

**Public Policy Engagement of Minnesota Foundations:  
A framework for future dialogue  
Spring 2010**



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## **Public and Nonprofit Leadership Center**

The Public and Nonprofit Leadership Center (PNLC) in the Hubert H. Humphrey Institute of Public Affairs at the University of Minnesota strives to enhance the leadership of nonprofits, philanthropy, and public sector organizations to work together—with the private sector—to advance the common good and serve the public interest. The Center is a national leader in research that explores the context and practice of governance. Research, academic courses, and professional programs offer tangible approaches to complex public problems.

## **About the Authors**

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## Part Two:

### Matrix of Engagement

Minnesota's foundations may engage in public policy in a very limited way through everyday grantmaking or very deliberately through planned systems change efforts and focused public policy engagement. During the focus group conversations a continuum of activities was continually described. That continuum tied into the stages of change that normally occur as a community issue is addressed, solutions tested, a new system of response is in place and institutionalized.

Foundation staff and trustees described the change in their activities often in a sequence over time. With each new activity the foundation often had to decide if the next step should be taken, as it required more use of resources. It seems that the farther along the continuum of activity a foundation proceeds it takes more staff and trustee time, larger and more grants, possible new uses of assets, more leadership and more risk.

The authors have created a matrix of engagement as a tool to enhance future discussions about foundation activities in public policy and systems change. As those discussions continue it is likely that the matrix will be modified. Early tests of these discussions have been very enlightening to all. The **next two pages** provide a description of the matrix and the specific steps foundations take as they engage in this activity.

### *Understanding the Matrix*

The matrix above has x's marked for every kind of engagement reported by at least one foundation in either interviews, focus groups or at the annual conference. Key points:

1. The stage of change that is occurring around a particular community issue influences the kind of activities in which a foundation engages. Note the lower right hand portion of the grid has significantly higher numbers of activities reported by engaged foundations.
2. There is a critical transition point for foundations that engage in public policy and systems change work. That is a time when more internal education, more foundation trustee involvement in the decisions and possibly different kinds of resources are needed. You can see that depicted above. Along the horizontal axis you will find a vertical bar labeled "Requires trustee awareness and approval."
3. Foundations that often fund new programmatic approaches learn from these solution-testing strategies. That learning informs their choices for future grants and the content of their engagement with other foundations, community leaders and elected officials. That experience often compels them to seek deeper engagement strategies.
4. Foundations partner with their grantees in most stages of systems change, except legislative action.

5. Once a foundation is active in agenda setting for the issue their engagement changes to include much more engaged strategies.
6. Foundations seek additional resources when moving into agenda setting, policy formulation and legislative action partnering with others to leverage resources.

Much further conversation about this matrix is needed. Testing its value for conversations with a few foundation leaders indicate it is valuable. These conversations should continue over the next phase of the MCF-HHH partnership.

# Matrix of Philanthropy and Public Policy Engagement

Foundation Behaviors: Steps for New Policy Formation & Systems Change:	Philanthropy &				Public Policy Engagement							
	General Funder	Self-Education	Research	Info. Exchange	Partner with Non-Profit(s)	Funders Collaborate	Fund Outreach, Education	Leader	Asset Investment	Public Campaign	Partner w/ Govt	Judicial Advocacy
Problem Definition		X	X		X	X					X	X
Issue Frame and Outcome	X	X			X	X					X	X
Solution Testing	X	X	X	X	X	X		X		X	X	
Agenda Setting					X	X	X			X	X	
Policy Formation	X				X	X	X	X				
Public Awareness & Perception	X				X	X	X	X			X	
Public Behavior	X				X		X	X		X	X	
Legislative Action local/state/ natl										X		X

Note:  
 "X" indicates a role that one or more foundations participating in focus groups or interviews has played.  
 Included foundations are those that systematically give away funds, and not operating foundations.

## **Creating Common Terminology**

Foundation staff and trustees reported early in the MCF-HHH partnership that they were uncertain about what activities were legal for foundations to undertake. This concern continues today and was raised often during focus group conversations.

Despite work by MCF to educate its members, there continues to be significant misunderstanding of the laws about foundation engagement in public policy focused activities. Foundations can undertake a wide range of direct activities as long as they do not focus on a specific piece of legislation.

MCF's website describes what is illegal this way:

*For these purposes, an activity that has to do with legislation is prohibited lobbying only if it constitutes "direct" or "grassroots" lobbying. The technical definitions of these terms are quite extensive.*

*Generally speaking, "direct" lobbying is a communication with a member or employee of a legislative body (or certain other government officials) that both (a) refers to specific legislation, and (b) reflects a view on the legislation.*

*"Grassroots" lobbying is attempting to influence the opinions of the general public about specific legislation. In order to be grassroots lobbying, a communication must (a) refer to specific legislation, (b) reflect a view on the legislation, and (c) encourage the recipient to take action, such as contacting his or her legislator.*

*Legislation-related communications that do not fall within one of these two definitions are not prohibited by the lobbying rules that apply to private foundations.*  
[www.mcf.org/publictrust/legalFAQs\\_lobbying.htm](http://www.mcf.org/publictrust/legalFAQs_lobbying.htm)

During the focus groups the attendees discussed how they talk about their activities beyond grantmaking when speaking with trustees and other foundation staff and trustees. It became evident that there were words that were avoided. Below is how a few spoke about the issue:

- *Don't use the word "lobby" – use "education" or "providing information" or "educating about the issues of concern."*
- *We do not do lobbying and we don't use that word when we talk about our activities.*
- *We talk about what we do as "quiet diplomacy" and "matchmaking across sectors."*
- *We don't even call it "social justice" as that can be construed as partisan.*
- *We do use the word "advocacy" a lot; we use "engagement" more often.*
- *We talk about "convening" and "collaboration."*
- *We don't use the word "policy" much at all but as I listen now to others I realized we are doing that focused work."*

Early in the discussions it became apparent that a tool that this project should create is to establish a set of words that could become commonly used terminology for the full range of ways to engage. The steps in the continuum described below are recommended to become the primary terminology used for this engagement. Appendix D further details additional recommended terminology for practices common in systems change activities.

### ***Continuum of Foundation Engagement Behavior***

Conversations and interviews with staff and trustees of foundations described their engagement by detailing distinct activities. When combined these activities form a continuum of engagement behavior. Some foundations engage in just some of the activities while others are active along the full spectrum. Engagement does seem to progress over time along this continuum. The continuum of philanthropic behaviors during systems change and public policy work includes these stages:

1. **Grant Maker.** Foundations traditionally provide grants to nonprofit organizations in response to a specific request for funding. Often these request call for investing in an innovative program in order to demonstrate the program’s feasibility and effectiveness as a viable alternative and improvement to a public problem. Grants are also being made for public policy and systems change related projects. The grant funding comes frequently with stipulations about how the funds may be used and what kind of reports will be provided to the funder. The funder usually does not engage further with the grantee. Three general types of funding are often done that can impact systems change.
  1. Funding of advocacy organizations, 501(c)3 groups that do issue advocacy:  
**For example:** Both the Larsen Family Foundation and the Northwest Area Foundation staff reported this kind of grantmaking.
  2. Funding collaborations working on policy change, without any other foundation participation:  
**For example:** Earned Income Tax Credit Initiative is an example of this. Both McKnight and Cargill Foundations reported this kind of grantmaking.
  3. Provide start-up funds for intermediary/advocacy organizations:  
**For example:** About five years ago, the John Larsen Foundation funded Equality MN to do research into public opinion about the rights of same sex couples. It got Equality MN going and they were able to do needed research. Equity MN took the research findings, like 80% of Minnesotans believe that gays and lesbians should have the same rights as everybody else, and shared it broadly. Larsen Foundation funded that research project and the organization was able to take that information and met and educated people around Minnesota, particularly key legislators. That work helped keep the prohibition of same sex marriage off the ballot. That happened in 2006 or so. Since then Larsen Foundation has continued to fund that organization.
2. **Self-Education.** In order to become more informed about and issue area of interest to the foundation, staff and often trustees engage in activities to further educate themselves about specific issues. These activities take many forms including discussions with foundations with

similar interest, staff visiting with experts, staff writing papers, experts invited to present to the Board, and commissioning of papers that may be posted on the foundation website.

**For example:** McKnight Foundation sought out experts to help them deepen their knowledge about their goal to use their resources to restore the water quality and resilience of the Mississippi River. They work with respected expert think tanks for content expertise and to understand what is happening in other states.

3. **Research.** Foundations provide grants and commission studies to systematically investigate an issue or problem, to better define it, or identify possible solutions. Research is frequently used by the foundation for self-education and may be shared with the general public in a variety of ways.
  - a. Fund Research:  
**For example:** The John Larsen Foundation funded a study of public opinion that resulted in strong materials the grantee could use in their conversations with legislators.
  - b. Commission Research:  
**For example:** The Northwest Area Foundation commissions white papers from multiple experts with the intent to advance the field of knowledge and build connections among experts. The experts were then convened by the foundation for a discussion about their findings.
4. **Information Exchange.** Foundations encourage information exchanges by bringing together people, research and organizations. Exchanges may be hosted by a foundation itself or convened by a nonprofit organization that has received funding for such a dialogue. This, too, may or may not be used by foundation staff and trustees for self-education.

**For example:**

- a. Convening groups of grantees for information exchange: Medtronic, about every 18 months, pulls together its grantees in Europe to discuss capacity building for their work and what they have learned during their grant related work.
- b. Convening groups from diverse perspectives on an issue to develop new connections and new insights: McKnight Foundation hosts sessions for people from a range of industries with interest in a common topic. Those conversations may or may not result in new grant ideas for the foundation.

### ***Transitioning to Public Policy Engagement***

At this stage foundation staff and trustees take stock of the progress that has been made in an issue area of focus. While staff may have been deeply engaged in the issue this is the time when trustees too become more fully engaged. Assessing impact, determining effectiveness of grants made, and reviewing changes in knowledge in the field are often done. It is at this point that foundations begin to assess the value of deepened engagement in an issue. Greater leverage of resources is often identified as necessary to make greater impact. Often conversations with others interested in the same field may compel further engagement with foundations or with grantees.



Sometimes foundations determine that no further engagement in this issue area should be done and move on to other issues using traditional foundation actions.

5. **Partner with Non-Profits.** Once a commitment is made to have greater impact on the issue foundations often seek ways to partner with others. Foundations often join in partnership with a funded nonprofit by dedicating staff or trustee time to systems change efforts.

**For example:** The Northwest Area Foundation makes this one of their primary approaches. The staff person reporting this added this point, “We need to remember when you join with a nonprofit organization or coalition, that they already have 12-15 years of engagement on the issue so you are trying to catch up on the knowledge base while trying to contribute new ideas”.

6. **Funders Collaborate.** Foundations may join together for a common purpose to increase understanding of any public policy issue(s), leverage resources for greater results, or reduce public exposure for a single foundation. Sometimes collaborations are informal coalitions with a shared agenda and separate foundation engagement strategies. In other cases, the collaboration itself becomes a separate formal entity with a distinct mission, strategic plans, pooled funds and specific fundraising goals.

**For example:** Sheltering Arms Foundation is part of an informal group of three grantmakers working on public policy agendas together. Every other year, they’ve invited legislators in to talk about what’s happening with legislative issues. In addition the trio has partnered with MCN [Minnesota Council of Nonprofits] to do an early childhood conference to bring all funded groups together.

7. **Fund Outreach & Education.** When an issue is large and complex, citizen engagement, community agenda setting, public awareness and education and a public call for a change may be necessary to achieve needed systems change. Foundations engage by funding the necessary work and are engaged in that themselves.

**For example:** The Blue Cross Blue Shield of Minnesota Foundation studies awareness needs as well as policy issues when determining how to engage around an issue of priority. Their work on the initiative called Growing Up Healthy includes grants for organizations to host community sessions to improve awareness about the issue and for development of local community engagement.

8. **Leader.** Foundations can step into a leadership role to lead the needed systems change strategies forward. The foundation may become the host for dialogue, may take a specific position, may become the public advocate for the position or may stay neutral except for calling for a resolution on the issue and lead the processes necessary to achieve that.

**For example:**

- a. Community Foundations are often asked by local officials to step into a leadership role when the issue requires building a coalition across elected officials, nonprofit organizations and local businesses. The Southern Minnesota Initiative Foundation became the leader for a project to strengthen dental care for local

families. There are 40 different groups involved with the foundation acting as fiscal host and coordinator.

- b. Bush Foundation's President was the leader who coalesced foundations around the need to provide elected officials with a fresh look at the state's budget with the Minnesota Bottom Line project

9. **Asset Investment.** Some foundations are choosing to invest part of their endowment to support program goals. Trustees consider whether and how to integrate impact investing into existing asset allocation models.

**For example:** The John Larsen Foundation is engaged in applying its foci to its asset investments. First they started by simply doing screening of where they were invested, ensuring the company practices were not in conflict with their mission and values. They used a national information source guide to determine which stocks they wouldn't hold. A few years back they realized that they were not having any major impact with this investments strategy, besides making trustees feel good. Now they are seeking a more active engagement in voting their proxies and looking at other shareholder activism possibilities. "A lot of it is getting over the hurdles of learning how to do these things", said John Larsen.

10. **Issue/Information Promotion.** Foundations can provide information or ensure the provision of information that can be used to shape public policy. Foundation websites and networks can shine a light on issues or promising solutions. Their leaders can serve as a spokespeople, sharing widely the depth of their experience and knowledge of an issue.

**For example:** The Blue Cross Blue Shield Minnesota's Center for Prevention has put together a multi-pronged strategy to effect change in the use of tobacco in Minnesota. Every Blue Cross Blue Shield department has included in their annual performance plan strategies to show what they have done on the issues of priority in BCBS community engagement work.

11. **Partner with Government.** Foundations sometimes engage directly with government entities to address a common issue. These can range from coordinated actions that complement one another to the creation of formal collaboratives.

**For example:**

- a. The Blandin Foundation convened regional officials as they looked to improve K-12 education in the Grand Rapids area.
- b. The Central Corridor Collaborative project was raised by McKnight Foundation staff as a good example of this. The collaborative brings private resources to address local community needs tied to the light rail that will connect Minneapolis and St. Paul.
- c. When projects are done in or near Indian Reservations, several foundations reported that it is critical to work directly with the elected tribal leaders.
- d. Federal attention was obtained by the Blandin Foundation's work with local community leaders calling for action on rural broadband needs.

- e. Hiring staff with strong background in government relations increases the ease of engaging with government officials as seen in the recent work of the Bush Foundation and the Northwest Area Foundation.

**12. Judicial Advocacy.** Foundations may work for systems change through the legal system either by lawsuits, *amicus* briefs, or providing information for legal cases.

**For example:** The Indian Land Tenure Foundation is focused on improving issues experienced by Native Americans. State and federal law identified for change frame much of the Foundation's work. A staff member explained, "Sometimes the only way to get the needed change is to support judicial action."

### ***Community Foundations***

Community foundations play very unique roles in Minnesota. They are seen and looked to by other foundations as possible leaders in public policy and systems change initiatives and are sought out by local leaders as well to play these roles. In greater Minnesota, community foundations have received grants that encourage them to play the full range of roles.

### ***Stages of Policy Formation and Systems Change***

When a social problem is identified often individuals and nonprofit organizations are the first ones to engage in addressing it. The process used to move from issue awareness to systems resolution is the subject of many studies and books. This paper excerpts the parts of that process that are points where foundations engage. When this continuum is brought together with the continuum of foundation engagement the resulting matrix provides additional insights that can guide future foundation actions and creates a new way to discuss foundation engagement.

Two leading models on problem definition and policy formulation come from scholars Deborah Stone and Eugene Bardach. The vertical axis on the matrix found on page 19 takes guidance from these policy formation models and adds some of the steps needed for systems change. These activities are taking place in the external environment of a foundation and often many steps may occur without foundation participation. The continuum for now includes only the steps where foundation action is possible. As the matrix continues to be used for discussion about foundation engagement it is likely that this continuum will be expanded.

The Matrix of Philanthropy and Policy Engagement identifies and defines the following steps of systems change:

**Problem Definition:** Careful attention to determining what the real problem is sets change efforts on the right path. Eugene Bardach, of U.C. Berkeley's Graduate School of Public Policy, condensed his twenty years of teaching policy studies into a handbook entitled *The Eight-Step Path of Policy Analysis*. The first step of Bardach's eight-step process of policy formation is "Defining the Problem." Policies are often wrongheaded from the start, according to Bardach, because they poorly define the problem that they wish their policy initiatives to address. Problem definition requires much more care and attention than it is often given.

**Issue Framing and Desired Outcome Development:** The Kettering Foundation has described the disconnect between the 'public' and 'politics,' reporting that people in communities all over the country felt estranged from their elected representatives, from their public institutions, and most importantly, from each other. A significant portion of this disconnect focused on how issues in communities got named and framed. Kettering surmised, correctly, that if a public issue was named in such a way that the public could not identify with it, then the public would have a difficult time supporting it. However, if the public could identify a public problem together (naming) and then discuss choices on how to solve the particular problem (framing), then the likelihood of greater community action increased ten-fold.

**Solution Testing:** In a project setting, the solution analyst is responsible for understanding needs/problems and designing, configuring and testing programs to meet those needs. Solution testing is a key component in relevant systems improvement processes and applications. The solutions can be identified by community leaders, nonprofit organizations active in the field or new coalitions determined to address the defined problem. Often funding is needed for 3-5 years to implement the solution test. Foundations also can frame new solutions, working individually or in coalition with others. Furthermore, foundations play the valuable role of translating public problems into solutions that enable policy makers and other public officials to see solutions that can achieve their goals. Foundations are a key resource for troubleshooting, diagnosing and stimulating new solutions.

**Systems Change Agenda Setting:** The list of issues or problems to which public officials, the media, and the public are paying attention at any given time is almost unlimited. Very few problems will be considered, as most will be crowded out by other issues. In order to achieve most needed systems change an issue and the needed change must become part of the list that is given attention. The agenda setting process narrows a set of conceivable subjects to the set that actually becomes the focus of attention. The agenda becomes the focus for attention and action. Deborah Stone refined the notion of agenda setting, noting, "Conditions come to be defined as problems through the strategic portrayal of causal stories."

**Policy Formation:** In their book titled, *The Politics of Problem Definition Shaping the Policy Agenda*, political scientists David Rochefort and Roger Cobb focus on the nature of the solution. Most fundamentally, does a solution exist? The leading scholars note agreement can often be achieved that a problem exists, but policymakers must also believe that government intervention will have a positive effect. Similarly, are the policy techniques available to government viewed as acceptable?

In the process of creating, adopting, and implementing a policy the legislature is the primary institutional focus. Foundations and the organizations they fund have a valuable role to play in helping to inform lawmakers about new solutions and changed public attitudes and provide ideas for alternatives or options for dealing with public problems.

**Public Awareness and Perception Change Strategies:** From raising public awareness to provoking thoughtful public debate about public problems or by informing that debate with rigorous, independent, non-partisan information and analysis, impacting public awareness is considered to be a critical component of strategy.

**Public Behavior Change:** Sometimes it is behavior of the general public that is contributing to the problem in focus. In trying to change public behavior or a portion of the public's behavior, the system change approach may reach beyond raising awareness, and focus on attempting to increase salience, change attitudes/beliefs, develop a sense of self-efficacy on the issue, change social norms on the issue, change behavioral intentions or make the ultimate change in behavior.

**Legislative Action:** Often to achieve the necessary systems change required to achieve resolution of the issues in focus legislation is required. Private foundations are subject to special restrictions that limit their ability to lobby and participate in election campaigns. Despite these restrictions, foundations can and do play a significant role in formation of public policy. Foundations willing to invest the effort necessary to understand the legal rules that govern them can safely include legislative action as a potent means of furthering their charitable objectives.

Communication with a government official is "lobbying" only if it "refers to" and "reflects a view" on "specific legislation." Consequently, the law allows foundations to communicate with legislators about matters of broad social concern-- as distinct from specific legislation-- even if those matters are, or will be, addressed in legislation. This rule has enabled private foundations and their grantees to exercise significant influence on issues.