

# **Program Activities Address Core and Emerging Issues**

Recommendations Adopted by the Board of Directors  
of the Maine Community Foundation

December 10, 2004

## BACKGROUND

Since its founding in 1983, the Maine Community Foundation has played an increasingly important statewide role in strengthening Maine communities by providing scholarship and grant support, demonstrating leadership and pursuing statewide policy issues through initiatives, linking donors to projects and issues, and building charitable assets.

As a result of knowledge gained from 21 years of grantmaking and initiative efforts, our social capital survey work, and the lessons of others (Putnam, Pew Partnership for Social Change, Ford Foundation) we know that strong, vibrant communities share common characteristics. These include: strong local leadership; high levels of collaboration, partnership, and inclusion between and among groups – including those that traditionally do not work together; respect for the past; and active civic engagement. These characteristics also constitute the criteria MCF uses in its discretionary grantmaking programs.

We know that MCF's success in building vibrant communities depends on effective partnerships with donors, volunteers, and statewide and community leaders. It also depends on the vitality and success of Maine's non-profit sector whose day-to-day work alleviates human suffering, provides opportunities for self-improvement, creates a more just society, and nurtures partnerships and collaboration resulting in high levels of civic engagement.

The foundation's current strategic plan charges the board with developing a grantmaking program and related activities that capitalize on the foundation's strengths, address key issues, and help us realize a compelling vision of strong, vibrant communities in all of Maine.

Over the last several months, staff and volunteers have engaged in an array of investigative and evaluative activities culminating in recommendations that position the foundation for long-term success in accomplishing our mission:

There were some themes we heard repeatedly.

⇒The uncertain economy and competition for scarce resources have created considerable financial challenges for nonprofits, prompting a need to focus on building their capacity to survive future downturns and increase their impact when resources flow more easily.

⇒Our economy is becoming more knowledge-based. Communities depend on educated citizens for much of their strength, vitality, and informed civic engagement; yet too few Maine adults have post-secondary degrees.

⇒Quality local leadership is crucial and demand for training is high, yet leadership training programs are struggling financially.

⇒There is significant opportunity to increase philanthropy in Maine.

We believe the most strategic way to address core and emerging issues is to allocate a larger proportion of grant resources to activities that build the skills of individuals, strengthen the organizational capacity of nonprofit groups, and promote civic engagement.

In addition to issues related to leadership, civic engagement, increasing philanthropy, and nonprofit capacity listed above, we believe MCF has a role to play in convening donors and others to advance policy issues.

This is a five-year (and beyond) plan that will be launched incrementally as resources become available, assessed regularly, and linked to other MCF activities as appropriate. Finally, we know that our success depends on being focused and garnering the support of key partners: our donors, volunteers, other stakeholders, and our staff colleagues. We welcome the challenge.

### Recommendation I

#### Strengthen the capacity of communities, nonprofit organizations, and individuals through grantmaking

**A. Continue the community-building grant program, evaluate the current \$7,500 maximum grant award, and work with the statewide review committee and county advisors to make a more concerted effort to fully fund successful proposals.** Small grants have the ability to leverage community resources and serve as venture capital. These community-building grants also encourage communities to use collaborative approaches to address community issues, foster local leadership, and preserve and enrich traditions – all elements that help communities build capacity, adapt to new challenges, and seize opportunities for improving quality of life. Evaluation of MCF grant programs has consistently demonstrated that community groups leverage small MCF grants to build broader community support—both financial and volunteer. Very few grants are made at the current cap of \$7,500. Encouraging full funding, assuming the proposed project budget is realistic, will modestly increase the average grant award and send a strong message to the applicant about the value of their work.

**B. Expand the existing capacity-building grantmaking program to include a new program for smaller nonprofits.** The links among organizational effectiveness, program quality, and long-term sustainability are compelling. The literature and our outreach efforts confirm the importance of providing financial resources and technical assistance to enable nonprofit organizations to strengthen their internal operations toward the end of becoming more efficient and effective in achieving their social mission. The proposed program will seek to strengthen the organizational capacity of smaller nonprofit organizations with operating budgets under \$250,000. MCF will work with technical assistance providers to design and implement the program. This effort would provide grants of up to \$10,000 and have a peer learning component. Leadership skill development would be a major emphasis of the support component. Grants will support a range of activities such as staff and board development, resource development, etc.

## Recommendation II

Leverage donor advised and other MCF funds to address core and emerging issues

**A. Develop a strategic giving program for donors and funders that focuses on core and emerging issues facing Maine.** Given limited discretionary grant resources, our desire to be a knowledge broker, and our interest in working more closely with donors, MCF proposes to create a strategic giving program for selected donors. Over the next several years, the program will focus on selected issues aligned with donor interest. Participants will identify strategies and pool funds to make more of an impact. This type of collaborative effort is a way to address issues of interest to MCF and donors and of importance to the state while engaging donors and helping them leverage their philanthropy. A pilot project in 2005 will allow us to test donor interest, deepen our knowledge of a Maine issue, and lead to possible significant multi-year funding on an issue of importance to Maine.

**B. Encourage greater links between competitive grant funds and donor advised funds as a long-term strategy for building flexible, permanent charitable dollars that respond to community needs.** We believe our long-term success as a mission-driven organization depends on having a network of donors interested in tapping our knowledge and resources. Activities to accomplish this include: market our referral service more aggressively at fund set-up and talk to new donors about MCF's grantmaking philosophy; do more pre-grant evaluation for referrals; talk with top donors about reserving some funding annually for special projects; develop customized projects for donors; consider fee reduction incentives for donors willing to direct a portion of their advised funds to community-building or capacity-building efforts; and increase staff time to attend events to gain knowledge about emerging issues.

**C. Work with competitive fund advisors interested in re-evaluating their grantmaking goals.** Some funds we administer use grantmaking criteria different from those used in the community-building and capacity-building programs. We will work with interested fund advisors to evaluate the goals of their grant work in the context of MCF's mission in an effort to better align all of our competitive grantmaking activity.

## Recommendation III

Capitalize on our distinctive value: Our knowledge of community issues and grant impact

**A. Systemize tools to measure and document.** We can be more effective and accountable grantmakers and philanthropic leaders if we systematically manage and disseminate knowledge acquired through grantmaking, convening, evaluation, and research. Monitoring measurable change in a community positions MCF as a knowledgeable resource and frames the debate about what constitutes strong, vibrant communities. Rather than create a new report, MCF could explore a possible partnership

with an existing group. For example, we could partner with the Maine Economic Growth Council to expand the community section of *Measures of Growth*.

**B. Convene groups to share our knowledge, learn from others, and create networks that allow nonprofits to learn from one another, combine resources, and form partnerships.**

**C. Make our knowledge about issues accessible to donors, nonprofits, and community leaders.** In partnership with others, MCF will author occasional articles and issue briefs that capitalize on our knowledge and are of interest to our donors and nonprofit partners.

**D. Conduct regular surveys of nonprofit organizations to assess the effectiveness of our program activities.** Just as the knowledge we receive from our donor surveys helps us determine customer needs and levels of satisfaction, a survey of nonprofits would provide important feedback about our program work. This could be accomplished in partnership with others. We will use easy-to-respond-to electronic devices and solicit feedback every three years to ascertain how we can improve our services to the nonprofit community.

#### Recommendation IV

Advance core and emerging issues through statewide initiatives

**A. Determine the extent to which initiatives should be a primary way MCF advances core and emerging issues and provides leadership to address community issues.**

Initiatives have been the primary way community foundations position themselves as leaders in defining and initiating statewide activity, often through convening, partnerships, and/or grantmaking. Initiatives support donor service efforts, provide an opportunity to have an impact on major issues affecting Maine communities, and garner partnerships with national and regional funders.

**B. Advance the strategic actions of the Maine Compact for Higher Education.** MCF will allocate up to \$50,000 for grassroots projects that support the Compact's five actions in areas served by our County Program. In addition, two of our scholarship funds are linked to Compact actions. We plan to continue to make links between the Compact and our grant work where appropriate.

#### Recommendation V

Strengthen key partners whose missions MCF supports

**A. Explore program-related investments.** Program-related investments (PRIs) serve to advance the foundation's mission, address a particular issue or issues, produce financial returns, and – most importantly – constitute the community building return on investment in Maine organizations. Program-related investments have the added advantage of allowing the foundation to use its considerable assets to make investments beyond grant

dollars. MCF will identify other organizations in Maine that might also be a good fit with our mission.

**B. Provide targeted grant support to one or more key non-profit partners that provide critical services to nonprofit organizations.** Support to strategic partners allows MCF to achieve greater leverage in accomplishing our mission. We know that partnerships can also help leverage existing resources, avoid duplication, and provide a positive example for the nonprofit sector about the importance of partnerships.

### Recommendation VI

#### Link MCF values to program activities

**A. Initiate discussion about a policy against discrimination for competitive grant applicants.** Many leading community foundations have adopted non-discrimination policies as a statement about their belief that any organization working in the public interest should, as a matter of policy, include in its governing body, professional staff, and programs, representation of the full diversity of their community. We believe it is important for the MCF board to have a conversation about the extent to which it wants to align our grantmaking practices with our expressed values.