors and geographic community in the 21st century and beyond. ■