

FOUNDATIONS: THEIR ACTUAL AND POTENTIAL INFLUENCE ON JEWISH COMMUNAL LIFE

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THE JEWISH COMMUNITY AND THE FOUNDATION WORLD

In April of 1987, at the council on Foundations annual meeting in Atlanta, a breakfast was organized on the subject of foundations and the Jewish community. Some six foundations, with a measure of interest in the Jewish community, met at a breakfast roundtable. It was the first such session at a foundations conference. In a similar vein, a group of eight foundations have been meeting informally to discuss their funding interests in the American Jewish community and in Israel.

This article is about Jewishly oriented foundations in the course of which I will make some inferences based upon my participation in the group of eight. Toward the close, I will deal in detail with one of these eight—the Koret Foundation. But first it may be useful to sketch the outlines of the foundation world and some of the ways in which Jewish agencies may know this foundation world.

Professional staff involved in Jewish service agency leadership or in federations have increasingly become aware of the special character of the foundation world. Sometimes they have been successful in their search for funds in this world, whose very names epitomize the Anglo-Saxon Protestant establishment: Ford, Carnegie, Rockefeller, Pew, et al. But if the Jewish agencies were successful in acquiring funds

from these foundations, it was because the ideas they presented were deemed supportable—not because the granting foundation had a particular interest in building the American Jewish community.

Other Jewish fund seekers have been fortunate enough to be located where there are community foundations—the New York Community Trust and the San Francisco Foundation come to mind as exemplars of major community foundations in large American cities serving substantial Jewish populations.

Jewish agencies in search of funds tend to fare reasonably well with community foundations. As with private foundations (Ford, Rockefeller, etc.), one could hardly accuse community foundations of being interested in Jewish community development. But community foundations are interested in having a "balanced portfolio" of grants. It is the "balanced portfolio," with Jewish agency grantees among them, that makes the point to potential Jewish donors to community foundations that Jewish agencies will get a fair shake.

The organized Jewish community has hardly been dormant in the foundation game. Virtually every large Jewish federation has an endowment fund. As of this writing, the corpus of these federation endowment funds totals over \$1.5 billion. Even at today's relatively modest earnings levels for conservatively managed foundations, that corpus represents over \$100

million a year of distributable earnings for Jewish federation endowment funds. The possibilities are exciting, and after a relatively slow start, federations are moving rapidly in the endowment field. There are some constraints in the distribution of federation endowment funds which ought to be noted:

1. A very sizable portion of federation endowments (almost 50%) are not freely available in response to federation decision making. Constraints are in the form of legally specified donor direction for earnings or donor-advised gifts which, de facto, constrain the way in which money is distributed.

2. A substantial portion of the funds managed by Jewish federation endowments are directed by donor instruction/advice to be used for non-Jewish purposes.

3. A significant amount of money managed by Jewish federation endowment funds is essentially funneled by generous donors through their philanthropic funds into federations' annual campaign. In effect, some portion of the \$1.5 billion corpus is money that "washes" through federation endowment funds each year into the annual campaign.

Before returning to the eight foundations invited to New York in June of 1986, let me summarize the above reference to various foundation mechanisms

which operate in the environment of Jewish agency fund seekers.

There is one other form of foundation which is of minimal interest to the Jewish community—the corporate foundation. Such foundations are often influenced by corporate policy, and much of their giving can be seen as a function of the markets that the company operates in and the customer base in which they are interested in holding. Having said that, Jewish agencies might usefully direct some of their fund-seeking efforts to corporate foundations. Like community foundations, corporate foundations often desire a portfolio of giving which is balanced religiously/ethnically. Interestingly, a number of the individuals in the "Eight" also administer corporate giving programs for their major Jewish benefactors. Such corporate giving is not insensitive to Jewish communal interests.

The remainder of this article will focus on the "Eight" and one of its constituents—the Koret Foundation. I will ignore any involvement of "Eight's" members through their corporate foundations. What is of interest here, and of immense importance to the Jewish community, are certain characteristics common to the "Eight":

Annual Almost all distribute
Distribution over \$1 million annually.
Staff Some staff directors are

<i>Kind of Foundation</i>	<i>Examples</i>	<i>Purpose</i>	<i>Means of Growth</i>
Private/Independent	Ford/Carnegie/Pew	Generally, clearly defined guidelines oriented to social problem solving, research, arts, etc.	Earnings/additional gifts of founding members
Community Foundations	Cleveland/New York/San Francisco	Broad range of purposes/sometimes constrained by individual donors	Earnings/constant search for new community donors
Federation Endowment Funds	Almost all major federations	Variety of purposes/predominantly to Jewish donees/not necessarily amenable to federation policy	Earnings/constant search for new community donors

donor family members who are professional by training. Three of the "Eight" have been federation directors. One is a rabbi. All have defined and profound commitments to the Jewish community.

Policy Making All have policy boards dominated by the funding families as well as other Jewish community leadership.

Federation Most of the "Eight" are supportive of the annual Federation/UJA campaign with sizable gifts.

Other Grants All have commitments to the general community as well as the Jewish community.

What follows is a more detailed examination of some of the Jewish issues that the "Eight" and other foundations oriented to the Jewish community have begun to examine:

The Relationship to Federation: There is no agreed upon agenda for the American Jewish community. The "Eight," because they are serious about Jewish life, can imitate the way in which federations approach allocations and, de facto, become replicas of the federation allocation pattern. Or they can single out areas of Jewish communal life which they regard as in need of special resources and pour their funds into these areas. One of the "Eight" clearly plans to be a major force in Jewish education—another is concerned with using its resources to seek to temper the emerging schisms in Jewish life.

Not all of the "Eight" have come to terms with their local federations. And, indeed, some have no "local" federation because their intended Jewish scope is national and international. But all of the "Eight" understand that federation is the "only game in town," and if they are to

be responsible Jewish foundations, they must deal with federation; they must recognize the importance of federation planning (even where the federation planning process is elementary); the very size of the "Eight's" resources, particularly if they are local, require them to consider the communal consequences of their grants.

Staffing: The "Eight" vary in their staffing arrangements. Some have no role for professional staff, except for the family member who is also the staff director. Others are staffed in ways which give them as much (or more) planning strength than their local federations.

Israel: One of the "Eight" has a staff presence in Israel. A few use their American staff to stimulate new projects and assess received projects from Israel. One intends to work closely with the New Israel Fund in certain granting areas. Whatever the differences among the "Eight" in terms of Israel—what is common seems more significant. Every one of the "Eight" intends to make grants in Israel, and each of them sees the well-being of Israel as central to the well-being of the American Jewish community.

Common Action: As of this writing, the "Eight" seem uncertain about the possibilities of joint funding. That is not surprising in that coordinated action in the foundation world is as rare as it is in most of our communal endeavors. This writer would suggest that if the funding actions of Jewishly oriented foundations are to be perceived as rational, there must be something in addition to the motherhood notion of "Jewish survival" that informs much of Jewish funding activity.

Within the "Eight," and in the Jewish community writ large, there is no broad agreement as to the objectives which, if achieved, would ensure "survival." Is Jewish education (particularly as it is currently delivered) the primary objective? And what about the centers? And family service agencies, etc.? Jewishly oriented foundations might consider commissioning a

report which could do for the American Jewish community what Abraham Flexner's report did for medical education, or Oscar Janowsky for the center movement, or Gunnar Myrdal for our dilemmas in black and white. Clearly, the members of the "Eight" have the resources to support a Janowsky-type report for American Jewry—it is not yet clear that they see the utility of such a report.

Policy Making and Grant Decisions: Policy making and resource decisions in the foundation world tend to be unabashedly "elitist." Where the primary benefactors of the foundation are still alive, there is no gainsaying their dominance in decision making. And they often ensure that dominance by controlling the flow of funds into the family foundation. Where major benefactors are gone, boards are self-selected elites—generally, but not always, reflecting established Jewish leadership.

Boards are much smaller than those found in federations and Jewish service agencies, and the reasons are simple. Why dilute your power if you are not dependent upon a broad base for new resources?

There is a magnificent potential advantage to this small base of decision making. Consensus is easier to achieve—risks are potentially easier to take. In that sense, the "Eight," and those like them on a smaller scale, are structured to be the "venture capital" in the Jewish community. Whether that risk taking happens seems critically dependent upon factors not always in great supply—staff able to develop and respond to good ideas, and grantees able to put together and implement those good ideas. And a more subtle factor, but one of great importance in my experience, is federation directors who prize a certain "wildness" in Jewish-oriented foundations, rather than viewing them as a simple supplement to their federation's annual campaign.

For federations and Jewish agencies, the foundation committed to the Jewish community is a rich new resource in every

sense of the word. It must be brought into the orbit of the Jewish community and nurtured—at the same time, its independence must be understood. Perhaps these are inconsistent goals. I will examine one of the "Eight"—the Koret Foundation—to offer the reader a better sense of this new force in the American Jewish community.

THE KORET FOUNDATION

This foundation, established through the intent of Stephanie and Joseph Koret, in 1987, will distribute over \$7 million to the general and Jewish communities of six San Francisco Bay Area counties and to projects in Israel. By board policy, the Foundation plans to allocate some fifty percent of its distributable resources to the general community; some forty percent for Bay Area Jewish purposes; and some ten percent for efforts in Israel.

The board of the Koret Foundation has adopted interim guidelines for its funding activities. The detail of these guidelines follow:

Support for the Annual Campaign of Federations: The six Bay Area counties which are the focus of the Foundation's activity include three autonomous Jewish federations. These federations serve some 150,000 Jews (this number will be known with more certainty after the results of a demographic study to which the Foundation has contributed important funds). These federations, in 1986, raised an aggregate of over \$22 million. The Koret Foundation gave each federation approximately three percent of the funds the federation distributed to service agencies in Israel and in the Bay Area.

The federations varied greatly in their fundraising and administrative costs and, therefore, the Foundation decided to link its grants to funds distributed as opposed to funds raised. Federation funding represented some ten percent of Koret Foundation grant activity in 1986. Why? The reader may not be enamored of

federations, but it is all that we have to implement our potential as a single Jewish community in the United States. The Koret Foundation gives to the three federations something as important as money—primacy with regard to planning for the local Jewish community.

Primacy means that the Koret Foundation will always seek the opinion of federations before making a grant in the local Jewish community, although the Koret Foundation will not give federations a veto over its grant activity. But as has been repeatedly said to federation leadership—the Foundation will not be a “lone ranger” in the Jewish community. The Foundation exacts a price for this recognition of federations—the Foundation will *not* provide any general operating support to agencies which are beneficiaries of federation’s annual campaign. The Koret Foundation makes a sizable gift to federations, and it expects them to deal with general operating needs of constituent agencies. But there are exceptions as will be seen below.

Capital Fund Grants: The early years of the Koret Foundation were heavily concerned with “bricks and mortar.” The Koret Foundation remains so concerned in the Jewish community. The Foundation is committed to helping the Jewish community build the kind of physical plant it needs and within which Jewish life can flourish. In considering capital grants, the Koret Foundation asks two sets of questions:

1. Is the facility well planned for its purposes? Well sited? Is there any chance of it becoming derelict because of lack of operating support?
2. If the answers to 1 are satisfactory, the Koret Foundation will match a significant portion of the funds contributed by potential users of the facility. The Foundation will not match funds from other foundations or from the federation. And the Koret Foundation will not support the building of facilities that are narrowly sec-

tarian in purpose in the Jewish community (e.g., funds are not contributed to synagogue-building campaigns).

Jewish Community Priority Projects:

The Koret Foundation commissioned papers by two respected students of Bay Area Jewish life for which they interviewed over sixty key informants. The Koret Foundation will use the results of these studies to develop “requests for proposals” in pursuit of Foundation-adopted priorities in the Jewish community. Priority projects are Koret’s “risk capital.” The Koret Foundation will invest in efforts that need a quantum jump in funds. The Foundation is not yet clear as to how many years it will support such priority projects. It is unlikely that such support will exceed two years and a two-year renewal option, which is why Koret involves federations in helping to define priority areas. Eventually, federations will be called upon to support the successful priority projects or see them end.

The priority projects the Koret Foundation selected for special development in 1986 were:

- Adult leadership development programs
- Outreach to those who choose to be Jewish (as opposed to being born as Jews)
- Programs to involve high school aged youth in the Jewish community
- Outreach to intermarried families where only one partner identifies as a Jew
- Leadership development among high school youth

Each of these priority areas was publicized through “RFP’s” sent to all Jewish organizations. The Foundation encouraged congregations to apply for priority project funding.

In 1987, the Koret Foundation is potentially interested in new priority areas including: regionalizing the Jewish community newspaper; merging the area’s two Jewish museums; involvement of young

adults in the Jewish community; and support of intensive Jewish education.

Because priority projects are the Foundation's "risk capital" in the Jewish community, the Foundation intends to devote special efforts to evaluating their successes and failures.

Links to Israel: The Koret Foundation believes that direct experience by Bay Area Jews in Israel can be a powerful factor in making for a competent local Jewish community. In 1986, the Foundation, working with the three federations, has selected the following foci for its "Links to Israel" programs:

- Helping young people, aged 16 to 24, participate in summer or year-long programs in Israel
- Assisting Jewish community professionals to participate in Israel-based programs
- Extensive assistance to young people who have great potential for Bay Area leadership to enable their participation in longer term Israel programs

The Koret Foundation looks to the federations to sponsor these "Links to Israel" programs. In doing so, it expects the following: participation will be encouraged from among those active in synagogue life as well as in federation; efforts to be supported must represent an increment: the Foundation will not replace current support of Israel programs and supported trips to Israel must be in a program framework: Foundation will not support individual pleasure or sightseeing trips.

Other Local Jewish Community Support: In the general community, the Koret Foundation's current foci are enabling the aging to live independently; helping "vulnerable" high-school-aged youth to remain in school, to make the transition to employment or to aspire to college; sup-

porting the arts and performing arts and university programs. The Koret Foundation will consider Jewish agencies for funding in these areas provided the efforts are interesting and they measure up well compared to general community grant applications. All such efforts must be new and reasonably innovative if they are to be eligible for Foundation support.

Israel: The Foundation has a three-part program adopted in 1987:

- a. The Foundation's primary interest in Israel is higher education. The Foundation is committed to helping enrich Israel's human resources through its major universities. In 1987, the Foundation will support six post-doctoral fellows, and in 1988, this number will grow to twelve. The Foundation believes that these fellowships can be useful in helping to keep young, promising, untenured faculty in the university.

In addition, the Koret Foundation will select two universities a year to which it will make very sizable grants for the purpose of working on deferred maintenance (building repairs, painting, safety equipment, etc.). The Foundation thinks these maintenance projects are important, though unglamorous, ways of being of help to Israel's hard-pressed universities.

- b. The Foundation is impressed with the non-traditional purposes and the staff capacities of the New Israel Fund. The Foundation is deeply concerned about the issues of civil rights and liberties, Jewish-Arab relations, and Jewish pluralism. The Foundation intends to work through the New Israel Fund in selecting "venture capital" ideas in Israel in the foregoing areas of concern.

- c. The Foundation is also reserving a sum of money for interesting opportunities in Israel through the municipal foundations, other university projects, the Jewish National Fund and the Museum of the Diaspora.

Will all of the above make a difference? I don't know, and I think my colleagues in the "Eight" are similarly unsure. But I do know that what we have and what we do as a people are worth sustaining. And I

strongly believe that Jewishly committed foundations are an important instrument toward our being sustained. Jewish foundations are a new tool with much promise for the ends we as Jews value in common.