POVERTY REFORM THROUGH PHILANTHROPIC INITIATIVE

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With Bill Clinton's call in 1996 to "end welfare as we know it" came the culmination of a decade and a half of steady declines in federal support for the nation's poor. There has been much policy talk in the past few years about the consequences of *devolution*, the transfer of fiscal responsibility for social policy from the federal government to the states. Questions such as "Can state governments adequately address the needs of the poor?" have preoccupied journalists, policymakers, and academics alike.

There is another important policy matter surrounding devolution that has received comparatively little attention. This is the issue of what poverty reform initiatives undertaken *without* government support of any kind look like. Although even nowadays private funding for the poor remains a mere drop in the bucket compared to public support, the site for poverty reform increasingly involves players far removed from the apparatus of the state.

Recall back to August 1988 when George Bush, in accepting the GOP presidential nomination, spoke about how his efforts to continue Ronald Reagan's push for small government would usher in "a thousand points of light." Here, Bush was invoking a piece of party ideology that had become accepted political wisdom during the Reagan years: the notion that small government and greater private philanthropic initiative went hand in hand. The idea was that private individuals and foundations would compensate for any proposed cuts in government funding.

Social scientists have debated whether this equation has empirically held true. Yet regardless of whether or not it has, it certainly appears that small government is here to stay. All indicators suggest that during the next administration poverty reform is likely to continue to occur more and more through wholly private initiatives.

This transformation of the policymaking climate raises many questions. Among these include the following: How do private policy initiatives unfold? Which actors have prominence within the policymaking process? How do they interact in formulating policy? To find answers to these questions, one could look to any of a number of American cities where comprehensive poverty reform initiatives were taking place during the early 1990s. These cities included Atlanta, Baltimore, Boston, Chicago, Cleveland, Hartford, Los Angeles, Miami, Milwaukee, New York, and St. Paul.

From 1995-1997, I looked closely at one of these cases of comprehensive poverty reform—the Chicago Initiative. Its story provides an interesting glimpse into what the policymaking process looks like in an era of small government, highlighting specifically how a mix of nonprofits—private foundations and community-based organizations—jointly formulate urban poverty reform agendas.

Agenda for Poverty Reform in Chicago

Twenty-seven foundations created the Chicago Initiative in the immediate aftermath of the 1992 Los Angeles Riots. Out of a fear that Chicago was susceptible to similar violence during the upcoming summer, these foundations pooled together several million dollars for the expansion of employment and recreational programs for poor youth. Task forces were created to evaluate grant proposals in four programming areas: sports & recreation, arts & culture, gang intervention, and job training. Funded programs included keeping gymnasiums open till midnight for basketball and other athletic competitions, arts and crafts activities, and employing youth in gang-intervention projects.

The Chicago Initiative reflected the existing political culture for formulating social policy. It came about at the tail end of a twelve-year period of political conservatism. George Bush's term in the Oval Office followed eight years of fiscal conservatism ushered in by Ronald Reagan. Federal support for social policy had become low on the Republican agenda. This fiscal conservatism combined with a growing social conservatism, which increasingly viewed the plight of the poor as due to a failure to take individual responsibility for improving their material well being.

During the eighties, influential political pundits such as Charles Murray and Lawrence Mead succeeded in re-writing the dominant historical view in Washington since the sixties toward Lyndon B. Johnson's Great Society programs. Whereas previously a liberal sentiment prevailed that regarded poverty as largely attributable to structural causes, now the political mood increasingly became one of blaming welfare dependency on the poor themselves. Moreover, as part of George Bush's presidential reelection campaign in 1992, his administration publicly linked the LA Riots to the misguided liberal assumptions behind LBJ's poverty reforms.

This conservative social policy milieu had become thoroughly entrenched within Washington by the 1992 presidential election campaign. Perhaps *the* core component of this policymaking political culture was the notion that, given the unrealized promises of the War on Poverty, the federal government should stay small and social policy should remain private and local. For a brief time after Bill Clinton assumed the Oval Office in 1993—with his administration's vigorous pursuit of health care reform—it appeared that the policymaking political culture was beginning to change. However, as a "New Democrat" Clinton presented himself as in agreement with the conservative spin on welfare dependency as essentially a failure in individual responsibility.

Arising within this policymaking climate, the Chicago Initiative reflected the growing political disfavor toward big government and the concomitant proclivity for private policy reform measures. The Chicago Initiative was created by private funding organizations and sought to incorporate nonprofit community-based organizations into the policymaking process. The city of Chicago did participate in the collaboration but its role was merely symbolic, consisting mostly of Mayor Daley's making public appearances at high-profile meetings covered by the press. Although the city presented itself as a willing collaborative partner, it did not contribute any of its own funds to the effort. Therefore, the Chicago Initiative was indicative of how private organizations with clout who wanted to promote a social policy agenda did so in ways that reflected the existing political climate.

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Community organizations whose poor constituencies stood to benefit from the Chicago Initiative's emergency summer grants appreciated the goodwill gesture, yet saw it as merely addressing the symptoms of urban poverty. Many of the leaders of these organizations consequently became involved in an effort to expand the Initiative's agenda from short-term violence prevention to comprehensive poverty reform. Their proposal was for foundations to support a "linked development" anti-poverty agenda; this was an agenda that would fuse community, family, and economic development within an overarching reform strategy for low-income neighborhoods.

Community leaders claimed that while the Chicago Initiative's summer grants were providing much-needed funds for expanding youth programming, the grants were essentially a Band-Aid strategy for targeting the problems of poor youth. Community leaders believed that it should not have taken the violence in Los Angeles for it to have become patently obvious to policymakers that a sense of hopelessness and despair pervaded throughout poor urban neighborhoods.

The problem, as they saw it, was not that foundations did not understand that the underlying causes of poverty extended well beyond its symptomatic manifestation in episodes of violence like the LA Riots. Rather, the problem was that it was rare for community organizations to collaborate on comprehensive poverty reform strategies because foundations preferred to support only discrete programming issues. The charge here was that foundations conceptually understood the need to target poverty comprehensively, yet their institutional cultures prevented them from providing services to the whole child or the whole family. Community organizations' scramble for scarce resources consequently forced them to take whatever funding was available, even if that meant offering fragmented services that did not entirely meet people's needs.

The idea of "linked development" sounded good in principle to foundations, yet the problems it addressed extended well beyond their reason for creating the Chicago Initiative. Still, because foundations look to their mix of prospective grantees for input about the kinds of reforms that warrant their support, they were reluctant to reject outright the possibility of supporting comprehensive poverty reform through the Chicago Initiative. As they were formulating plans for distributing grants to expand programming for poor youth during the summer of 1992, foundations created a separate task force within the Initiative to formulate a comprehensive poverty reform agenda.

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Collaborative Policy Agenda Setting

The interactions that took place over the next three years between the community leaders on this task force and foundations reveal a great deal about the collaborative manner through which private policy initiatives can unfold. Conventional wisdom would suggest that these initiatives take on the shapes conceived by their patrons who, after all, generally have some sort of concrete vision of how they want to spend their money. Yet, what we learn from the Chicago Initiative is that in the private policy arena it is not necessarily the case that whoever pays the piper calls the tune.

While it is true that community organizations financially depend on foundation money to do their programming work, foundations informally rely upon these organizations to help them formulate grant priorities that correspond with their general funding interests. This means that community organizations possess a certain degree of power to get their interests represented within foundation funding agendas. The Chicago Initiative story offers a window into how these organizations exercise their power in an attempt to persuade foundations that the two groups have overlapping policy interests.

Community leaders who participated in the Initiative strategized a way to frame the linked development agenda as both resonant with, and a necessary outgrowth of, foundations' discrete agenda in creating the Chicago Initiative, which was to prevent the onset of local youth violence following the LA Riots. One tactic that community leaders employed was to claim that linked development would yield the same kinds of "bang for the buck" as the summer youth programs that foundations had been supporting through the Chicago Initiative. Getting a measurable return on its investments is indeed one of the most important criteria that goes into a foundation's decisions about which grant proposals to fund.

Although private foundations may construe their grants as motivated first and foremost by a basic philanthropic imperative, their decision making stems from a brand of bottom-line thinking that is similar to how a for-profit company does business. One of the foundation directors involved in the Chicago Initiative commented, in reference to the Initiative's violence prevention grants, "We know that it's measurable whether different people are developing the skills necessary to do their summer job. You can say that this kid came to work every day and he learned this skill or he learned these habits." Given foundations' concerns about getting bang for their buck, highlighting the quantifiable dimensions of linked development was a way for community leaders to legitimize their comprehensive poverty reform agenda to foundations as not only making sense in principle but as also a pragmatic social investment.

It is reasonable to wonder just what kinds of resources community organizations might possess for persuading foundations to broaden their funding agendas. After all, the relationship between foundations and prospective grantees is, by any overt indicator, decidedly asymmetrical. Whereas many private foundations have millions, if not billions, of dollars vested in their endowments, organizations that advocate on behalf of the poor are chronically in a desperate search for funds. This asymmetry routinely produces situations of deference and demeanor whereby, in their role as prospective grantees, community organizations learn to perfect the art of playing up precisely those elements of their programming work that they think will resonate with what a particular funder wants to support. So it comes as little surprise, then, that if foundations seek bang for their buck, community organizations will figure out a way to claim that their programming agendas provide just that.

The part of the story that becomes interesting here is how community organizations can get foundations to pay attention to their agendas in the first place. This is where the relationships that take place within the private policymaking arena contain elements that typically go unnoticed by the casual observer. Yes, it is true that foundations retain enormous power because they possess crucial financial resources that community organizations need. However, community organizations also possess a significant degree of power, yet of a different kind: the power to validate that what a foundation necessarily fulfills its claimed philanthropic mission.

Within the Chicago Initiative, foundations' philanthropic mission was couched in rhetoric about "social responsibility." The notion was that riots had just wreaked havoc on Los Angeles, and that a similar prospect lay in store for Chicago unless foundations took proactive measures to expand opportunities for poor youth during the summer school recess. But, the foundations that participated in the Chicago Initiative could not ensure that community organizations would construe them as socially responsible simply because they willed it as such. Rather, foundations opened themselves up to the possibility that community organizations would *tactically* defer to foundations' self-representation of their efforts. That is, foundations became vulnerable to claims that the violence prevention programs they were supporting were not sufficient in order for them to claim to be socially responsible—that foundations also had to support a comprehensive poverty reform agenda.

Hence, community organizations' claims that funding linked development would yield foundations bang for their buck did not reflect passive deference to what foundations wanted to hear, but rather a strategic effort to assert power within their relationships with foundations. This was an effort to hold foundations accountable to their claims of social responsibility, and in so doing, to influence the foundation funding agenda.

Another tactic that community leaders employed in attempting to garner foundation support for linked development was to frame the local agenda for Chicago as similar to comprehensive poverty reform initiatives that were receiving foundation support in other cities across the United States. The Atlanta Project in particular became a model that community leaders sought to emulate. A delegation of foundation staff and community leaders went there to learn how they might go about implementing a similar comprehensive poverty reform agenda in Chicago. Bill Clinton's "Empowerment Zones" legislation, which he proposed in May 1993, became yet another rallying point for eliciting institutional support for comprehensive poverty reform.

Policy Process Without Big Government

The Chicago Initiative lasted from 1992-1995 and in the end, only one foundation funded the linked development agenda. This seemingly telling indicator that the Initiative *failed* in its attempt to carry out a community-generated poverty reform agenda, if seen as the Initiative's only meaningful legacy, would obscure some important insights that the Chicago Initiative story reveals.

We learn that in an era of devolution, local and private policymaking contexts where government actors are absent have become key sites in which social policy gets formulated. Looking at the Chicago Initiative enables us to capture a nuanced picture of how these private policy initiatives unfold. From this perspective, the success or failure of a policy initiative matters less than understanding which actors have prominence within the agenda-setting process and how they interact in formulating policy.

One cannot say definitively by only looking at the situation in Chicago during the first half of the 1990s whether or not community organizations ubiquitously carry the kinds of influence within the policy agenda setting process that they did there. But the Chicago Initiative story nevertheless reveals that the structure of philanthropic grantmaking is such that foundations do not simply decide what they want to fund and then fund it. This is because foundations and community-based organizations have an interdependent relationship. On the one hand, with steadily declining government support for the poor, community organizations need foundation money now more than ever to carry out their programming work. On the other hand, foundations depend on community organizations' knowledge about, and familiarity with, the complex array of problems associated with urban poverty in order to decide what specific programs to fund.

Policymaking through private initiative, therefore, involves a considerable amount of mutual give and take between funders and prospective grantees. The piper does not unilaterally call the tune. Thus, what is perhaps most noteworthy about the Chicago Initiative as an example of private policymaking in an era of devolution is the prospect that private policy arenas may ironically be *more* inclusive of different actors' interests than is the purportedly "democratic" legislative policy arena. While community organizations hardly encounter foundations as equal partners in carrying out the collaborative business of defining philanthropic agendas, community organizations still occupy key strategic positions within the private policymaking arena.

SUGGESTED FURTHER READINGS

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