

Leveraging big government bucks

By James F.X. O'Gara

As every good conservative knows, private foundations have long jump-started costly new government programs in the hopes that they would grow like Jack's beanstalk when fertilized with tax dollars. Human services bureaucrats refer to this phenomenon as "taking a program to scale." The Ford Foundation's Gray Areas Program — which famously morphed into the War on Poverty — is Exhibit A. As recently as the early 1980s, the Edna McConnell Clark Foundation's "Homebuilders" program — designed to prevent social workers from moving neglected

and initially funded by a consortium of Detroit-area grant makers. Officially, he is charged with acting as liaison between Detroit Mayor Dennis W. Archer and the philanthropic community. Unofficially, Mr. Smydra is Mr. Archer's main source of "leverage" — using philanthropic resources to lure additional federal and state dollars to Detroit.

In that respect, at least, Mr. Smydra has been spectacularly successful. He puts his share of new funding for the city at roughly \$250 million, about \$100 million of which is new federal and state spending he was able to secure for Detroit in part through the up-front leverage of philanthropic money. Mayor Archer is pleased with the results of the col-

laboration, and cites the rehabilitation of a disused library as a major success: "By combining the investment commitment of the W.K. Kellogg Foundation with Empowerment Zone funding, we have been able to turn an abandoned building into a state-of-the-art child care and family support center."

The Family Place, as it is known, is a 30,000 square foot liberal sociologist's dream come true. No fewer than eleven social service agencies vie for visitors' business — including the City Health Department, the "Family Independence Agency" (formerly social services), the Community Mental Health Center, and Head Start.

In supporting the project, Kellogg has committed \$4 million over four years. Because the Family Center is in a federal empowerment zone, moreover, one immediate consequence of Kellogg's largess is \$6 million in federal matching funds. Nor is that all. Gerald K. Smith is a program director at Kellogg. "I think that our dollars will entice the redirection of [additional] government resources." Indeed, Mr. Smydra acknowledges that one of the reasons for picking the library site was the presence of "several different governmental service organizations in that area."

Mr. Smydra has used philanthropic support to leverage government largess in other areas as well. "Our Detroit police department has unbelievably out-of-date technology," he says. "We were able to use philanthropic dollars to do an assessment of how modern technology could lead to better policing, and include that in an application for Department of Justice dollars. We now have about \$250,000 in philanthropic dollars,

and \$6.5 million in federal dollars."

Boston

Begun in 1991, Healthy Boston, a program funded by the Boston Foundation, the Pew Charitable Trusts, and others, is what co-chair Ted Landsmark calls "a community organizing process." "We train community stakeholders, including residents, small businesses, agencies, and others with an interest in improving quality of life in communities — to reduce dependency on outside resources," says Mr. Landsmark.

Healthy Boston may have succeeded in training community

stakeholders, but it has not lessened dependency on outside resources. In Allston-Brighton, a Boston neighborhood of about 70,000, community representatives decided their key problem was — guess what? — "lack of communication among about 15 different ethnic groups in the community and the effect that was having on the isolation of these groups from the social services that were available in that community." English translation: Immigrants and others were having a hard time applying for welfare and other benefits. Solution? Train them to apply for welfare and other benefits.

Actually, Mr. Landsmark puts it a bit differently: "The community proposed the creation of an ESL [English as a Second Language]

program [to serve] as a bridge between the local communities and the free social services that were already there but were underutilized." Free services? After six years of activity, Mr. Landsmark, a Yale Law School acquaintance of Hillary Clinton, is proud that, after some start-up funds, Healthy Boston "no longer looks to the government for funding." You might say that that statement is open to interpretation.

One thing about the new paradigm: not everyone appears to be buying into it. Some foundations are showing signs of adapting to the new era by shifting their focus from government program building to local community building. The current five-year plan for The Annie E. Casey Foundation, for instance,

states that "human service system reform alone is not enough. We now know that we must also seek changes in our neighborhoods so that they can provide the networks and supports necessary to create social environments in which families and kids can thrive." The Ford Foundation, in addition, recently announced a major new initiative to create 2,000 matched savings accounts in 30 low-income communities.

But these are the exceptions. Otherwise, the new paradigm is gaining momentum as foundations discover new and better ways of helping cities pry dollars out of state coffers and states out of Washington. We have come a long way from the days of John Rockefeller.



children into foster care — spurred the billion-dollar federal "Family Preservation and Support Act of 1993."

But as devolution shifts government dollars and responsibility for social programs closer to local communities, scaling up new programs is starting to look a bit improbable. New government programs may be out of the question, but many old entitlement programs are ticking along just fine, and a host of foundations have been all too happy to work with state and city agencies to squeeze out tens if not hundreds of millions of dollars more.

Detroit

Meet David Smydra, for instance. He is an employee of the city of Detroit, but his office was created

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