COUNCIL on FOUNDATIONS

Public-Philanthropic Partnerships in the U.S.: A Literature Review of Recent Experiences

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The past decade has witnessed a surge of interest in the topic of public-philanthropic partnerships (PPPs). This is especially evident in recent years in part because scores of collaborations in cities and states across the nation have come to programmatic fruition. But this interest can also be traced to the excitement many within the foundation community felt with the election of Barack Obama, a politician with considerable experience with foundations and the broader nonprofit sector. Many foundation leaders believed they would soon be dealing with a sympathetic White House appreciative of their distinctive contributions and eager to work as allies. Indeed, shortly after taking office, President Obama invited a number of foundation officials to Washington, D.C., to discuss with his transition team the possibilities for collaboration. This was, according to veteran foundation watchers, "an unprecedented strategic outreach."[1]

And once in office, Obama unveiled a series of initiatives—the Social Innovation Fund, the Department of Education's Race to the Top program and its Investing in Innovation (i3) Fund, the Promise and Choice Neighborhood initiatives, and "Pay for Success" bonds, among others—that looked to philanthropy to help identify and bring to scale innovative programs. The attention lavished on these high-profile partnerships prompted many within the grantmaking community to think more critically about the benefits and costs of public-philanthropic partnerships. Indeed, beneath the waves of excitement generated when the administration announced its various initiatives, there coursed powerful undercurrents of apprehension. Some wondered about the exact nature of the role of foundations in the partnerships the White House was promoting, and cautioned that the administration seemed to be privileging a certain kind of collaboration, as well as a certain type of institution, over others. Others expressed concerns about threats to sector independence. In recent years, these apprehensions have amplified the more general tensions associated with PPPs—centering on the difficulties in reconciling the divergent cultures and expectations of government and grantmakers—to give the conversation around public-philanthropic partnerships a particular intensity.[2]

Of course, the last decade was not only a period of policy innovation. It was also a time of severe economic distress. The recession heightened the urgency local, state, and the federal governments felt regarding the need to marshal all available resources. This led some government officials to embrace the most attenuated, imbalanced form of public-philanthropic partnerships, in which the public sector turns to foundations as ATM machines to supplement shrinking government budgets. But economic necessity also encouraged more inventive means of collaboration between the public sector and philanthropies. Thus, ultimately, the recession magnified grantmakers' attitudes toward both the promise and perils of partnerships.

This same balance between enthusiasm and apprehension is reflected in the small but growing body of literature on PPPs. Unlike the existing literature on private-public partnerships more generally, which, according to one recent review, tends to have "a normative cast, establishing cooperation as a goal in itself and discussing the means by which more effective collaboration can be achieved," the literature examining partnerships between government and foundations often seems more circumspect. The discussion of PPPs, whether focusing on those advanced at the federal level or on those undertaken at other jurisdictions, is still marked by a sense of novelty and a belief in the great potential for good these partnerships represent. But it is characterized as well by a sober appraisal of the costs, dangers, and difficulties involved and by a note of caution that undergirds the enthusiasm.[3]

This review takes that tension between enthusiasm and apprehension as its overarching theme. It surveys the major initiatives involving public-philanthropic partnerships promoted by the Obama White House, including the Social Innovation and the Investing in Innovation Funds, outlining both their most promising features and those that have raised the most salient concerns. The essay links the debates surrounding the White House programs to the broader discussion about the benefits and costs of public-philanthropic partnerships more generally. It takes a similar approach in examining the effect of the recession on the development of PPPs. It explores the ways the economic crisis both stoked tension between the sectors and encouraged innovative collaborations between them. It also investigates the establishment of an administrative infrastructure to support such relationships, such as foundation liaison offices within government. The essay concludes by returning to the theme of the tension between the promise and the perils of collaboration by focusing on two cities that developed especially prominent PPPs, Detroit and New Orleans, which attracted both considerable praise and criticism.

In seeking to delineate the definitional boundaries of institutional partnerships generally and public-philanthropic partnerships in particular, the literature has begun to illuminate a "continuum of collaboration." In terms of PPPs, the degree of alignment between the foundation's and government's goals and strategies intensifies as one moves across the continuum, and the implementation of those strategies is increasingly undertaken in concert. Resources are also increasingly aligned and pooled. Thus, at one end sits unstructured engagements with little coordination; at the other, formalized partnerships characterized by joint-decision making. Along this continuum, it is difficult to determine when a partnership coalesces from the mass of informal interactions. At the very least, some degree of communication and coordination is necessary.[4]

The specific functions that foundations perform in PPPs can take multiple forms. In particular, foundations can, among other functions, (1) develop and invest in pilot programs in collaboration with government; (2) jointly fund established programs with government; (3) support capacity building within government and government grantees; (4) convene government officials, experts, and various stakeholders; (5) educate the public and members of the policy community; (6) fund research and policy analysis; and (7) evaluate policy implementation. Each of these functions carries with it particular benefits, costs, and risks, and each can fall within a range of positions on the collaboration continuum.

The Social Innovation Fund and the Question of Philanthropic Independence

The discussion surrounding the Social Innovation Fund (SIF), perhaps the most heralded of the Obama administration's PPP initiatives and the one most closely associated with a new entrepreneurial approach that promotes cross-sector partnerships, has been especially characterized by a mix of enthusiasm and apprehension. The SIF was established with the passage of the Edward M. Kennedy Serve America Act in April 2009 and housed in the Corporation for National and Community Service. Through the SIF, the White House announced it would award $50 million, in allotments of $5 million to $10 million each, to a handful of intermediary grantmakers. The intermediaries would in turn award annual grants of at least $100,000 to subgrantee service providers for projects to improve "measurable outcomes" in the areas of economic opportunity, public health, or youth development. Both the intermediary grantmakers and the nonprofits they supported were required to provide 1:1 matching funds, raising the total leveraged by social-innovation funding to around $200 million for the 2010 fiscal year.[5]

The SIF represented a particular model of public-philanthropic partnerships in which the primary aim of the relationship was the pursuit of leverage and scale. As White House Deputy Director of Policy Thomas Kalil explained, the federal government would act as a "convener and catalyst," taking a position vis-à-vis grantmakers that they themselves had taken vis-à-vis nonprofits. This produced a rather unsettling, through-the-looking-glass sensation for some foundation leaders. Habituated to a certain degree of deference from their grantees, who were often forced to accept the opacity of the foundation decision-making process with little debate, grantmakers were compelled to assume a similar relationship to the White House. As one grantmaker told a researcher, "It can be a great humbling experience when the shoe is on the other foot." Yet it also was instructive, sensitizing grantmakers to the challenges nonprofits face in dealing with the administrative requirements necessary to procure grants.[6]

The SIF attracted considerable comment from the press and generated not a small amount of excitement from certain sectors of the foundation community. Most notably, in May 2010, five foundations committed an additional $50 million to supplement the fund. And a number of foundations also contributed just over $4 million to the foundation affinity group, Grantmakers for Effective Organizations (GEO), for the "Scaling What Works" project, to derive and promote the lessons of the SIF. Many commentators suggested that given the rather modest amount of money the administration had committed to the fund, the SIF's real accomplishment was less in the funds it leveraged than in the intense debate it sparked over the nature of innovation, the role of philanthropy and government in promoting it, and the benefits and dangers in the pursuit of "scale." Others, however, focused on the particular sorts of foundations and nonprofits that would be favored through the administration's endorsement of the priorities of social entrepreneurship. They also expressed concern about those that likely would be ignored, such as small nonprofits devoted to advocacy work and foundations that catered to rural populations, and noted that fewer foundations participated in SIF than at least some had anticipated.[7]

The criticisms of the SIF that emerged from the political left and right often converged around the question of philanthropic independence, though that term was understood differently at each of the poles. Critics worried that a close relationship between government and foundations threatened to undermine one of the primary advantages foundations and nonprofits offer—their potential to remain autonomous from and potentially oppositional to—the public sector. "They have a unique capacity to do what government cannot or will not do. That's a far different thing from serving as guide dog, tugboat, or aide-de-camp to government itself," said one education expert. A number of nonprofit leaders and their progressive allies voiced fears that the SIF would warp foundation priorities toward those the federal government favored and raised questions about whether partnerships at the highest level of government would trickle down to the grassroots level to sustain nonprofits. Would such partnerships develop the accountability, transparency, and inclusivity that nonprofit advocates claimed were easier to cultivate at the community level?[8]

Conservatives, meanwhile, often framed their concerns about sector independence in terms of the politicization of philanthropy. The right's leading critic of the SIF, Howard Husock, regarded the emergence of the fund as evidence of "the Solyndra-ization" of philanthropy (referring to the California-based solar panel manufacturer that received a $500 million Department of Energy loan guarantee and then went bankrupt), "in which the government would brand select social service organizations with the Washington seal of approval, and thus signal that private charitable capital should be directed to the same organizations." The analogy presumed that the White House would be as inept in picking winners among grantmakers as it had been in the alternative energy market, yet would insist on channeling private funds towards its own idiosyncratic, ideological priorities. Husock pointed out, for instance, that one of the initial SIF grants, $2 million to the Missouri Foundation for Health, was targeted to reducing tobacco use and obesity, the latter being one the signature causes of the First Lady. After Republicans took control of the House in 2010, another conservative commentator wondered whether the House might "retaliate" against foundations perceived to be advancing White House priorities. That threat, whether idle or not, points to a significant challenge facing foundation leaders: how to partner with a particular administration while maintaining a protective carapace of independence.[9]

The conservative complaint regarding the politicization of philanthropy under the Obama Administration is linked to a general conservative suspicion of public-philanthropy partnerships. If some progressives have expressed concern that these partnerships represent an offloading of the common good from the public to the private sector (and potentially mask or excuse the inefficiencies of government), conservatives have advanced the opposite grievance. Such partnerships, they fear, allow the government to inflate its capacities artificially, beyond what it can afford to do with its own democratically allotted resources, while depleting the supply of resources that the private philanthropic sector can tap to achieve its own independently conceived aims. These concerns raise questions that the literature on PPPs must engage more fully: Are such collaborative arrangements inherently suspect within conservative ideology, or are such arguments merely the partisan griping of an opposition party?[10]

Educational Philanthropy and the New Era of PPPs

Similar questions were raised as well by the PPPs the Obama Administration pursued in many of its education initiatives. Education has long been one of the central policy venues in which PPPs have taken root. Until relatively recently, foundations, especially those with close local or regional ties, had pursued public school reform district by district or on the state level. To cite just two recent examples, in 2004, five of the largest foundations in Oregon, frustrated with the partisan gridlock they believed was stymieing any chance of reforming public schools in the state, came together to found the Chalkboard Project. The project conducted polling and telephone interviews, held more than 400 neighborhood meetings, and met with community leaders in an effort to expand the conversation about public education beyond the traditional players. It then convened consultants, education experts, and representatives from teacher unions and school administrators to construct a set of policy proposals, which then were presented to the state legislature.

In Cincinnati, a leading education foundation, KnowledgeWorks, brought together more than 300 community leaders from business, nonprofits, and government in the Strive Partnership, a coordinated effort to improve the city's schools. It conducted research into proven methods of increasing student success and with a centralized infrastructure, a dedicated staff, and shared measurement techniques jointly mapped out a "Student Roadmap to Success," a series of systematic cradle-to career interventions for each student. At least nine other "collective impact" initiatives have sprouted up in communities across the country, and foundations play a leading role as "backbone" organizations that coordinate participating organizations and agencies.[11]

In contrast to these broad-based "collective impact" initiatives, within the last decade, a number of large foundations—the Bill & Melinda Gates Foundation, the Broad Foundation, the Walton Family Foundation, and others—have thrown their weight behind a campaign of school reform. These foundations possess massive endowments, are firmly committed to the use of strict metrics, and are willing to spend huge sums to transform U.S. education policy, often embracing market-based approaches such as competition, choice, deregulation, and incentives. Within the last few years, one prominent education scholar has noted, "America [has] witnessed the largest expansion in the history of philanthropic efforts focused on public education." The Gates Foundation has underwritten an effort to get states to accept a set of "common core" standards in math and language for public school students developed by the National Governors Association and the Council of Chief State School Officers. More than 45 states already have adopted these standards. The Gates Foundation is also pushing education policy through the funding of academic researchers, as well as of data specialists to work within school districts and serve as "entrepreneurial change agents." And it is pouring more than $75 million into advocacy efforts to promote reformist policies, funding education analysts at think tanks and journalists who cover education. The Broad Foundation, meanwhile, has pushed for changes in personnel policies, funding a "pipeline" of education officials and superintendents in districts across the nation, while the Walton Foundation has funded the spread of charter schools.[12]

The agenda of these foundations has closely aligned with the education policy of the Obama Administration and a number of other prominent education officials throughout the nation. In a 2009 interview with the *Washington Post*, when Bill Gates was asked to describe his foundation's aims, he signaled this consanguinity, referring to "the Obama-Duncan-Gates-Rhee philosophy of education reform" (Michelle Rhee was the reform-minded chancellor of the D.C. school system, enthusiastically supported by some foundations). Obama's secretary of education, the former CEO of the Chicago school system, Arne Duncan, had closely collaborated with foundations in Chicago. Duncan's effort to "turn around" Chicago's school system received $90 million from the Gates Foundation and shared many of the foundation's strategies for reform.

Not surprisingly, these foundations cheered Obama's selection of Duncan. "With an agenda that echoes our decade of investments—charter schools, performance pay for teachers, accountability, expanded learning time, and national standards—the Obama administration is poised to cultivate and bring to fruition the seeds we and other reformers have planted," the Broad Foundation announced in its 2009-10 report. Once at the helm of the Department of Education (ED), Duncan recruited a number of foundation officials for his staff (his chief of staff came from the Gates Foundation, for instance) and established the new position of director of philanthropic engagement to serve as a liaison to the foundation community. As ED's newsletter declared, "This dedicated role within the Secretary's Office signals to the philanthropic world that the Department is 'open for business.'"[13]

But this alignment, and the general sense that these foundations have achieved an outsized influence on education policy, has attracted a significant amount of criticism. In fact, it has become the central arena where the public's apprehensions over the perils of PPPs have coalesced; that is, battles over school reform have spilled over into a critical engagement with the public-philanthropic partnerships constructed to promote it. The leading combatant has been Diane Ravitch, a scholar at New York University and former ED official. In her 2010 book, *The Death and Life of the Great American School System*, Ravitch pilloried a "Billionaire Boys' Club" of philanthropists who had, by strategically showering dollars on districts, captured education policy. "There is something fundamentally antidemocratic about relinquishing control of the public-education policy agenda to private foundations run by society's wealthiest people," Ravitch insisted in a 2010 article adapted from her book. "If voters don't like the foundations' reform agenda, they can't vote them out of office. The foundations demand that public schools and teachers be held accountable for performance, but they themselves are accountable to no one."[14]

Some commentators have suggested that the promotion of these concerns represent merely the protestations of those on the losing side of a policy debate. But the focus of the critics of these large foundations has increasingly expanded beyond specific policies to the influence private foundations can exert on the public realm. They uniformly point to the Gates Foundation campaign, begun in 2000, to break up underperforming public high schools into smaller "learning communities." Gates poured more than $2 billion into the effort, establishing 2,602 schools and directly affecting more than 781,000 students. Then in 2008, Gates announced that the effort to push students into smaller schools had failed; the smaller schools had not achieved higher results. Critics did not merely attack this effort as an example of an unsuccessful policy initiative, which might have befallen any well-meaning, fallible foundation. Instead, as Joanna Barkan wrote in a 2011 article in *Dissent*, such campaigns exemplified more generally "the hubris that comes with power." But these critics do not demarcate the level of wealth or influence at which a foundation's lack of accountability becomes toxic, and it is not yet clear how challenges to such high-level partnerships will shape attitudes toward PPPs more generally.[15]

The Race to the Top and the Investing in Innovation Fund

The emergence of public-philanthropic partnerships initiated at the federal level in the field of education is a relatively new and highly significant development. ED's most ambitious initiative was Race to the Top (RTT), the competitive grant program that channeled $4.35 billion to states that could demonstrate they had made progress in certain key arenas of education reform. Although no specific role was laid out for foundations to assist with RTT, a number of foundations did get involved. The Rodel Foundation of Delaware, an operating foundation established in 1999 to improve the state's education system, served a crucial role in helping Delaware become one of the two states to win the RTT competition in its first year (the state received a $100 million grant). The foundation had commissioned an analysis of the state's public school system published in 2005 that demonstrated that despite high expenditures on education per student, the system still had a disappointingly low graduation rate and a growing achievement gap between white and minority students. The report sparked an effort by business, government, education, and nonprofit leaders to improve Delaware's schools by 2015 that gave the state a considerable advantage in the RTT competition. The foundation also helped provide education experts to assist the state in the application process.

The intervention of the Bill & Melinda Gates Foundation in RTT generated the most attention. In July 2009, the foundation announced it would make up to $250,000 available to 15 states it had selected based on their commitment to education reform to hire consultants to help with their RTT grant applications. But the offer resulted in an outcry from critics who charged that the foundation was "stacking the deck" in giving certain states an advantage, and so the foundation ultimately agreed to make the funds available to any state that met predetermined criteria.[16]

The administration set aside another $650 million in stimulus funds for what became known as the Department of Education's Investing in Innovation (i3) fund, which focused on taking successful educational practices to scale. To be eligible for i3 funds, grantees needed to match 20 percent of their federal funding with private funds, and thus, unlike RTT, a commitment to strengthening public-philanthropic partnerships was built into the program. In fact, the i3 program called on grantmakers to rally behind a set of innovation priorities identified by ED. As the authors of a report by Bellwether Education Partners concluded, even for the large national foundations involved, "Explicitly aligning their work with federal government priorities [was] relatively uncharted territory."[17]

And yet the possibility of leveraging government funds, at a moment when many foundations had cut back on their own education funding, was enough to convince many to forge ahead (though they did push back against an initial idea that would have required them to pool matching funds, since it would have resulted in an even greater loss of individual discretion). As ED officials were planning the program, foundation leaders met with Secretary Duncan on several occasions to identify their own funding priorities and map out points of overlap with the ED. In April 2009, before the i3 applications were due, 12 foundations announced they would commit an additional $500 million in 2010 funds to the program. The W.K. Kellogg Foundation provided technical support for rural applicants. And in the spring of 2010, a group of foundation leaders, led by the Gates Foundation, created the Foundation Registry, a website that allowed applicants to post summaries of their proposals for potential funders to review and funders to share information about applicants.[18]

The program exposed the strains that can arise in even the most successful partnerships. One of the prime challenges of the partnership was coordinating the government's time frame with that of foundations. Though it usually is the foundations who must deal with the plodding pace of government bureaucracy, grantmakers were forced to operate on an expedited timeline because of the requirements mandated by the federal stimulus act. Mere weeks separated the notification of the finalists from the time they were required to present evidence of a match. Foundations were forced to step outside the traditional quarterly or annual grant cycle and make decisions within a month, which required many to embrace a degree of innovation in their own grant-making procedures, such as securing board approval in advance. Some appreciated this accelerated timeframe, welcoming the urgency it introduced into the process; others found it burdensome and unrealistic.

There was also considerable tension over the nature of the decision-making process itself. Initially, ED required all applicants to show evidence of a match commitment with their initial application, which drew complaints from some funders that this would require them to pick and choose among their grantees and would privilege those applicants that already had relationships with large foundations. But when ED switched the requirement so that evidence of a match was required only after the government's peer-review selection, some foundation leaders complained that they would be forced to follow in the wake of the government's decision-making process. "Letting the private partners only partner on funding of already selected ideas does not seem like much of a partnership," grumbled one grantmaker. Others were willing to credit the program's effectiveness in selecting—or "validating," in i3's lingo—grantees that had reached a certain critical mass, having already benefited from the support, flexibility, and greater tolerance for risk of the private sector, which could then receive government funds to be brought to scale. But the program's critics maintained that it did not seem well-suited to identify early stage innovation, a task better left to expert intermediaries, as in the SIF model. They thought the program would have been better designed if it had tailored the nature of the public-philanthropic partnership to the various relationships established between grantees and government.[19]

Overall, the reception among grantmakers to the program was mixed, an ambivalence that perhaps reflected the tensions within the program's objectives between innovation and scale, as well as the strain of grantmakers operating within the constraints of federal guidelines. Some funders were disappointed that the eventual grantees did not actually exhibit what they considered significant innovation. But many others appreciated the program's emphasis on measurable evidence and believed it indeed brought new nonprofits to funders' attention. As executives of the William and Flora Hewlett Foundation noted, the 19 nonprofits that received the highest scores in the i3 competition had on average received grants in 2010 from only three of the top 50 education foundations before winning the i3. In the end, all 49 finalists secured their match (though efforts to find funding for highly rated applicants that did not win grants proved less successful). Ultimately, the i3 program could claim credit for directing at least $140 million in private matching funds, $50 million of which came from foundations, to the highest rated applicants. But it is difficult to determine what percentage of that $50 million represented new funding streams and how much would have been directed to education even in the program's absence.[20]

PPPs and the Economic Crisis

It was not merely the White House embrace of social entrepreneurship that has granted PPPs such prominence over the last few years. The recession and the climate of urgency, budget constraints, and compensating programmatic creativity that came with it also drew the public sector and foundations closer together, though the relationships established were not always amicable. Economic need often led cash-strapped governments to pursue the most strained form of what might be termed "zero-sum partnerships," as public officials, considering their own cash-strapped budgets, greedily eyed what they imagined to be bulging foundation coffers.

Often, public officials were quite explicit in claiming that philanthropic dollars should fill the gaps left by government retrenchment. In July 2009, when the California legislature slashed the state's health insurance program for children by $144 million, legislators suggested that the only way to prevent children from losing access to the program was for a private foundation to make up the balance. The year before, Missouri Governor Matt Blunt pressured the Missouri Foundation for Health to direct 80 percent of its annual grantmaking budget to underfunded state programs he had selected. The governor justified this "partnership" (a term he explicitly invoked) by pointing to the more efficient spending that could be developed through increased economies of scale and by pointing out that the foundation had enjoyed significant tax benefits from the state, and thus its endowment should be considered "taxpayer assets."

Foundation leaders have long resented the propensity of government officials to view them merely as a source of ready cash. But in the desperate political climate fostered by the recession, the specter of such governmental imperiousness haunted many foundation leaders as they reconsidered their engagements with the public sector. As Lance Lindblom, president of the Nathan Cummings

Foundation, explained at a 2008 Council on Foundations conference, grantmakers had to realize that "we are fat cows in a resource-scarce environment" and to assume that their freedom to operate independently would come under increased assault.[21]

The recession and the economic crisis it spawned could also apply less direct pressure on foundations to work with state and local governments to address mounting social needs. In May 2009, at the request of the city's mayor, the San Francisco Foundation convened a group to discuss ways to mitigate the recession's impact on city human-service agencies. It then created a fund to supply grants to charities that sought to weather the recession and maximize available resources by restructuring. Foundation leaders faced a difficult calculus. They had to balance the immediacy of the need with the potential that philanthropic support would simply encourage legislators to throw off the burden of funding certain programs to the private sector. Similar fears troubled the deliberations of grantmakers throughout the nation, as they sought to prop up programs toppled by budget cuts.

After a fiscal crisis led California to threaten to close a number of public parks, the state assembly in 2011 passed a law making it easier for nonprofit groups to take over park operations. By December, foundations and private philanthropists had stepped in to cover the costs of maintenance and operation in nine parks. "We are concerned that Sacramento will see the philanthropic community stepping forward as a substitute for public funding…and subtract it from the budget," said a spokesman for the California State Parks Foundation, which actually sponsored the enabling legislation but insisted that the only long-term solution was identifying a "sustainable public funding source" for the park's maintenance. And the lawmaker who introduced the legislation suggested he held similar fears but defended the partnership by pointing out that the alternative was for the parks to fall into absolute disuse.[22]

Some public officials might have termed these arrangements "partnerships," though they certainly entailed little active collaboration between foundation and government officials. But the recession also encouraged governments at every jurisdiction to think more strategically about maximizing available resources and to reach out constructively to the private sector. Entrepreneurialism, innovation, and performance measurement became lodestars of the public sector. At the state and local levels, the possibility of gaining access to federal stimulus funding, which required both government and philanthropy to act quickly and to modify their traditional decision-making processes, drew the two sectors closer together. As Andrew Wolk and Colleen Gross Ebinger note, "Faced with steep budget deficits and minimal appetite for higher taxes, plus historically low approval ratings for government—all exacerbated by a lagging economy that has created greater need among citizens—government leaders set out to do more with less," and expanding partnership opportunities with nonprofits and foundations became an increasingly attractive option.[23]

The Spread of Philanthropic Liaisons

One of the most significant innovations over the last decade in the development of public-philanthropic partnerships has been the establishment of intergovernmental offices or liaisons dedicated to identifying and fostering these relationships. In 2003, Michigan Governor Jennifer Granholm created the first cabinet-level office devoted to brokering partnerships between state government and the philanthropic community. The Office of the Foundation Liaison (OFL) was the brainchild of the state's leading grantmakers, and Michigan foundations supplied more than 90 percent of the office's funding, while the state provided office space and related resources. Granholm appointed to the position Karen Aldridge-Eason, whose professional history embodied the dual constituents served by the position: She had directed the state's Office of Health and Human Services and had served as budget director for the city of Flint, before working on the program staff at the Mott Foundation for nearly a decade.

According to OFL staff, it was designed to be "in" but not "of" the state's executive office. This uncomfortable but strategically indispensable position allows Aldridge-Eason to maintain her independence while balancing the dual roles of foundation community representative and nonpartisan foundation liaison. When Michigan grantmakers or government officials approach the OFL with ideas for collaboration, the liaison provides feedback based on the perspective of the prospective partner and then identifies potential contacts in the appropriate government agency or within the funding community. The OFL has brought foundations and government officials together to achieve significant reforms in K-16 education, workforce development, health, early childhood education, and land use. Perhaps its most impressive achievement has been in promoting the Michigan Benefit Access Initiative (MBAI), an effort to create a comprehensive Web-based benefits-access system that helps capture the $920 million in federal benefits that were earmarked to Michigan families but that were unclaimed in the 2008-09 fiscal year. Both the nonprofit community and government officials had been working on parallel but disconnected online registration and delivery systems for several years. The W.K. Kellogg Foundation had funded a year-long evaluation of the different efforts to establish these systems and had pressed government officials to move faster to determine the prospective costs of the proposed programs. But it was not until Aldridge-Eason intervened and addressed the turf battles that the two sectors were brought into alignment so that their expertise and research and program dollars could be leveraged most effectively.

Assuaging the distrust between government officials and foundation leaders that had begun to fester during the early years of the project, Aldridge-Eason helped coordinate funding from multiple grantmakers, including the Ford Foundation, the Kellogg Foundation, and the Kresge Foundation, as well as an out-of-state matching grant from the Open Society Institute. Perhaps most significantly, she organized and secured foundation funding for a trip to Ohio (with assistance from the Toledo Community Foundation) with foundation leaders and government officials to evaluate a

Web-based program the state used. The visit ultimately convinced all parties that the expansion of an existing Michigan state system would be most propitious. Only at this point did the two tracks begin to converge, leading nonprofit, foundation, and government officials to collaborate effectively.

Perhaps the greatest challenge facing Aldridge-Eason was the difficulty of convincing both of her constituent communities that her office was indeed a nonpartisan one and that her main objective was not to assist state officials in extracting more money from foundation coffers for their pet projects. The administrative guidelines that prohibited the foundation liaison from engaging in direct political events with the governor or the governor's staff in the run-up to a gubernatorial election also helped bolster the office's reputation for nonpartisanship. And the advisory committee that governs the OFL did much to safeguard the office's political neutrality as well. (Contributing funders, the Council of Michigan Foundations, the Michigan Nonprofit Association, and a member of the governor's executive staff are members of this group.) Yet the office faces an important test after an election brought in Republican Governor Rick Snyder. While Snyder has signaled his intent to maintain the office, many of his staff regard it with suspicion as a holdover of the previous administration. The fate of the OFL will provide important insights into the capability of such liaisons to insulate themselves from charges of partisanship and to operate across party lines.[24]

Several states and cities took interest in the Michigan model, including New Mexico, Louisiana, and Wisconsin; Newark, N.J.; and a regional group in the Pacific Northwest. A 2010 study identified 18 examples in which local or state governments employed a designated office or liaison in an effort to foster public-private partnerships. As Michigan's experience can attest, the spread of these models points both to the difficulties in developing effective partnerships and to the importance many within the public and private sectors attach to such collaboration. Yet despite the interest in the model, some critics have suggested that installing a single gatekeeper between foundations and government agencies can actually hinder effective partnerships. "Filtering doesn't do anyone any good," explained an executive at a medium-sized foundation in a 2010 GrantCraft report. "It homogenizes the ask. It's a crutch for philanthropy."[25]

PPPs and the Challenges of Urban Renewal: Lessons From Detroit

The recession sparked institutional and programmatic innovations throughout the nation, with the aim of building up civic capacity. Many of these focused on urban areas. To cite one example, the Rockefeller Foundation in 2007 developed a program focused on attracting and retaining talented personnel to work within public institutions. The Redevelopment Fellowship Program placed 25 early and mid-career professionals in the government offices most responsible for rebuilding New Orleans after Hurricane Katrina. A similar program has been developed and, with Rockefeller funding, embraced by the U.S. Department of Housing and Urban Development. The Rockefeller Foundation also teamed with Bloomberg Philanthropies to sponsor the placement of chief service officers in 20 mayors' offices around the nation. After intense flooding swept through Nashville in spring 2010, the city's mayor credited the volunteers organized by the newly installed chief service officer for the swift and effective response to the emergency.[26]

Perhaps no locale exhibited both the promise and the perils of a recession-provoked partnership between philanthropy and the public sector more vividly than Detroit, a city whose economic fortunes declined precipitously over recent decades. Several of the city's medium-size and large foundations, such as the Skillman, Hudson-Webber, and Kresge foundations and the McGregor Fund, have long worked closely with city government. Yet the dire economic situation in Detroit amplified the inherent tensions in any public-philanthropic partnership and raised questions that shadowed these collaborative arrangements more generally. In a post for *Nonprofit Quarterly*, Rick Cohen posed some of them: "Can private foundations, accustomed to operating often with a large measure of immunity from the public (and the press), participate in a process requiring accommodation of the pressures and dynamics of local politics? Can local governments take advantage of the presence of large foundations willing to put dollars on the table without feeling that foundation dollars come with too many strings and too much pressure for foundation control of the process?"

As the foundations joined the city's newly elected mayor, Dave Bing, in developing and initiating a course of revitalization for the city, they began to shed some light on these questions. The Kresge Foundation assumed an especially active role, taking the lead in two of the most contentious areas of city planning: (1) the Detroit Works campaign, which sought to consolidate the city's population into certain flourishing neighborhoods and to bracket other largely vacant neighborhoods for future use, and (2) the construction of a light-rail line from Detroit's downtown to its northern suburbs. A report in the *Wall Street Journal,* outlining mounting tensions between the foundation and the mayor's office, suggested that conflicts arising in the planning and administration of these programs had resulted in a deterioration of the relationship.

Foundation officials resented the less than hospitable reception city officials gave to a Harvard urban planner they brought to the city to help direct Detroit Works, while city officials believed that the planner relied too heavily on foundation-paid consultants and disregarded work already done by local groups. The article suggested that city officials were growing tired of perceived foundation imperiousness and believed the city's leading foundations were seeking to usurp power from the mayor. It also said the foundations were growing impatient with the city's sclerotic and often politicized decision-making process. There was even the intimation that the Kresge Foundation was withholding some of its promised funding because of dissatisfaction with the city's leadership, though Kresge officials denied this.

In his sober analysis of the controversy, Rick Cohen argued it stemmed from the massive scale of the challenges confronting the city but also represented an amplification of the tensions that run through nearly all PPPs, based on the different operating cultures and constraints the public and private sectors face. Ultimately, Detroit's experience suggests a paradox that often attends PPPs: As the situation that births the partnership becomes increasingly dire, the stakes for both partners rise, and the need for the collaboration to succeed becomes more urgent, the potential for discord and mutual distrust escalates.[27]

Public-Philanthropic "Recovery Partnerships" and the Federal Stimulus

If many cities and states were able to overcome this potential for discord when establishing PPPs during the recession, it was in part due to the federal government's strategy in attempting to reverse the economic downturn. In February 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA), better known as the federal stimulus package, which channeled billions to states and localities. Foundations took a leading role in ensuring that the stimulus funds were allocated and spent effectively.

Connecticut offers a striking example of one such collaboration, in which foundations brought to bear both their financial resources and their deep knowledge of the state's nonprofit service providers. In 2010, as the state struggled with an unemployment rate of more than 9 percent, it also faced a budget deficit of $600 million and a projected deficit of $3.4 billion for the coming year. In the face of these sobering statistics, officials from the Annie E. Casey Foundation alerted statewide advocates to a section of the federal stimulus package that allowed states to apply for additional funding for nonprofits and municipalities that were facing increased need due to the recession—the Temporary Assistance for Needy Families Emergency Contingency Fund (TANF-ECF). A group then met with representatives from the governor's office and pushed for inclusion of increased nonprofit expenditures in the state's TANF plan and for submission for TANF-ECF federal reimbursement. A working group was next established, which included several foundation leaders as well as a representative from the Connecticut Council for Philanthropy, coalitions of nonprofit organizations, and officials from several state government agencies. The group aimed to develop a subsidized job program and discussed ways to include nonprofits and municipalities in the state's TANF plan so the state could utilize their increased funding in its TANF submission.

The Hartford Foundation for Public Giving stepped in to help pay the costs for a consultant to develop a detailed analysis of the subsidized jobs plan. The Annie E. Casey Foundation provided a grant to hire a consultant to manage the outreach to nonprofits that had qualifying programs that could lead to increased expenditures. The Connecticut Council for Philanthropy alerted its members to the challenge, and they were able to identify grantees likely to have increased funding in qualifying programs. State officials shared the list of approved nonprofits and municipalities with grantmakers so they could take advantage of the potential 4:1 match the TANF program offered. Ultimately, this collaboration between the state, the nonprofit sector, and the grantmaking community brought in $29 million in new federal funding to the state.[28]

In April 2009, Chicago Mayor Richard Daley reached out to city-based foundations for help in making the best use of available federal stimulus funds. Daley, together with leaders of the Chicago Community Trust, organized a “Recovery Partnership,” which ultimately involved some 50 foundation leaders, business executives, and city managers who met on a weekly basis. The Civic Consulting Alliance, a nonprofit that builds pro bono partnerships between business experts and government leaders in Chicago, took the lead in organizing, staffing, and managing the effort. The Recovery Partnership was one of the nation’s more comprehensive PPPs, spanning all issues involved in urban renewal. The effort ultimately helped Chicago secure $2.2 billion in federal grants, including $469 million in competitive funds. Although the Recovery Partnership sunset with the termination of ARRA funding, several foundations have committed to continuing to fund projects with their own resources. As a final report analyzing the partnership’s achievements suggests, the effectiveness of this particular public-philanthropic partnership was heightened by a number of characteristics of the recovery effort: the promise of new funding opportunities, the need for collaboration across governmental agencies, and strong leadership from the mayor’s office, most notably. Whether the vigor of these collaborations will persist outside the formal aegis of the partnership and without the inducement of stimulus funds is an open question.[29]

As Chicago Community Trust President Terry Mazany recalled at a 2010 event sponsored by the Bradley Center for Philanthropy and Civic Renewal, the stimulus funds, though desperately needed by the city, represented “the worst-case scenario of bad grantmaking.” A large amount of money was quickly dumped on organizations with the expectation that they would immediately “ramp up and deliver,” and with the stipulation that in two years’ time, that funding stream would abruptly cease. Based on their own grantmaking experience, the foundations within the Recovery Partnership were able to reach out to nonprofits, many of which had recently reduced staff, and to help them rapidly rebuild capacity. The foundations also analyzed the challenges these nonprofits would face when the Recovery Act funds were terminated. Foundation employees were crucial members of a team that helped expose contracting and procurement inefficiencies, which allowed for speedier payments to nonprofits by the city. They also helped write grants to get additional stimulus funding for Chicago. Some foundations funded research of the stimulus-funded programs. The John D. and Catherine T. MacArthur Foundation, for example, provided a grant to the University of Illinois at Chicago to evaluate the effectiveness of the city’s neighborhood stabilization program. As Mazany suggested, many of these interventions did not mainly call upon Chicago foundation’s financial resources but on their collective knowledge of the community.[30]

Opportunities to access stimulus funds sparked similar collaborative partnerships across the nation. The Rockefeller Foundation cosponsored a “boot camp” at Harvard University to train teams of state and local government officials to use stimulus money effectively for energy-efficiency projects. The California HealthCare Foundation, in Oakland, assisted the state in taking advantage of stimulus funds available for expanding the use of information technology in health care. The foundation hired a health-care consulting firm to help the state's Department of Health Care Services develop a plan for using the stimulus money. The foundation also made available the 10 percent matching funds the state was required to provide for administrative costs for a program that provides incentive payments to health-care professionals and hospitals that adopt electronic health records. Finally, the foundation contributed $2 million in matching funds so the state could apply for federal money to establish a $10 million fund to provide loans to help health-care providers purchase electronic-records technology that would qualify them for Medicaid or Medicare incentive payments.[31]

Leveraging Limited Dollars: Foundations and Public Policy Advocacy

The economic crisis also led nonprofit organizations, and foundations more specifically, to think more strategically about how to influence public policy. For more than a decade, various proponents of a more activist approach to public policy had been calling on foundations to increase their commitment to advocacy, but with little effect. Yet within the last few years, the topic has taken on added urgency, and significant anecdotal evidence exists that more foundations are devoting a larger share of their resources to advocacy work. This role, though not itself a form of public-philanthropic partnership, is often closely related to such collaborations (though some commentators have worried that by engaging in PPPs, foundations cede the necessarily distance from government that allows them to serve as effective advocates and critics).

Several reasons account for this increase in foundations' advocacy efforts. It is, partially, a testament to successful advocacy work itself, as published reports have highlighted the small percentage of foundations that devote a substantial portion of their resources to advocacy work and the impressive successes they have achieved. In addition, the *Citizens United* Supreme Court decision, which opened the floodgates to increased corporate spending in elections, prompted some foundation leaders who feared being swamped by the onrush of corporate influence to increase their dedication to advocacy work.

But perhaps even more compelling has been the new regime of budget austerity, which, as the title of one report on advocacy signaled, placed a greater premium on "Leveraging Limited Dollars." The Baltimore Community Foundation began its advocacy work in 2008, when its president cowrote a newspaper op-ed calling on Maryland's governor to restore cuts to school budgets (the governor eventually did). In 2007, a consortium of California foundations pooled $16 million to help create California Forward, a nonprofit and bipartisan group tasked with reforming the way the state handles budget decisions. And in 2008, the financier Peter Peterson pledged $1 billion to a newly created foundation, dedicated to pushing the federal government to address its long-term fiscal health, largely through education and outreach efforts.[32]

The pull of a number of controversial policy issues also drew some funders to increase their commitment to advocacy work. George Soros, for instance, provided $100 million to establish the Fund for Policy Reform, which supported advocacy efforts to reduce climate change. A commitment to advancing education reform pushed a number of foundations, led by the Bill & Melinda Gates Foundation and the Eli and Edythe Broad Foundation, to support Strong American Schools, an organization that sought to make education reform a top issue of the 2008 presidential race. Strong American Schools orchestrated the "Ed in '08" campaign, which used television, radio, print, and online ads to promote a set of education reforms built around teacher quality and standards. The Gates and Broad Foundations provided $24 million toward the effort, though even they admitted the effort achieved only a modest success, as education was muscled off the candidates' agendas by the war in Iraq and the faltering economy.[33]

Perhaps no issue has prompted foundations to engage in advocacy work and to embrace the full range of public-philanthropic partnerships more intently than health-care reform. (It should be noted, though, that some of the most active foundations in health policy, such as the Kaiser Family Foundation and the Commonwealth Fund, do not promote specific policy initiatives, instead presenting themselves as neutral sources of policy information and analyses, a stance they believe allows them to partner more effectively with government.) For the last decade, much of the activity focused on the state level; foundations in California were especially active in devising, promoting, and evaluating health policy. The California Wellness Foundation, the Packard Foundation, and the California Endowment worked with state and local officials to develop and implement an innovative program that would automatically enroll school lunch recipients in Medicaid and the State Children's Health Insurance Program (SCHIP). Foundations also developed a network for research on and evaluation of SCHIP in California and several other states.

After California's governor announced plans to overhaul the health-care system, the state's four health foundations took a leading role in pushing for the expansion of health-insurance coverage. The California HealthCare Foundation conducted policy analysis and financed a research institute that provided information to legislators about the implications of different methods of expanding coverage. Funding from the Blue Shield of California Foundation allowed a researcher from a Washington, D.C., think tank to be assigned to the governor's health and human services staff to help develop policy on health-care expansion. The foundation also funded a network of faith-based community groups that held town-hall meetings across the state, pushing for expanded coverage. The California Wellness Foundation supported advocacy groups, funded statewide public-opinion polls that demonstrated strong support for health-care reform, and conducted policy research on the effects of health-care reform on various populations. The California Endowment, meanwhile, bankrolled a $6 million media campaign stressing the urgent need for reform.

Ultimately, the health-care reform campaign was scuttled by partisanship in the state senate and by budgetary constraints. Its failure points to the inherent risks involved when philanthropy seeks to shape public policy, as foundations put themselves at the mercy of the exigencies and vicissitudes of the political arena. Yet the experience in California did not dull the enthusiasm of many grantmakers when President Obama elevated the issue to national prominence in seeking to enact sweeping health-care reform early in his term. Foundations took an active role in shepherding the reform effort into law and then, after Obama signed the Patient Protection and Affordable Care Act (PPACA) in March 2010, securing the act's effective implementation.[34]

Foundations' efforts in advocating for and implementing health-care reform demonstrate how politics shapes public-philanthropic partnerships. In states with strong opposition to the president's reform policies, foundations focused much of their effort on public education and advocacy; in states with a political climate more favorable to reform, foundations directed much of their work toward bolstering government capacity. The partnerships developed at both the state and national level, and these efforts required a rather delicate, and at times strained, process of integration.[35]

In the contentious months when the fate of PPACA hung in the balance, some foundations took an active role in championing it. Atlantic Philanthropies contributed $25 million toward Health Care for America Now (HCAN), a national coalition of more than 1,000 groups pushing for passage of health-care reform. Once the act became law, foundations shifted to take on the challenges of implementation. Some used their ability to convene stakeholders. The New York State Health Foundation brought together a group of experts on health care in the state, including providers, insurers, consumer advocates, and state officials, and commissioned an implementation road map.[36]

Foundations also assisted states in applying for federal grants offered through the PPACA and provided the matching funds many of those grants required. The Northwest Health Foundation in Oregon funded the National Academy for State Health Policy to help the state prepare its proposal for federal funding. The PPACA's requirements for data collection, evaluation, and reporting on the law's effects provided another opportunity for public-philanthropic partnerships. The Foundation for a Healthy Kentucky, for instance, signed a Memorandum of Understanding with the state Department for Public Health to assist with statewide data collection at the county level. Foundations also began to assist with the enrollment of eligible yet unenrolled citizens, many building on work they had done enrolling children in the Children's Health Insurance Program. Some foundations also funded states directly to boost their capacity to implement reform. The Colorado Health Foundation and the Rose Community Foundation jointly funded the health-policy position in the Colorado governor's office. Other foundations, less comfortable with striking such close relationships with government, funded consultants who performed work for the state, such as Ohio's George Gund Foundation and the California Healthcare Foundation.

Such capacity building proved more difficult in states with a strong political opposition to reform. In such locales, foundations often chose to explain the law's complex medical and legal provisions to consumers, monitor and critique media coverage of the law, educate state and local public officials, and hold them accountable for their commitment to implementing reform. After polling conducted by the Healthcare Georgia Foundation revealed that most Georgians were worried that the law would drive health-care costs higher and would damage quality and access to care, the foundation began a public education campaign in the state. The Nathan Cummings Foundation supported advocacy groups in Florida that pressured state officials who initially rejected millions of dollars in federal grants as part of the new law; eventually, the officials relented and accepted $3.4 million in federal grant money that paid for home visits by nurses and social workers.[37]

Conclusion: New Orleans as a Model City

With health-care reform's complexity, its braiding of local, state, and federal responsibilities and initiatives, and the indeterminacy of its prospects that demanded urgent action, health care has rivaled some of the stimulus programs as the key arena for public-philanthropic partnerships. There is perhaps one other contender worth considering, though, one that reminds us that natural disasters —and not only man-made economic ones—also have prompted the private and public sectors to work closely together.

After Hurricane Katrina ravaged the Gulf Coast in August 2005, national and community foundations in the region stepped in to help rebuild the region. New Orleans, with most of its civic infrastructure devastated, became a focus of their efforts. Two foundations, the Rockefeller Foundation and the Greater New Orleans Foundation (GNOF), collaborated especially closely with each other and with local and state governments. It was an unfamiliar role for each. The Rockefeller Foundation had never before worked so closely with public officials, and until then, the GNOF had maintained a tradition of decorous aloofness from most high-profile public affairs initiatives. Yet the scale of the catastrophe facing the city pushed both to embrace a robust public-philanthropic partnership, one that ultimately led New Orleans to become a model for other cities throughout the nation.

Many months after the hurricane, the city was still struggling to submit a comprehensive recovery plan to the Louisiana Recovery Authority (LRA), which the state had established to oversee the distribution of federal rebuilding funds. The LRA asked the Rockefeller Foundation to intervene and help the city create such a plan. Working closely together, both foundations met with representatives from the mayor's office, the city council, and the city planning commission, to devise a recovery strategy that would be accepted as the city's official plan. These were difficult negotiations, and frequent clashes nearly derailed the partnership. City officials suspected that behind the Rockefeller Foundation's façade of nonpartisanship lurked political interests. And because the partnership had initially been premised on governmental incapacity (or incompetence), the line between foundations helping to reestablish the government's authority and arrogating public powers for themselves became indistinct. As one city official involved in the recovery effort explained to the *Chronicle of Philanthropy*, "We think it would make an awful lot of sense if the foundations would step back and help us learn, versus suggesting to us what we ought to do."

Ultimately, the city did authorize a plan. The Rockefeller Foundation and the GNOF then organized a "Community Congress" that brought into the process New Orleans residents who had remained within the city as well as those who had been displaced and scattered in diasporic communities throughout the region. Their opinions on the recovery effort were incorporated into the state-approved Unified New Orleans Plan (UNOP), which freed up more than $400 million in federal funds for infrastructure projects in the city.

The Rockefeller Foundation also provided strategic support for the staff at the government agencies that held responsibility for implementing the UNOP, and through their Redevelopment Fellowship Program, helped bring in talented professionals to bolster those staffs. Both foundations then helped to create, with the GNOF managing, the Community Revitalization Fund, which has raised more than $20 million in private funds to help build the capacity to implement the UNOP through increased and inclusive housing development and the promotion of smart-growth principles. The Greater New Orleans Foundation has continued to develop innovative partnerships with the city. It received Social Innovation Funds for a collaboration with the city and the Louisiana Workforce Commission on workforce development in the city's growing biotech and health-care sectors, and it has partnered with the city's police department around a program of police training.[38]

In an October 2010 speech, Rockefeller Foundation President Judith Rodin declared New Orleans a "Model City for 21st Century Urban Innovation." The GNOF has similarly called for New Orleans to serve as a "model city" in the development of federal urban policies. According to foundation leaders, the city boasts an exceptional degree of "citizen leadership, community solutions, and private philanthropic investment," yet it also provides an outstanding site for the development of innovative federal urban strategies. Such pronouncements suggest that as New Orleans citizens shift their focus from immediate recovery to long-term revitalization, public-philanthropic partnerships will continue to define the city's efforts to move beyond, and perhaps even grow from, the natural disaster that ravaged the region. Those partnerships, with all their precariousness and promise, may well serve as a model for the nation as it continues to contend with our slow economic recovery.[39]

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Notes

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