

# The NMAG Quarterly

*A quarterly newsletter for the members of the  
New Mexico Association of Grantmakers*

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[www.nmag.org](http://www.nmag.org)

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## President's Report

The President's Report was sent out separately and is available online at [www.nmag.org](http://www.nmag.org) in the members section.

## HAPPY HOLIDAYS / Save the Date

The Board and Staff of New Mexico Association of Grantmakers wish you a safe and happy holiday season!

The NMAG office will be closed from December 22 through January 6, and will reopen Monday, January 7.

**SAVE THE DATE: The first program of 2008, "Workshop on Accountability and Self-Assessment," will be January 24 from 11:30 to 3:30 pm at the Embassy Suites Hotel in Albuquerque. Lunch will be provided. More information, including cost, will be coming after the holidays.**

## Member News

Con Alma Health Foundation, the largest foundation in New Mexico dedicated to health, awarded \$1.75 million in grants to 43 nonprofit programs that address health disparities and effect systemic change statewide.

The Daniels Fund has awarded \$1.3 million in grants in New Mexico to programs serving the homeless, the aging, educational initiatives and the disabled, in late November during their fourth quarter meeting.

Earlier this week the Los Alamos National Laboratory Foundation hosted a luncheon to honor grantees of 95 grants totalling over \$3.4 million to nonprofits in northern New Mexico.

## Did You Know?

NMAG has a member library available for your

## Partnerships for the Built and Natural Environment: A Briefing on Trends in Philanthropy and Infrastructure

By Susan Raymond, Ph.D., Chief Analyst, [onPhilanthropy.com](http://onPhilanthropy.com)

Philanthropy plays a major role in the creation and maintenance of many aspects of our built infrastructure and natural environment. America's private philanthropists often spearheaded the preservation of historical places, the creation of national monuments, the allocation of land for public uses, and the extension of public goods to needy communities. The evolution of government roles in infrastructure often emerged from initial private philanthropic action.

In this report, Susan Raymond illustrates the philanthropic roots of much of our nation's infrastructure development and environmental conservation efforts. She shows how private philanthropy is a major force in even public works. Consider that one in five dollars supporting public parks in New York City comes from private philanthropy, or that the Federal Fish and Wildlife Services raises \$11 million in private donations.

Through an analysis of philanthropy's role in our nation's built and natural environment, as well as its current leadership in the expansion of clean water and sanitation systems in the developing world, this report provides critical insight into how philanthropy and government can

use. Terry has been furiously filing the many philanthropic publications that we have received throughout the year. These documents are available for members to read and borrow. Come by and check them out.

**It's Here! GEO's General Operating Support Action Guide**

GEO's *General Operating Support Action Guide* pulls together what interested grantmakers want to know about general operating support and packages the information to help you talk about it, find the best strategy for your organization, and act on what you learn. We hope this Action Guide will help you have important conversations about this issue and ultimately make the changes you want to make to help nonprofits achieve more.

For the latest on general operating support developments in the field, check out GEO's "[Make the Case: General Operating Support](#)" Web page.

**[2 Young Hedge-Fund Veterans Stir Up the World of Philanthropy](#)**

STEPHANIE STROM for the New York Times  
Holden Karnofsky and Elie Hassenfeld rank charities by analyzing the numbers in much the same way they did at their investment management company.

***Financial Times* Focuses on CEP Assessment Tool**

The *Financial Times* discusses CEP's work in an article last

partner to address community needs.

[Click here to take advantage](#) of this offer and to read the table of contents and introduction. Available for \$49 at onphilanthropy.com.

**Five Keys to Board Effectiveness:** A Message from CEP's Vice President - Research

Foundation governance is distinctly challenging. After all, foundation board members are responsible for organizations whose performance is inherently difficult to assess.

Our research on the experience of hundreds of foundation trustees suggests five keys to foundation board effectiveness:

- Appropriate mix of trustee capabilities and utilization of those skills
- Engagement in strategy development and impact assessment
- Focus of discussions on important topics
- Positive relationship with the CEO
- Opportunity for influence and respectful dissent in board members

This all sounds intuitive - obvious, even. Of course these are the keys to foundations board effectiveness. But doing well on each of these dimensions requires taking real steps that many foundation boards are not taking today.

This special issue of *Effective Matters* is devoted to shedding light on the challenges of performing well in two of the five areas listed above - **focus of discussions on important topics and opportunity for influence and respectful dissent** - and what we've learned about how foundations can be effective in each.

What we discuss here draws on analysis of surveys of hundreds of foundation trustees, discussed in our 2005 report [Beyond Compliance: The Trustee Viewpoint on Effective Foundation Governance](#) and on a recently completed rigorous analysis of in-depth interviews with 25 trustees and 20 CEOs. We also draw on our experience delivering our foundation-specific board self-assessment tool, the [Comparative Board Report \(CBR\)](#), to a wide array of foundations and presenting results and facilitating discussions about what's working and what isn't.

**The Philanthropic Divide**

Contrary to popular opinion, some areas of the United States were left nearly untouched by the recent strong economy and years of

week headlined "US Foundations Come Clean." The article mentions CEP assessment tool users the Philadelphia Foundation, James Irvine Foundation, and David and Lucile Packard Foundation, describing a "trend" of foundations becoming "more open and innovative in the way [they] approaches grant making."

In the article, CEP Board member Joel Fleishman describes CEP as among the "sparks of lights" that "are beginning to show" in the foundation sector. William and Flora Hewlett President Paul Brest mentions, CEP, GEO, and Bridgespan as among the organizations helping spur a "shift toward strategic philanthropy."

The story focuses in particular on the complete overhaul of the grantmaking strategy at the Philadelphia Foundation that was prompted by the Foundation's Grantee Perception Report (GPR) results. Nancy Burd, the

**foundation asset building. Now these "philanthropically challenged" states have something to tell national foundations.**

**BY MICHAEL D. SCHECHTMAN**

Three years ago I attended the annual conference of the National Council of Nonprofit Associations. My colleagues and I were in the early stages of launching the Big Sky Institute for the Advancement of Nonprofits, and starting a statewide nonprofit association in Montana was our top priority.

On the last day of the conference, a foundation panel gathered to advise representatives of new and emerging state associations on fundraising and how to tell their story to foundations. To my utter dismay, the panelists shared perspectives with the same theme--"Aggressively raise funds from the foundations and major corporations in your state."

By the time I was finally called upon to ask my question, I could hardly contain myself. I challenged the panel's premise, explaining that total annual grantmaking from Montana foundations was *\$10 million*, for a state nonprofit sector with over *\$2 billion* in total revenues. Most of the state's foundations are small, local family foundations, and I suggested that aggressively competing with local nonprofits for the incredibly limited pool of in-state foundation dollars wasn't the most compelling strategy.

Benjamin R. Shute, Jr., of the Rockefeller Brothers Fund, offered the most useful advice in response: He counseled me to do my homework, research the national picture of foundation assets, form a coalition among states as "philanthropically challenged" as Montana, and work collectively to tell this important story to the national foundation community. Thus emerged a new initiative now known as the Philanthropic Divide Project.

#### **A Widening Gap**

The "Philanthropic Divide" refers to the huge gap between those states with the most foundation assets and those with the least--a gap that increased dramatically during the decade of the 1990s.

According to Foundation Center data, the ten states with the least amount of foundation assets, as reported in 1990, had an average of *\$63 million* in assets per state, while the ten states with the largest amount of foundation assets had an average of *\$9.3 billion*.

A decade later, the average amount of assets per state for the ten bottom-ranked states had grown to nearly *\$400 million*, while the top states had an average of *\$26.2 billion* per state. *The gap between the average amount of assets per state in the ten bottom-ranked and the top-ten-ranked states a decade later had nearly tripled to \$25.8 billion.*

According to 2000 Foundation Center data, the ten states with the least amount of foundations assets are: Alaska, \$58 million (ranked 50); North Dakota, \$91 million (49); Montana, \$200 million (48); Vermont, \$302 million (47); South Dakota, \$352 million (46); Wyoming, \$506 million (45); Mississippi, \$552 million (44); Maine, \$540 million (43); West Virginia, \$608 million (42); and New Hampshire, \$770 million (41). By way of comparison, Georgia, which ranks tenth with \$11.3 billion in assets, has nearly three times the amount of assets *as all ten Philanthropic Divide states combined.*

The Philanthropic Divide states share similar characteristics: a dispersed, low population base; a lack of significant population/commerce centers; a limited industrial/manufacturing base; and dependence on agricultural/natural resource economies.

#### **Not to Be Scoffed At**

Some funders initially scoffed at the relevance of these numbers. The rejoinder was, "These states have so few people they don't need many assets to provide a comparable level of per capita grantmaking." Wrong. The Foundations Center's 2000 edition of *Foundation Yearbook: Facts and Figures on Private and Community Foundations* provides comparative data about states with respect to total giving per capita. Total per capita giving by state still places all of the Philanthropic Divide states except Wyoming (due to its very small population) at or near the bottom. As contrasted with New York, which ranks number one with \$211.56 per capita, North Dakota's grantmaking ranks number 50 with \$8.08 per capita.

The extremely limited financial capacity of these states prohibits such things as special funding initiatives to assist state nonprofits in addressing community needs and helping to finance much of nonprofits' day-to-day operational costs. The Philanthropic Divide states' financial capabilities are

Foundation's Vice President for Grantmaking Services, told the *Times*, "The GPR was somewhat astonishing to the foundation because it revealed there were some areas that could stand improvement, especially how the foundation articulated its grant-making strategy and how it interacted with grantees."

To read the article, [click here](#)

We count on you to keep us informed of any news regarding your organization.

*Letters to the Editor are welcome and encouraged.*

Send to [todendahl@nmag.org](mailto:todendahl@nmag.org)

characterized by:

- a paucity of foundations that can make annual grants in the \$25,000 to \$50,000 range or multiyear grants with meaningful scale.
- a virtual inability of foundations to make grants of \$100,000 or greater
- an average total foundation giving per state of less than \$20 million (using a 5 percent payout)
- a lack of significant-sized regional and national grantmaking foundations or Fortune 500 companies headquartered within state borders
- difficulty in making grants in support of statewide initiatives; and
- extremely limited grantmaking that is explicitly dedicated to helping nonprofits build capacity.

These states aren't only hampered by financial limitations. The small number of professional foundation staff also limits the ability of each state's philanthropic community to:

- comprehensively assess unmet needs at the state and community levels
- identify and prioritize nonprofit-sector needs at state and local levels
- collaborate with foundations and nonprofits to address priority needs; and
- communicate, advocate and collaborate with regional and national foundations to address needs in priority areas where there is common interest.

#### **What's Needed**

Greater direct investment is needed from national foundations for sector-development programs and projects as well as for long-range asset development. Examples include multiyear funding to support statewide nonprofit associations; grants to statewide community foundations for venture funds that enable them to invest and participate in new development initiatives; and funds to support nonprofit capacity building programs.

With limited exceptions, initial discussion last year with national foundations investing in nonprofit-sector development at the state level were not encouraging. One foundation indicated that the ten Philanthropic Divide states didn't constitute a "geographically defensible" region, and therefore, didn't pass muster. Another explained that the guidelines driving their support of nonprofit-sector development at the state level only allowed them to fund national organizations.

Unfortunately, foundations investing in national organizations to support nonprofit-sector development at the state level have tunnel vision and miss the fundamental flaw: Investments won't pay dividends in states where the infrastructure and staffing aren't in place to work with national organizations and make use of the programs and resources being developed. And not being able to take advantage of those national resources only worsens the struggles for success.

#### **Closing the Gap**

Conditions and constraints vary somewhat among the Philanthropic Divide states. Maine, New Hampshire and Vermont, for example, have access to family and corporate foundations headquartered in Boston whose geographic preference is New England, or more broadly the Northeast.

Furthermore, changing circumstances can alter a state's situation and ranking, such as the bequest by Elmer Rasmuson that committed \$400 million to the Rasmuson Foundation in Alaska. When the funds are transferred to the foundation, Alaska may move up slightly in the rankings. But no strategy is being implemented that holds serious promise in closing the asset gap in the near term. This doesn't bode well for the Philanthropic Divide states in the West and the Great Plains that are distant from the nation's concentrations of foundation wealth.

In Montana, we like to shake hands, look prospective funders in the eye, and talk with them "straight on" when discussing important needs and asking support. The future will look brighter if the national foundation community makes a commitment to seriously invest in these states and extends a hand across the divide.

*Michael D. Schechtman is executive director of the Big Sky Institute for the Advancement of Nonprofits in Helena, Montana. 2002.*

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