

**ASSESSING NEEDMOR'S GRANTMAKING AND ROLES:  
GRANTEE PERSPECTIVES, NEEDS AND ADVICE**

**A Report to the Board of Directors of the Needmor Fund**

**Prepared by Larry Parachini  
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## **INTRODUCTION**

The Board of Directors of The Needmor Fund has asked its grantees for assistance as it addresses some very difficult questions raised by the recent sharp decline in the Fund's assets. This report brings together for the Board's consideration the information, thoughts and advice provided by staff leaders of 26 grantee organizations who were surveyed at the Board's request in April – June, 2002. Representatives of 20 organizations were interviewed (two on-site; the remainder by phone), while six others volunteered written comments.<sup>1</sup>

In broad terms, the Board is seeking to determine what makes the best sense for Needmor's future grantmaking by exploring such questions as:

- Given the decline in its assets, should Needmor continue grantmaking at or near its current level, risking (if the economy and its investments do not rebound substantially) further shrinkage of its endowment as well as future restrictions on and possible eventual termination of its grantmaking? What outcomes can be anticipated for Needmor's grantees under this scenario?
- Alternatively, should the amount of money allocated for Needmor's grantmaking be reduced in the short-run to help assure that sufficient assets are available to sustain an effective level of grantmaking, and Needmor's institutional viability, over the long-term?
- If Needmor's grantmaking level is to be reduced, what should be the magnitude, timing and duration of the cutback?
- If a cutback is implemented, what are the options Needmor should consider for reaching the level decided on? For example, what criteria should be used to determine which groups should get funded at current (or increased) levels vs. those getting reduced funding vs. those getting no grants? In addition to renewal grants of whatever size and length, should grants be made to groups that are not current grantees? If so, what should be the criteria for selecting new grantees? Should Needmor continue to make technical assistance grants?
- How would a substantial and/or prolonged cutback in Needmor's grantmaking affect achievement of Needmor's objectives and the work of grantees?
- What changes, if any, should Needmor consider in the roles it takes to maximize the influence and effectiveness of its grantmaking and to assist grantees to meet their objectives? In light of these roles, what staff size and capabilities should Needmor plan on for the future?

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<sup>1</sup> Needmor staff selected the 20 organizations that participated in the interviews. The organizations represent a broad cross-section of the Fund's grantees, including seven groups in its Southeast cluster, six in its Southwest cluster and seven from its national pool. See Attachment I for a complete listing of interviewees and other respondents and their organizations.

Grantees surveyed for this report offered responses bearing on all of these and other related questions.<sup>2</sup> All interviewees<sup>3</sup> did not address all questions, as some had more limited information or time, or had particular concerns they wanted to discuss in some depth. Every attempt has been made in the report to accurately synthesize and represent the ideas, viewpoints and specific recommendations of the respondents.

It should be noted that the interviews averaged over an hour in length and that interviewees were candid and full in their response to questions. Many interviewees expressed their appreciation for being asked by Needmor to participate.

## **GRANTEE PERSPECTIVES ON NEEDMOR**

*“Needmor is – by far – my favorite foundation to work with. We value our relationship with them tremendously, whether or not we continue to get funded.”<sup>4</sup>*

Interviewees for this report regard Needmor very highly. Many were extremely generous with their praise and none offered any criticism of Needmor as an institution even when invited to do so. Chuck Shuford’s letter that began the process of developing this report noted that “there is no pre-disposition on the part of board or staff to hear how wonderful we are,” and all respondents were guaranteed confidentiality. Despite this, virtually every person who was interviewed volunteered a statement of belief in, appreciation for and/or strong support of Needmor.

Nearly a dozen interviewees offered up “real life” anecdotes that described how Needmor has been of meaningful and substantial help, not just as a grantmaker but equally as “a leader in the ‘too-small’ world of progressive philanthropy,” as “a model family foundation” and as “a trusted ally.” One example:

*“It was Needmor that encouraged and agitated us to do a broader analysis and to think more strategically about the importance of a regional approach in addressing issues of poverty in core cities. This led to new initiatives, new partners and substantial progress for us. Subsequently, it was Needmor that introduced us to key foundation officials who have now become significant funders of our regional strategies and allies in opening doors to other funders. It’s fair to say we wouldn’t have had nearly the success we’ve enjoyed or the power and potential we now have without Needmor’s crucial advice and assistance.”*

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<sup>2</sup> See Attachment II for the methodology used in developing this report, including a sampling of interview questions.

<sup>3</sup> The organizations interviewed (20) and those responding in writing (6) are lumped together as “interviewees” or “respondents” throughout the report for ease of reading.

<sup>4</sup> Throughout the report, selected comments of interviewees (appearing in italicized quotes) are used to illustrate or underscore points made by some or many respondents. Interviewees were assured of the confidentiality of their remarks so the comments are not attributed to them by name.

On an overall basis, interviewees believe that community organizing, social justice movement-building and progressive policy reform work in the U.S. will be seriously hampered if Needmor's funding and staff roles are significantly restricted. They see Needmor as one of very few institutions and funders "*we can count on in very rough times like we're facing now,*" and as a unique foundation that "*really understands community organizing and its importance and won't back away.*" They want Needmor to continue being Needmor as it is functioning today, if that were possible.

While they have varied suggestions for how Needmor might best deal with the problems caused by the reduction of its assets, the bottom line for nearly all interviewees is their desire that Needmor remain a significant player for the long-term – continuing to strongly support community organizing, creatively assist grantees and take leadership within philanthropy for increased responsiveness to social change efforts – even if it means some reduction in funding support for their own organizations in the short-run.

### **VARIETY OF GRANTEES SURVEYED**

The 26 organizations surveyed for this report share broad social justice goals, belief in the value of community organizing and some other characteristics. But they vary considerably in experience, size, geographic coverage, constituencies, style, cultures, specific purposes, and much else. For example, some of the organizations are more than two decades old, while others have less than five years of experience. Three of the groups are national in scope, and more than half of the others address issues on a statewide or regional basis. Several of the groups are essentially providers of technical assistance and training, while most others are doing direct organizing.

### **GRANTEE ISSUES, STRATEGIES AND CHALLENGES**

Needmor's letter to grantees stressed the importance the Board is placing on making its decisions "in the context of how our grantee partners are moving forward." Specifically, interviewees were asked to discuss their work, issues, strategies, challenges, and the outcomes they hope to achieve over the next several years.

**Issues.** The issues being addressed today by respondents' organizations cover a wide spectrum. Taken together, they paint a telling picture of the enormous obstacles confronting low-income and other disenfranchised people – and Needmor's grantees working with them and on their behalf – who fight for social justice.

The issues work of this broad sampling of Needmor's grantees:

- Focuses primarily on the needs and concerns of low-income communities and constituencies, and communities of color
- Extends from attacking local problems, to tackling issues at city, regional, state, and national levels, to, in at least one instance, joining with others to influence the course of globalization

- Embraces the needs and concerns of seniors and young people, welfare recipients and small farmers, recent immigrants and native Americans, and other disenfranchised constituencies
- Ranges from securing living wages to defeating the proliferation of anti-GLBT (gay, lesbian, bisexual, and transgender) ballot initiatives, reforming schools to protecting water rights, moving toward single-payer health care to redrawing legislative district boundaries that shield officeholders from the fair expression of democracy
- Addresses overarching issues such as: “attacks from the right,” racism, excessive corporate power, economic and participatory inequality, and disempowerment of poor people and people of color

In looking to the immediate future, most interviewees anticipate that their work will continue and evolve in the issue areas they are now prioritizing. As well, a number of groups are in early stages of work on additional issues that for some are entirely new for their organizations, and/or that require outreach to and organizing of new constituencies. All of the groups surveyed work on a multi-issue basis and will continue to do so.

**Organizational Issues and Challenges.** Most interviewees also highlighted a variety of organizational issues they are trying to address that greatly affect their organizations’ power, progress and potential. These issues are seen as continuing challenges for the foreseeable future:

- Recruiting, training and retaining talented community organizers and other key staff
- Expanding and deepening constituencies, and increasing the diversity of constituencies and organizational leadership
- Strengthening organizational infrastructure (leadership and membership development, resource development, etc.)
- Increasing and stabilizing funding and broadening the base of institutional funders
- Building effective alliances with other organizations and finding better ways of working with policy and advocacy groups, attorneys, unions, and various other groups or individuals
- Developing more effective communications strategies
- Making better use of information technologies
- Enlarging the circle of connections (local to state to national) and making international connections
- “Going to scale”

**Strategies.** Most interviewees discussed their strategic objectives, initiatives and needs in broad terms. A few went into detail about their work on a particular issue, the strategies that have been effective so far and what is likely to come next. Obviously, targeted strategies are in place and evolving for each group around each of the many

issues they are confronting, but this report could not begin to examine or summarize the issues, current strategies or the content and direction of future strategies.

Almost all of the organizations surveyed make community organizing their central strategy, and all regard community organizing as essential to achieving their goals. It should be noted that a variety of community organizing approaches (e.g., institution-based, neighborhood based, etc.) are represented in the mix of respondents.

One (regional) group's response (slightly edited below) is illustrative of the level and kind of answers elicited by questions about strategy. Over the next several years, this group's strategies will emphasize:

- Continued and increased investment in outreach and organizing – overall and with a specific emphasis on minority communities and new constituencies
- Mobilization and militance of the base
- Seeking excellence in its strategic media work
- Building/strengthening a leadership team that will understand and can articulate key messages – one that also is educated about how issues fit together
- A continued focus on monitoring public processes impacting constituencies
- Policy work – i.e., formulating and impacting policy – that combines traditional research with leadership stories to point out both the structural nature of the problem(s) and the human impacts
- Policy work that highlights the racial dimensions of the problem(s)
- Policy work that includes a sharp analysis of (city, county, state) budgets

To this group's list may be added the following areas that one or more interviewees highlighted as key elements of their organizations' future strategies:

- Effective coalition and alliance-building at all levels
- Capitalizing on opportunities for effectively linking issues and constituencies
- Continuing attention to securing/deepening the base while extending out strategically for wider (geographic, policy, political) impact
- Fuller development and expanded use of popular education and participatory training methodologies with constituencies, leaders and staff for deepening their understanding of root causes of issues and increasing their political sophistication, and for developing grassroots-led action strategies
- Increased emphasis on systematic leadership development efforts
- Education and training of advocates, activists, researchers, policy analysts and policymakers, attorneys, and other staff or members of other organizations – to achieve greater understanding among them about the value of community organizing and how they might better work with organizing groups/constituencies for common goals
- Expanded and deeper congregational development

- Development of new regional/state approaches to policy change to benefit low-income communities and constituencies
- Development of new community economic development initiatives that revitalize low-income communities and create quality jobs for low-income residents
- Increased use and wise applications of information technologies
- Education of mainstream funders and increased focus on expanding financial resources for community organizing and social change strategies built from organizing
- Connecting social change work and leaders in the U.S. to struggles in other countries – “engaging the movement for global justice”

**Projected Outcomes.** If any one phrase could capture the stance, attitude and mood of the interviewees as they discussed current work and their organizations’ chances for success in the future, it might be “optimism and enthusiasm, colored with realism.” All interviewees believe their organizations are doing good and important work and making substantial progress. All seem to be up for a continuing fight – no signs of “burn-out,” resignation or self-satisfaction could be detected – and see substantial if not growing opportunities to make a real difference for the social justice goals to which their organizations are dedicated.

At the same time, most respondents tacitly or directly acknowledged that the socio-economic-political context in which they are working makes for an exceedingly difficult environment – especially for poor people and people of color – in which to make headway or to feel entirely confident about results to come. *“With all that is being thrown at us, we are constantly forced to fight defensive battles. And, our constituents are struggling so much for their own families’ survival, they often have less time to give. It’s hard to build momentum around what we’d like to do.”*

Some who commented in this area believe that *“the times are worse now than ever in my experience,”* while others do not go that far. In all, the interviewees conveyed a strong sense of purpose, dedication and hope for the future, and generally outlined thoughtful, pragmatic approaches for moving forward.

Only a few interviewees attempted to project outcomes for the next few years in specific terms, either in a particular issue area or for their organizational development objectives and strategies. They tended to describe measured steps of progress that they foresee on (some if not all of) their issues, while identifying arenas and opportunities for greater influence as their organizations get stronger, rather than large and attention-grabbing victories.

## **WHAT GRANTEES NEED FROM PHILANTHROPY AND NEEDMOR**

Needmor’s letter asked grantees to “think about what is needed from philanthropy to support your work and the work of movements that you believe are important.” Grantees were invited to specifically discuss roles or functions that Needmor can and

should play, taking into account how other funders, particularly larger foundations, are operating with respect to grantees' interests.

The numerous responses in this area, mostly centered around the needs of respondents' organizations and not of movement or movements, strongly reinforce the importance of Needmor's grantmaking and of the roles currently carried-out by its staff.

**Foundation Funding.**<sup>5</sup> Most interviewees focused first on their great need for additional financial resources. They outlined the funding they receive from Needmor and other foundations, named other funders they were targeting and listed some of the difficulties they have encountered in fund raising. Several went into detail about what Needmor's grants have meant to them and how they view Needmor in comparison with other funders. Some also discussed their strategies for increasing the money they receive from membership dues, institutional sources other than foundations and through other means.

Almost all interviewees made at least one comment that revealed how much time and effort they must put into fund raising efforts and how frustrating the pursuit of foundation grants can be. In this regard, many see Needmor in a positive light as an "*excellent, engaged and accessible*" funder, one of very few in their experience that take seriously the need to make the fund raising process as straightforward, efficient and responsive as possible.

- Every organization surveyed is heavily dependent on foundation funding and most are either struggling now to meet budget or are worried about the immediate future. *"I wish I didn't have to say this but foundations are by far our major source of funding and will necessarily be that for the foreseeable future. It's a myth to think we can become, somehow, 'self-supporting', as many funders like to tell us we should. But we are determined to keep from being subject to the whims of foundations."*
- The number of institutional funders (foundations, church giving programs, corporate donors, etc.) that support community organizing and groups fitting

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<sup>5</sup> Funding of community organizing groups, and others working for social change, comes primarily from foundations. By any measure, foundations' funding of these groups – and particularly community organizing groups – is skimpy in comparison with their funding of mainstream organizations such as universities or hospitals. Two different studies of funding for social change or social justice organizations, using different definitions but including community organizing groups, identify just 1.1% to 2.1% of foundation funding going to these organizations with, obviously, just a portion of that supporting community organizing groups. See: a) J. Craig Jenkins and Abigail Halcli, "Grassrooting the System? The Development and Impact of Social Movement Philanthropy, 1953 – 1990." In E.C. Lagemann (ed.), *Philanthropic Foundations: New Scholarship, New Possibilities*, Bloomington, IN: Indiana University Press, 1999, p. 229-256; and, b) National Network of Grantmakers, *Social Change Grantmaking in the U.S.: The Mid-1990s*, San Diego: 1998. Other studies supportive of these conclusions include: a) Sally Covington, *Community foundations and citizen empowerment: Limited support for democratic renewal*, Mimeograph, Washington, DC: National Committee for Responsive Philanthropy, 1994; and, b) John D. McCarthy and Jim Castelli, *Working for Justice: The Campaign for Human Development and Poor Empowerment Groups*, Washington, DC: Life Cycle Institute of Catholic University of America, 1994.

Needmor's grantee profile(s) has been growing somewhat over the last several years. Examples cited included funding for community organizing and/or community organizing groups that is now being provided by the Ford, Charles Stewart Mott and Rockefeller foundations. However, even with these larger mainstream foundations now in the picture, in a much more substantial way for them than ever before – *“a toe in the water for them,” “a toothpick when we need a lumberyard”* – the floodgates have hardly been opened. The fact that combined funding for community organizing from all institutional sources remains miniscule relative to need and opportunity was heavily underscored in the interviews.

- Needmor's provision of general support funding is crucially important to the organizations surveyed. They cited the well-known frustrations and organizational problems of being forced to write proposals, develop and live within budgets and manage projects devised to meet funders' requirements for categorical funding. General support funding is a rarity in the foundation world even in the policies of some funders that prioritize community organizing. Here, Needmor is seen as *“a foundation that understands what it takes to build a powerful, multi-issue organization that is not funder-driven.”* *“When it comes to foundations, Needmor is really a refreshing alternative.”*
- Interviewees joined the chorus of all grantees and grantseekers in their desire to have long-term, reliable support from foundations and other funders. Here too, Needmor's practice of giving grantees relative assurance of continued funding for four years if work proceeds as planned is seen as exemplary. *“I hope Needmor's strong support for community organizing, its four-year grant cycles and its willingness to make general support grants will not be changed in some ... (misguided) effort to save money.”*

**Needmor's Grantmaking Priorities.** Interviewees were not specifically asked to comment on Needmor's current grantmaking priorities, but several discussed them as they offered their thoughts relative to the impending decisions to be made by the Board. As their comments throughout this report make clear, every respondent highly values Needmor's grantmaking program. For them, it stands in stark contrast to the programs of most other funders. However, a few interviewees raised questions about or challenged certain aspects of Needmor's priorities as they observe them. Their comments – with which at least some other interviewees would surely disagree – are briefly illustrated in the examples that follow:

1) *“There are only a few funders that are like Needmor in the sense that its money goes to support community organizing. It would be a tragedy to have Needmor drift away from this. I've observed some tendency to put money into policy work, with organizations that can probably raise that money elsewhere. Needmor can't make its biggest impact here. Pushing organizing groups to make a deep and integrated connection with policy resources, and rewarding them for doing it is definitely legitimate, and I don't mean that Needmor shouldn't fund some policy work. But their grants should*

*build on the investments they're making in community organizing groups. It's these groups that should be their priority. Community organizing is Needmor's special niche. It couldn't be more important."*

2) *"I would argue that Needmor's decision several years ago to form two regional clusters steers them away from areas elsewhere in the country having many similar needs and opportunities. I understand, to some degree anyway, the immense problems of the South and Southwest, and the lack of funding going to those regions, but I work with numerous groups and communities of color in the Midwest – in places that are just not getting attention from anyone – who can't shake loose funding from many sources at all. I see tremendous opportunities in some of these communities if we could only raise the initial outside money. Needmor is still a possible funder, but most of their money is focused on these two other regions. I think Needmor is limiting its potential for having impact by its regional approach. Their grants can only be catalysts for the larger funding that's needed and I believe there's other funding we can get if we can get the ball rolling. And that's undoubtedly true in other neglected areas of the country as well."*

3) *"I appreciate that Needmor has historically funded new or emerging groups and I hope it continues to do some of that. But if we're really about building movement we are truly running out of time. Look around at what's happening. The right wing is in control and we have no national leadership we can count on to deal with Bush and company. It's up to us and we're struggling. Resources for those of us in the movement are in short supply everywhere. Choices need to be made by Needmor and other funders to support organizations that are proving to be effective, who work with other organizations and who have a big picture vision. Of course these have to be groups that haven't left the people behind somehow. It's the people who count. But just getting the folks together around their very local concerns is not enough. Who's having impact? Who's building something meaningful? Who can make a difference before it's too late? That's who should be funded."*

4) *"I'm working in the trenches and we in the trenches are dying. Needmor's grant certainly helped, but it's putting money into much larger and more established organizations in my state that can find the money elsewhere. I respect these organizations, and have gotten help from one of them, but they're not out here where we are every day making it on a nickel or a dime. I haven't been paid since October. We are getting results and we are going to continue no matter what happens with funding."*

**Needmor's Roles.** Most interviewees took time to praise the Needmor staff person(s) with whom they worked or are familiar, usually offering a specific example of significant help they have received from staff. Many see Needmor as a model for other foundations in how they interact with grantees, particularly those working at the community level. For many, it is who Needmor's staff is and the roles that staff play, as much as the nature of Needmor's grants, that make Needmor unique and special. *"Staff like Needmor's are almost as important as grantmaking."* *"The roles and impact of Needmor staff make them an important part of movement."*

Several interviewees offered comments about Needmor's roles in philanthropy as an advocate for community organizing, as well as about roles it takes with grantees and their communities. Some examples:

- Needmor's role in *"creating a 'profile' for community organizing within philanthropy"* – which is well-recognized and appreciated by interviewees – *"remains a crucial and continuing need."* *"Needmor's role as an advocate for community organizing with other foundations is more important now than ever before."* For this and other reasons, many insist that *"it would be shortsighted of Needmor for it not to be a player for the long-term. This is a long-term struggle."*
- *"Needmor's staff understands our needs and that of our members and leaders, and understands community organizing. We have the kind of relationship with (her/him) that we have with only a couple of other funders. We listen to their advice and generally follow it. Yet they're not intrusive in any way. We've benefited from them introducing us, and other groups in the state, to funders and helping us think about how to approach them. There's one large grant we got that would never have happened without Needmor's assistance. As busy as they are, they're constantly looking to see what they can do to help us get to the next level in our work."*
- *"I don't think Needmor is a bigtime player in philanthropy, but they're willing to take risks with their grantmaking, as they did with us, and then go to bat for us with other funders. They've actually given us confidence we can bring in outside money we never thought we could get. Also, they're able to tell us what they think about our readiness to go to some of the larger funders and what we should do to be better prepared."*
- *"Needmor is like having a trusted consultant who works for you. They observe and follow our lead, and they're willing to be honest with us when we ask for their advice. They've never mislead us about funding either."*
- *"Two things impress me about Needmor. One is that their Board members, family members, make site visits. We had a great experience here. It was real down-to-earth. We've tried to get other foundations to spend time in our community with little success. When you can have a chance to talk directly with a foundation board member and have them see for themselves what we're dealing with and what we're accomplishing, I think they can learn a lot. It helped us too, to be able to answer questions and see what's important to the family. The other thing is that they opened up the Board to non-family members and that was a huge step for them to take. I don't know anything about why they did this, but I know that there are now some people of color on the Board who I respect. I think bringing in different perspectives like they have is what needs to happen with so many other foundations. It's still mostly an old white boys' game and that's got to change."*

## **GRANTEES' SUGGESTIONS TO GUIDE THE BOARD'S DECISIONS**

Needmor's letter to grantees asked for their assistance in making determinations about its grantmaking program and its roles and functions. This section of the report outlines specific suggestions made by interviewees in both areas.

### **A) Needmor's Grantmaking Program**

Needmor framed the basic question to be resolved for its grantmaking in these terms: "Essentially, we have two choices. 1) We can cut back on grantmaking and/or expenses now in order to preserve the endowment. Our other choice is, 2) to continue to spend as if our endowment hadn't changed." As noted earlier, interviewees' responses revealed a strong consensus favoring option 1).

Virtually every interviewee prefers that Needmor stretch out its grantmaking dollars so as to be sure to remain a viable funder for the long-term. Their rationales vary somewhat, but all are based in an understanding of, belief in and appreciation for Needmor's critical value for strengthening the work of their organizations and in achieving social justice. In advising Needmor to choose option 1), the interviewees understand that, if the Board decides to move in this direction, they will probably be forced to take a cut or, conceivably, may not get refunded. Of course all those who have been anticipating renewal grants in 2003 and beyond hope to get some funding from Needmor, if not all they have planned on getting.

While selecting option 1), some interviewees made powerful arguments for why their organizations should receive the level of support previously extended or anticipated prior to the Needmor letter, should the Board decide on a cutback. They hope that Needmor will provide them the opportunity to make their case in full before a final decision about their possible renewal grant is made.

Several interviewees coupled their recommendation that Needmor remain "in play" for the long-term with strong suggestions that Needmor make a concerted effort to catalyze funding from other sources to fill the gaps left by its reduced grantmaking.

With regard to the level or duration of the cutback, interviewees did not feel they had enough information to be specific. In general, however, given the vagaries of the stock market and the possibility that Needmor's assets could again grow substantially in the future, most interviewees suggest that, for now, Needmor should "*tighten its belt some but not pull out all the slack.*" They also think that Needmor should proceed a step at a time and not make long-term decisions without careful study and preparation.

Some of the suggestions below provide more specific guidance for how a program of reduced funding by Needmor might best be carried-out, with least harm to grantees, their work and movement-building goals.

**Dissenting Views.** Only two persons (one being the co-director of an organization interviewed, but not the interviewee) suggested that Needmor should seriously consider continuing to fund at its current level even at the risk of spending-down its assets to a point where it would no longer function as a grantmaker.

Different rationales were used by these two grantee representatives. The first suggested that today's economic crisis, exacerbated by the events of September 11, has hit Needmor grantees and other social change organizations especially hard, that funding is now more scarce and difficult to obtain and that the issues being confronted are mounting and critical. He believes that Needmor should respond to the urgency of the times by continuing to make grants at its current level, if not a higher level.

Other interviewees took these same factors into account and came to the opposite conclusion. For example:

- *“Foundations such as the Needmor Fund play a special role in philanthropy and will hopefully continue to do so over the long-term. Our organization, and perhaps others, will benefit more from long-term support (even if the yearly grants are smaller) than from larger payouts in the short-term. This seems to be the better option for the social justice movement in general.”*
- *“I believe that the Foundation and the organizations it serves would be best served if the Fund adjusts its payouts during the economic downturn. While this may result in less funding now, it preserves the strength of the Fund over the long-term. Organizations should know that foundation support ebbs and flows more than individual support, depending on the economy, and that foundations take longer to recover from economic downturns. While each organization that receives funding from Needmor, mine included, wants as much money as we can possibly get each cycle, it would be selfish and irresponsible to suggest that that is in the best interests of the Fund and its grantees over the long-term.”*

The rationale offered by the other dissenter was that Needmor may be able to make an exceptional contribution to lasting change if it would “*take a big risk*” by zeroing-in on one or several large priorities, to be developed carefully and strategically, and make a significant, continuing investment in it or them until its resources expire. He projected a 10 – 15 year time frame. Under this scenario, Needmor would also put a considerable effort into evaluating and disseminating the progress, pitfalls and results of its grantmaking, and into catalyzing the investments of other funders. “*Instead of letting a thousand flowers bloom,*” this interviewee suggested, “*Needmor could possibly grow a giant redwood. Having a truly large impact rather than many small ones would be the goal.*”

The interviewee making this suggestion was “*floating a trial balloon.*” “*I’m not wedded to the idea, and I do think Needmor’s grantmaking is definitely very good as it is now. I could just as easily vote for Needmor to find ways to continue its work ad*

*infinitum. But, in support of my thought here, I just finished reading Education for Citizenship: A Foundation's Experience (by Carl Tjerandsen) and found it really valuable on lots of levels. I think one lesson that can be drawn from this book is that big risk-taking – well thought through – can payoff big time, and this is something that Needmor might want to consider.”*

**Other Suggestions.** All current grantees in the mix of those interviewed appreciate the fact that Needmor is proceeding carefully before announcing possible cutbacks in its grantmaking. Needmor’s letter to grantees served as an “early warning system,” but interviewees still urge the Board to recognize that “*groups can’t go cold turkey – a gradual process is needed,*” that “*any form of support makes a big difference*” and, as well, that “*I’d rather know I’ll be getting a reduced grant (with a 3- or 4-year commitment) than a large grant now with none to follow.*”

Most interviewees had specific suggestions for how Needmor’s grantmaking from a smaller pot of money might best be handled. While not all can be recorded here, those left out tended to be similar to or overlap the following examples:

1) A few interviewees raised the possibility that Needmor could “*buy time*” by cutting its grantmaking a certain percentage across the board for all current grantees for a year or two. One suggestion here was for a sliding scale – the higher percentage cuts to be applied to larger groups, and smaller percentage cuts to those groups with smaller budgets. Another interviewee suggested a sliding scale that would be related to the level of success that groups were having in securing grants from other funders, but offered no details. The purpose of “*buying time*” was not simply to see if the stock market rebounds – hopefully making any cutback a moot question in future years – but, more important, to give Needmor an opportunity to do an intensive “*strategic planning/evaluation*” process before making hard decisions about deeper or lasting cuts. The outcomes of the process – most suggested a two-year period – would be a new grantmaking strategy or affirmation of current strategy or some combination, and refined new criteria for deciding on grantees and grant levels.

2) Most interviewees recognize that Needmor will have to develop specific criteria for how to implement a cutback. As some interviewees suggested, effective criteria can only be developed if there is clarity about the objectives and strategy Needmor is pursuing in its grantmaking and through its cutback. Two persons, who would like to see Needmor continue with its current grantmaking strategies (emphasizing the importance of the regional clusters) no matter the level of funding available, suggested that Needmor involve grantee representatives in thinking through new funding criteria. The criteria would build on current criteria employed by Needmor and enable the Fund to decide more readily which current grantees should be renewed at their current level, which should get reduced grants, which might not be funded at all for a year or two, and what new grantees might be selected. Several respondents who agree that Needmor’s grantmaking criteria may need to be refined have no desire to participate in this kind of advisory role, preferring that Needmor make the decisions. Most

interviewees did not comment on possible roles grantees might take in advising Needmor on criteria or any other aspect of its decision-making process.

3) One respondent, who also strongly favors the Fund's current regional cluster strategy, proposed that a key distinguishing criterion for deciding which groups to fund as money gets scarcer should be the existence and extent of the "*synergy*" that groups are helping to create and are part of in their locales. Synergy may be observed when a group is working closely with other groups, together helping to strengthen each other and taking defined and complementary roles in pursuing constituency development/leadership development and policy reform goals. For this interviewee, synergistic grantmaking in a state context is most important and most appropriate for Needmor, and, he believes, its future grantmaking priorities should reflect this.

Other suggestions made by one or several interviewees included:

- Needmor should begin a process of evaluating the merit and productivity of groups and make grantmaking determinations based on the evaluations. By this is meant a "*systematic, participatory evaluation process,*" something far more involved and comprehensive than Needmor's current process for determining docket. No one spoke to the dimensions, difficulties and cost of such an undertaking.
- Needmor should place greatest emphasis on continuing to support those groups working hands-on to organize low-income communities and communities of color. They have the greatest difficulty raising money and they are "*the lifeblood of the movement.*" Beyond this, Needmor should favor groups for funding that have a difficult time raising funds from mainstream funders. Those that should be cut are those that can most readily replace the lost resources.
- In contrast to the previous suggestion, a few interviewees urge Needmor to place greatest emphasis on groups that are demonstrating they can produce significant results with some scale and impact, "*that are building something you can see and feel*" (contributing to movement), that work well with other groups and that, among other things, have the demonstrated ability to learn and grow from their mistakes. This kind of group will likely be able to attract resources from other funders but "*we get punished for success. Needmor should reward us for success.*"
- "*Whatever choices Needmor is forced to make by its financial condition, it should not close the door on funding new groups. Needmor is one of very few funders that have been willing to take chances with new and emerging organizations. We were one of them, and we would have had a difficult time making it without Needmor's early support.*"

- *“Organizations we work with have really benefited from Needmor’s technical assistance grants. The grants are small but go a long way in helping to meet very specific organizational needs for which it’s hard to raise money. They’re a lot of bang for the buck. My experience has been that Needmor’s TA grants have been timely and flexible. I don’t know what portion of their grantmaking budget TA grants represent, but they’re a tremendous enhancement to regular grantmaking. I hope they will continue them.”*

## **B) Needmor’s Roles and Functions**

Many of the comments appearing in the report make the point that Needmor’s current roles and functions are vital to grantees’ success, are rarely carried-out or carried-out as well by other funders and should be continued no matter what reductions in grantmaking the Fund must implement.

**Staff.** Interviewees believe that the quality and quantity of future staff will dictate how well Needmor’s roles and functions will be fulfilled. Their comments suggest that Needmor’s staff has been meeting a very high standard for a number of years.

- *“Needmor has been about a visionary process and should continue that. It takes a committed and talented staff to move and drive a visionary process.”*  
*“A staff team that isn’t looking for the comfort zone but continues to work at the cutting edge of change is required, especially as Needmor faces tough decisions about its grantmaking.”*

Without exception, interviewees strongly prefer that Needmor continue to employ and deploy staff persons meeting the criteria of current staff – knowledgeable about and committed to community organizing and movement building; sensitive to community needs and dynamics; knowledgeable about philanthropy and willing to assist groups with contacts; able to provide honest and intelligent feedback and ideas for strengthening groups; knowledgeable about issues – and the “big picture” – and concerned about connecting grassroots organizing in integral ways to policy change processes; willing to take risks; and others.

- *“Staff like Needmor’s are almost as important as grantmaking.”* *The roles and impact of Needmor staff make them an important part of movement.”*  
*“Needmor is hardly a ‘fat bureaucracy.’ I don’t see how they could meet their responsibilities with a smaller staff, and I don’t see where they could save that much money by making staff cuts.”*

**Additional Roles and Functions.** Several interviewees offered “off the top of the head” suggestions about additional roles and functions Needmor might take-on that could help to offset the funding reductions. No one commented on the practical aspects of planning for and undertaking these roles, the availability of staff time for them, the specific roles the Board might play, or other factors that must be considered.

1) A number of interviewees discussed a variety of convenings that Needmor could initiate, perhaps a role that could be shared with other like-minded funders. Primarily the convenings would center in some fashion around bringing grantees and prospective grantees of the Fund together with foundations and/or other institutional grantmakers and/or wealthy individuals for dialogue about grantees' issues, strategies, progress, and potential, with the goal of increasing understanding and resources for the groups' work. A variation on this idea was one suggestion for a convening of a representative grouping of Needmor grantees from across the country that would be aimed at their developing a plan and strategies for vastly increasing resources for community organizing, movement building and grassroots-led policy reform efforts. Responsibilities for implementation, including roles for Needmor, would be assigned and communications and accountability processes devised.

2) Several interviewees want Needmor to advocate and "*partner*" with larger funders in the development of a "*pool of new resources for community organizing groups that Needmor might administer.*" No specifics were offered. At least one interviewee warns that ideas like this can backfire, using as his example a foundation that was established to increase resources for his region that has "*siphoned off and diverted from the kind of work we do far more funds than it has delivered.*" His fear is that funders new to organizing might join the pool, if one could be created, with a minimal investment and that this would be their rationale for doing nothing else in support of community organizing until they "evaluate" the results.

3) Two interviewees suggested that Needmor use its, presumed, "*access to wealthy individuals who may not be knowledgeable about community organizing*" to connect grantees to potential new sources of funding. This could be done through convenings, as above, or more selectively by inviting these individuals to meet selected grantees on-site, or elsewhere. One suggested that Needmor establish a fund to which these individuals might make donations, a version of funds managed by many community foundations, the Tides Foundation and others. Another interviewee counsels against this idea, seeing it as a diversion from Needmor's central role and one that Needmor might not implement (if able to do so under its charter) very well.

4) One interviewee would like to see Needmor turn serious attention to catalyzing very large grants from mainstream funders for specific, "*old guy grantees*" – in concert with the grantees – so that these grantees could be financially stable for a decade or more. Needmor could then put most of its attention on and funding into new and emerging community organizing groups.

### **AUTHOR'S RECOMMENDATIONS**

In this report, I've tried to organize, synthesize and put forward what I learned from some very amazing people, some of whom I've known and worked with over the years, more of whom I was meeting or hearing from for the first time. From the beginning, I've wanted this report as much as possible to accurately record and reflect what grantee representatives told me or wrote me about. I've wanted also to convey

something of their serious engagement with the questions, their thoughtfulness, their very strong belief in what Needmor does and who does it, and the excitement I felt throughout the interview process about what is being accomplished by these, and I'm sure other, Needmor grantees and the passion and determination the exceptional staff leaders I interviewed exude. I hope I succeeded. Finally, I want to register both my appreciation for being asked to carry out this assignment and my sincere hope that this report will be of significant value in Needmor's difficult and important decision-making process.

**Recommendations.** Needmor asked that I provide whatever recommendations I might have after considering all the information, ideas and suggestions from the groups surveyed. I prefer to have grantee responses form the essential body of recommendations. The three recommendations I'm making here spring directly from what I learned from grantees:

1) A "landscape" report like this one provides an overview, not a full or detailed picture. Also, the organizations I surveyed are quite varied. Any conclusions the Board may draw from the report to guide its decision-making must account for the fact that the work, interests and needs of each current grantee to be refunded will require focused investigation and consideration. The Board's decisions about its future grantmaking, if a cutback is the course of action, will obviously impact each grantee somewhat differently, depending on its situation, including its financial status and prospects, work in progress and other factors. I recommend that Needmor select options for reducing its grantmaking outlay that, to the maximum extent possible, permit close targeting to each grantee's specific needs and opportunities. All grant determinations should be guided by a careful assessment by Needmor staff of each grantee's situation, with "making a significant difference for social change" and "fairness to all grantees" as primary criteria.

2) Needmor will be hiring a new Executive Director in the next few months. No final decisions about Needmor's grantmaking, roles or functions should be made before the new Director has had reasonable opportunity to study all factors, consult with grantee leaders as appropriate and offer her/his views. At the same time, grantees and grantseekers will need timely guidance about Needmor's grantmaking program for planning purposes. The Board may want to consider making grantmaking decisions for 2003 as soon as possible after the Director has made recommendations, while continuing the Fund's current roles and functions for a period of time, but hold off on longer-range decisions until other steps to inform the Board's decisions, such as those mentioned in the report, can be undertaken with leadership from Needmor's Executive Director.

3) I urge the Board to consider this report as the beginning of an on-going dialogue with grantees about Needmor's grantmaking, the development of criteria for making future decisions about grants, the conceptualizing and development of a system and process for grantee self-evaluation that can be helpful to grantees and useful for Needmor's decision making, strategies for increasing resources for community organizing and movement building, and other subjects of importance. I recommend that Needmor staff and/or Board members consult with various grantee representatives to determine how best to facilitate such dialogue to benefit grantees and Needmor.

## ATTACHMENT I:

### LISTING OF INTERVIEWEES AND OTHER RESPONDENTS

#### A. INTERVIEWEES

1. **Seth Borgos**, National Campaign for Jobs and Income Support (New York, NY and Washington, DC)
2. **Diana Bustamante**, Dona Ana County Colonias Development Council (Las Cruces, NM)
3. **Sister Judy Donovan**, Valley Interfaith (Mercedes, TX)
4. **Scott Douglas**, Alabama Organizing Project (Birmingham, AL)
5. **Petra Falcon**, Yuma County Interfaith Sponsoring Committee (Yuma, AZ)
6. **Larry Ferlazzo**, Sacramento Valley Organizing Community (Sacramento, CA)
7. **Joe Givens**, New Orleans Interfaith Sponsoring Committee/All Congregations Together (New Orleans, LA)
8. **Lee Ann Hall**, Northwest Federation of Community Organizations (Seattle, WA)
9. **Madeline Janis-Aparicio**, Los Angeles Alliance for a New Economy (Los Angeles, CA)
10. **Leroy Johnson**, Southern Echo (Jackson, MS)
11. **Kate Kahan**, Working for Equality and Economic Liberation (Missoula, MT)
12. **Mike Kromrey**, Metropolitan Organizations for People (Denver, CO)
13. **Burt Lauderdale**, Kentuckians for the Commonwealth (London, KY)
14. **Bertha Lewis**, New York ACORN (New York, NY)
15. **Paul Marincel**, Isaiah (Minneapolis, MN)<sup>6</sup>
16. **Judy Matsuoka**, Women's Project (Little Rock, AR)
17. **Soyun Park**, Colorado Progressive Coalition (Denver, CO)
18. **Sandra Robertson**, Georgia Hunger Coalition (Atlanta, GA)
19. **Joe Rubio**, El Paso Interreligious Sponsoring Organization (El Paso, TX)
20. **Pamela Twiss**, Isaiah (Minneapolis, MN)
21. **Sara Williams**, Mississippi Equity Coalition (Pickens, MS)

#### *B. OTHER RESPONDENTS*

1. Jobs with Justice (Washington, DC)
2. Los Angeles Metropolitan Churches (Los Angeles, CA)
3. National Gay and Lesbian Task Force (Los Angeles, CA)
4. Neighbor to Neighbor Massachusetts (Boston, MA)
5. New Mexico Acequia Association (Santa Fe, NM)
6. Working Partnerships (San Jose, CA)

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<sup>6</sup> Needmor requested that two persons from Isaiah be interviewed, Paul Marincel and Pamela Twiss

## **ATTACHMENT II:**

### **METHODOLOGY**

In early March of 2002, the Needmor Fund wrote letters<sup>7</sup> to all of its current grantees requesting their advice in making critical decisions about the Fund's future grantmaking and describing a process for their participation in a survey to be conducted by Needmor.

Needmor staff identified twenty organizations, representing a broad cross-section of its grantees, whose executive directors or other staff leaders were to be scheduled for interviews. Staff named the specific individuals the consultant was to interview. All other grantees were given opportunity to offer their thoughts in writing. A consultant was engaged by Needmor to conduct the interviews, review the written responses from other grantees, organize and synthesize the data, and write a report of 15 or more pages to be submitted to Needmor's Board of Directors by the end of June 2002. Needmor asked the consultant to make any recommendations he saw fit in addition to presenting those made by grantees.

Eighteen of the twenty organizations originally named by Needmor participated in the interviews, and representatives of two other grantees, from a supplemental list of seven also selected by Needmor staff, were also interviewed. Six other grantees submitted responses in writing. See Attachment I for a listing of interviewees and other respondents.

Needmor established a two-person Board committee (Ken Rolling, chair, and Steve Viederman) to oversee the consultant's work. The consultant prepared periodic progress reports and participated with the committee in several conference calls that helped to guide the work.

Beginning in April, the consultant first prepared an initial set of interview questions or question areas that was reviewed and approved for use by the committee, studied materials provided by Needmor staff about the grantees to be interviewed and about Needmor and began phone calling and e-mailing to arrange for the interviews.

Interviews with twenty-one persons (representing twenty organizations) were conducted during the period April – June. Needmor staff asked the consultant to interview two persons from one of the organizations selected, and one from each of the others. The interviews ranged in length from 45 – 90 minutes, averaging over an hour. The interview question areas were provided interviewees by letter or e-mail prior to their interview.<sup>8</sup> Interviews were lightly structured around the question areas. In a few instances, because of a lack of time for the interviewee, some of the question areas were not explored and priority was placed on eliciting specific advice for the Board's decision-making.

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<sup>7</sup> The letters were prepared and sent by Chuck Shuford, then Needmor's Executive Director.

<sup>8</sup> See a portion of the transmittals, and the question areas, on the next page.

All interviewees were told that their remarks would be kept in confidence and were invited to discuss anything they felt to be of relevance within the scope of the survey. For the most part, interviewees appeared eager to be helpful, were very expansive and candid in their remarks and appreciated the fact that Needmor had asked them to participate.

The consultant prepared an interim report for review by Needmor's Board at its May meeting. At that meeting, the Board agreed that the final report would be shared with the organizations participating in the survey. The consultant prepared and submitted the final report in June.

*Portion of Transmittal Letter and Interview Question Areas*

In the context of the letter sent you a couple of weeks ago by Chuck Shuford of Needmor, I'm looking to explore the following topics with you:

- > The most important issues that your organization will need/want to address over the next several years in working to fulfill your mission.
- > The strategies that you will need/want to pursue in order to achieve the level of change that your organization seeks.
- > What you think is needed from philanthropy (broadly) to support your future work. Within that, what roles or functions you think Needmor (and perhaps other similar-size/small foundations) can/should play. How might these roles/functions be different from those played by larger foundations like Charles Stewart Mott or Ford.
- > Your ideas, if any, for new ways Needmor should operate.

Specifically, I'll be asking you to express your opinion and provide your thoughts about two alternatives Needmor may want/need to consider:

- 1)** Should Needmor continue higher payouts during an economic downturn even if it means that the Fund may become too small to be functional over the long-term (or even if it means a significant change will be likely in its future operations)?
  - 2)** Or, should Needmor adjust its payout during an economic downturn in order to preserve its asset base (principal) and, therefore, remain a viable foundation over the long-term?
- > Do you have any clear preference on these two choices, and/or do you have specific suggestions for strategies Needmor might adopt in handling grantmaking during and following an economic downturn? Details.