The NMAG Journal

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

Summer 2010 **Volume VIII, No. 2**

www.nmag.org

In This Issue

Guest Column

Shanetta Martin

Children and Youth Affinity Group Convene to Explore NM Children's Budget

On June 8, 2010, Dr. Scott Hughes, acting director for the New Mexico Office of Education Accountability within the Department of Finance and Administration, presented to the Children and Youth Affinity Group (CYAG) on the 2010 Children's Report Card and Budget Report produced by the New Mexico Children's Cabinet. The presentation coincides with CYAG's research plans to track philanthropic investments in children and youth in New Mexico.

Dr. Hughes shared a national overview of children's report cards and budgets, in which New Mexico is a leader in methodology among the few states that collect budget data around child and youth

Executive Director's Report

The Special Niche of Family Foundations

I've had the privilege to serve on the boards of several family foundations. Like many other non-family trustees I have found them, more often than not, to be highly attuned to current needs and able to adjust their giving in new contexts, sometimes at a single meeting. At the same time, they can also focus their giving in neglected areas or on marginalized populations for extended (six to ten years) periods with minimal discussion and little controversy. These are just a few advantages family foundations may sometimes enjoy over their other partners in philanthropy. However, their "sister" foundations (i.e. corporate, private and even community foundations) in the field, often when comparing family foundations to their own more structured grantmaking processes and goals, are perplexed by these same characteristics. Equally perplexing can be family foundations' wide and at times highly flexible funding areas; their frequently closed governance structures, and seeming lack of accountability to anyone but family member whims. It is such characteristics that I've heard spoken of in the worse light. Non-family foundations can be easily flummoxed by the funding goals and practices of family foundations. Concerned NMAG'ers may be asking, "So, which is the reality? Are family foundations highly responsive and cutting edge funders? Or boutique grantmakers with little focus and a tendency to change missions at a whim?"

Until recently, no one had conducted a rigorous random survey of the practices of family foundations to find out both the good and the bad, in this niche of philanthropy. But now, thanks to the National Center for Family Philanthropy, we have data. In its recently released study, Current Practices of Family Foundations: A Study in Support of the Pursuit of Excellence Assessment Process, we have the results of randomly sampled 2,000 family foundations out of 4,900 identified by the Foundation Center with assets between $5 million and $250 million. NMAG staff found this research rich enough that we didn't just want to share some of the results, but we wanted to allow our members (50% of whom are family foundations) to access this study and other information from the National Center as well. Especially members who may have ongoing questions about government regulations on self-dealing, board compensation, establishing legacy, the impact of inviting non-family members onto the board, or many other issues. More about that at the end of this article.

Now, some key findings:

On legacy, values, vision, and mission
For foundations to operate effectively, they must have a clear idea of their legacy and values, their vision and mission, i.e. what they seek to achieve. When asked how often these subjects were discussed a solid majority (67%) reported they do this annually and 25% at least every 3-5 years. It seems that because most family foundations work to fulfill the donor's philanthropic aspirations and goals these are frequent topics

well-being. Since 2005, the Children's Cabinet has engaged state agencies in a reporting process on spending for state programs and initiatives that affect five broad outcome areas for children and youth. Trend data suggest that general improvements have been made in supporting the state of children in New Mexico.

Discussion of the report revealed that little is being done in the state and in the nation to track private investments in children and youth. Shanetta Martin, consultant, shared NMAG's mapping project underway to track investments in children and youth among CYAG members around programs, advocacy and organizing. As a result of this project, grantmakers will know more about where private money is going to inform a coordinated approach to investing in children and youth in the state.

Education, nutrition and early childhood investments top the concerns of CYAG members for children and youth in New Mexico. As NMAG undertakes a child and youth-focused mapping project, CYAG members expressed interest in learning more about program effectiveness, types of investments being made for youth ages pre-birth to 21, urban versus rural investments, and the range of funders that are actively present in New Mexico. Recommendations were also made to explore where a shared agenda might exist with state government, while holding a bolder vision among the philanthropic community with a focus on innovation.

Upcoming Programs

July 13 webinar: Local Foodsheds - a project of Dreaming New Mexico

for discussion. How many actually had a written statement on these subjects? About 56% percent. On a standard Likert scale (rating 1-5) the median response was a "4" for "the importance of written statements on donor's values and to review those values". Perhaps for at least 33% of family foundations, desire and practice diverge on the question of believing strongly enough in being consistent with their mission to actually commit it to writing. I suspect this may be an area where family foundations could do better to emulate their sisters in the field.

On Grantmaking Processes
84% of family foundation respondents have formal processes for accepting, reviewing, and deciding on grant requests. 78% said they make their guidelines publicly available. 75% reported their processes allowed equal access and opportunity for funding for all prospective grantees. So, now our non-family foundation peers can safely let myths of shaky goals and inaccessibility, bite the dust when speaking of the overwhelming majority of family foundations anyway. If there are low points to family foundations' performance in this area, I believe it's shared with many others in the field: only 17% regularly "share the results of grantmaking activity with others in the field"; and 52% assent to rarely using philanthropic tools beyond funding to meet their program goals. And if you're one of those asking, "What other tools?" You really need to read to the end of this article (or see NMAG's article last quarter!).

On Succession
79% of responding family foundations plan to continue beyond the current generation of leadership, with 18% being uncertain and 3% expecting to spend down or otherwise terminate. Those with plans to continue or at least with no plans not to continue were asked a series of questions related to family leadership and succession plans. The answers received suggest that while perpetuity is taken for granted, too few have an actual succession plan designed to prepare leadership for the future or guide them in choosing a successor leader. Only 27% had discussed foundation leadership and only 18% had an actual plan. 56% responded concerning the idea of "developing future leadership" that it was unnecessary or wasn't worth discussing. About 1/3 had family old enough to be involved with the foundation but for various reasons weren't. It's difficult to talk about succession without talking about either death or giving up a position of power, but as we are all mortal, shouldn't we make this a higher priority? Succession is an area relevant to all foundation types. Where does your foundation rate on this?

On Boards
In general board involvement with family foundations is strong, with high ratings for participation, attendance, and productive outcomes. However, the study shows few, if any, have processes for self-assessment. Again, in my experience they may not be far from the norm of their peers in the field. I won't go into here all the virtues of a good board self-assessment process, but I can't help mention that I've seen boards improve their efficiency, build better decision making processes, get to know each others' values and team roles and as result, be clearer about when underlying conflicts or unaddressed tensions are undermining their grantmaking goals. Perhaps this lack of assessment is why only about half (53%) of family foundation boards have written conflict of interest policies and only 18% have processes for reviewing legal compliance on this issue.

On Self-Education
The field of philanthropy is dynamic. Its internal processes are impacted by public policy which changes annually, its target populations change

10:30 a.m. - 12:00 noon
Email scantor@nmag.org
to register

July 30: Networking Breakfast in Albuquerque. Location to be announced.

Family Philanthropy Teleconference Opportunties

Managing Relationships with Your Legal, Financial, and Investment Advisors
7/8/2010 12:00 PM EST
Having the right advisors and working well with them makes it possible to successfully manage your philanthropic assets, comply with the law, and be an effective grantmaker.
Register Now
Creative Agendas for More Effective Family Meetings
8/12/2010 12:00 PM EST
Armed with the tips and ideas in this teleconference, you'll be able to craft better family meeting agendas that fit the specific needs of your members, keep your meetings on track, ensure you focus on the right things, accomplish your work more effectively and maybe even have some fun! The presenters are two seasoned consultants who have worked with families: Karie Brown, KB Consulting and a trustee of her family's Hidden Leaf Foundation, and Marla Bobowick, Bobowick Consulting and a senior governance consultant with Board Source.
Register Now

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

Letters to the Editor are welcome and encouraged.

with the evolving demographics in this country and its mission should adjust to the times and means available to it. As we've seen, philanthropy in general is not good at using means other than money to meet its comprehensive mission. Now, research confirms what attendance at many of our and other philanthropic support organizations' meetings have always implied: the record for most family foundations in learning about and improving the craft of grantmaking is very troubling. In fact fewer than 30% attend forums, go to meetings, attend briefings, gain knowledge through legitimate sites for philanthropic literature or even network with peers. Perhaps even more troubling, and again my experience suggests this may apply across philanthropic types, the majority of trustees seldom avail themselves of learning opportunities about philanthropy even when these are paid for by the foundation. We can all do better with this.

NMAG is still very much committed to helping members gain knowledge and work together to have greater impact here in New Mexico. As a result we've instituted a series of networking breakfasts, which we hope to hold in different parts of the state. The first one here in Santa Fe attracted four non-members, and was both well attended and received high evaluation marks. Attendees said they appreciated the opportunity to share a meal and sit and talk with peers and NMAG staff about whatever was on their minds. We will continue these networking breakfasts. We are also committed to hosting several webinars so that programs can be reached by members all over the state in the comfort of their offices or homes. Finally, few members take advantage of this benefit but, as a result of your membership you have access to a vast national archive on all topics philanthropic: covering legal documents, trends, studies, best practices, tools and advice on using the full range of resources to accomplish your foundation's goals, comparative pay scales, advice on choosing consultants, mapping tools, and updates on legislative issues. All of this is available through our website (www.nmag.org) in the members' section. If you haven't visited this site in a while and you'd like to get re-acquainted, call us and we can walk you through the process.

As an added benefit for our majority members, we've joined the National Center for Family Philanthropy. This allows our members to:

1. Attend a monthly teleconference on topics relevant to family foundations such as: involving the younger generation in philanthropy. (I listened in on this one and found the young people speaking candidly of their personal experiences about what worked and didn't work for them, as well as the "expert" presentation and overview of the research a deep learning experience). Each month will be a different topic with time for questions either through email or via phone with a national audience. Of course, members can pick and choose what's of interest to them. We should have ample space for any who wish to attend. And if you miss it or want to search out a past topic they have archives galore that you can access anytime anywhere.

2. Online access to Family Philanthropy Online

Send to rwhite@nmag.org

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Summer, 2010

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Editor and Writer:
Ron White, Executive Director

Contributors:
Susan Cantor, Associate Director, NMAG
Shanetta Martin, Shanetta Martin Consulting

Knowledgebase. To gain access, go to www.ncfp.org/common/fponline. Enter **nmag-mem** as the login and **nmag-mem** as the password. Read on below for new features and highlights available through this service.

Family Philanthropy Online: Knowledge and Experience at Your Fingertips New Features and Highlights

Family Philanthropy Teleconference Archive: Access to our Complete Collection!
Access the complete collection of more than 60 past Family Philanthropy Teleconferences from this archive housed within the Knowledge Center. From here, users may search through listings of past teleconferences, and may download audio, transcripts, presentation slides and handouts, and even discussion guides. Teleconference recordings may be used as a professional development opportunity or discussion starter for yourself, staff, family, or trustees on any of the many relevant and timely topics addressed in this critically acclaimed series.

Passages Collections
From board decision making and succession planning to defining family and engaging a new generation of family philanthropists, the National Center's Passages issue papers help discerning donors and families navigate the tough issues in family giving. For the first time, we are pleased to share the complete Passages library through this specially designed Collections area for Family Philanthropy Online subscribers.

Pursuit of Excellence
Designed to be used in conjunction with the National Center's Pursuit of Excellence Assessment Process, this special new section of Family Philanthropy Online provides a list of POE's 17 core assessment categories, with links to the most pertinent knowledge center resources related to these topics.

General Search Options
Family Philanthropy Online brings together more than 1000 resources for giving families and those that work with them. The general search page allows users to search by keyword, topic, type, author, or publisher.

Coming Soon: Family Giving News Searchable Archive!
Coming in July 2010, you and your networks will have complete access to a searchable archive - available only to Family Philanthropy Online subscribers - of Family Giving News feature articles, family profiles, and messages from our President, Virginia Esposito. Family Giving News is the nation's most widely read e-newsletter for giving families, offering expert advice and perspectives on important new trends and the latest research in family philanthropy.

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