

BEYOND GRANTMAKING: Health Foundations as Policy Change Agents

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Many health funders view policy change as a high-yield way to advance their missions, and some are increasingly playing a direct, hands-on role in public policy change efforts. Traditionally health foundations have sought to inform and influence public policy through grants to policy research, advocacy, and other policy-related organizations. Over the last several years, Grantmakers In Health has received numerous anecdotal reports of health funders engaging more directly in advocacy and other policy change strategies, rather than relying solely on grantmaking investments to further policy-related goals. Funded by the Missouri Foundation for Health, this scan of the field explores why and how health funders are leveraging nongrant resources—such as foundation staff expertise, reputational assets, and contractual agreements—to inform and influence policy decisions.

Stepping outside the traditional grantmaker role creates both strategic opportunities and challenges for health foundations—particularly when these efforts are focused on policy change. Philanthropic leaders have long recognized that organizational effectiveness is enhanced when foundations are deeply engaged and able to potentiate financial support with supplemental investments of intellectual, social, and moral capital. These nonmonetary forms of philanthropic capital can be deployed in a variety of creative ways that include, but are not limited to, grantmaking activities. Foundations have increasingly capitalized on these versatile assets to expand their influence beyond the limits of their grant portfolios, yet many funders remain wary of applying these direct engagement strategies to the public policy arena (Renz and Elias 2007). To help the field of health philanthropy maximize its strategic potential and minimize the difficulties inherent in taking on new roles, this report seeks to both describe ways funders are directly engaging in policy change efforts and distill the key lessons learned from these experiences.

This scan is based on key respondent interviews conducted between May 2014 and January 2015 with representatives of 20 GIH Funding Partner organizations (health grantmaking organizations that support GIH through unrestricted or program funding). It is important to note that this convenience sample is composed of Funding Partners known to be highly engaged in policy and advocacy efforts and is not intended to be broadly representative of the field of health philanthropy. Respondents include foundations that fund on the local, state, and national levels; however, state-level foundations are disproportionately represented. No operating foundations are represented in the sample.

Interview respondents for each foundation included in the sample were identified from staff contacts maintained in the GIH Funding Partner database. In most cases, the foundation's policy director or the chief executive officer served as the interview respondent for the organization. GIH promised interview respondents confidentiality to encourage candor. Therefore, this report does not identify the foundations selected for inclusion in the scan. Interview responses were not independently validated. GIH assumes that respondents provided accurate characterizations of their policy involvement.

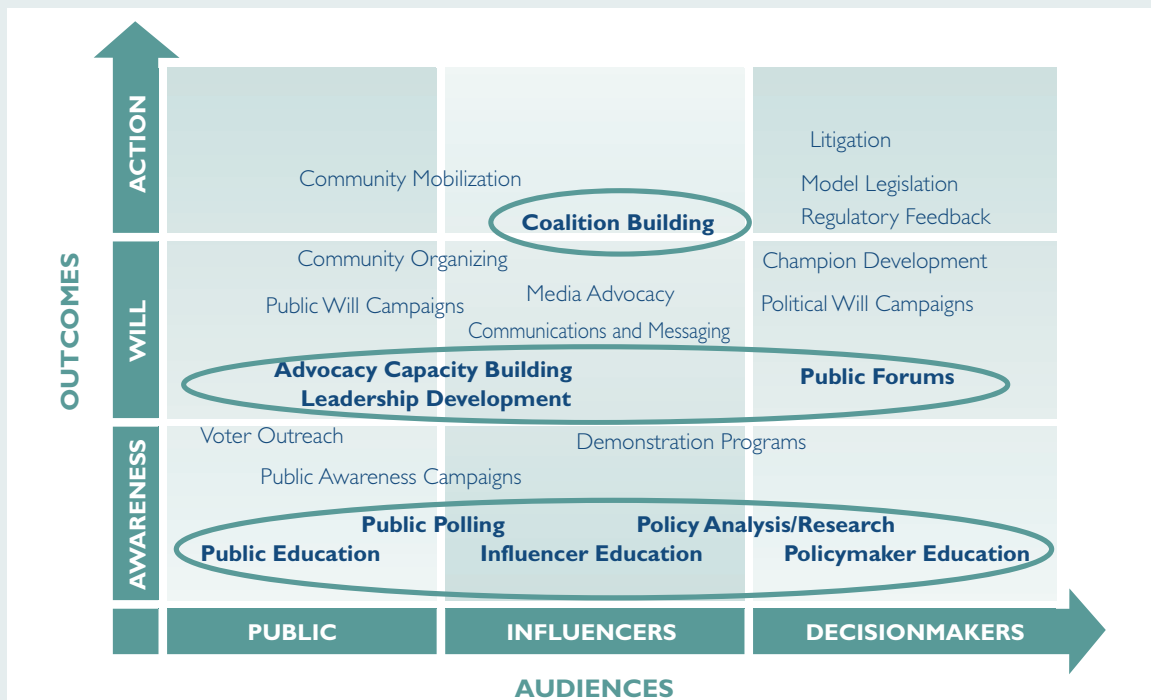
POLICY ACTIVITIES DIRECTLY CONDUCTED BY FOUNDATIONS

All respondents reported that their foundations directly engage in efforts to inform and influence public policy and also make policy and advocacy grants. Direct policy and advocacy engagement is generally viewed as an important supplement to, rather than a replacement of, grantmaking investments. Most respondents indicated that the level of investment in policy and advocacy grants has increased or remained stable over time, while direct activities have increased modestly.

Foundations directly engage in a broad range of public policy strategies, as illustrated by the framework shown in Figure 1. However, the types and nature of these strategies varied significantly among the foundations studied. In general, foundations' direct policy efforts target a wide range of audiences, including

decisionmakers (such as elected officials and government agency personnel), influencers (such as media representatives, advocates, community leaders, the business community, thought leaders, and political advisors), and the public. Efforts directed toward influencers were the most widely prevalent, followed by efforts directed toward decisionmakers. Strategies targeting the public, or segments of the public, were less commonly pursued through direct engagement by foundations.

FIGURE 1. PUBLIC POLICY STRATEGIES COMMONLY PURSUED THROUGH DIRECT ENGAGEMENT



Adapted from “Visual Framework of Public Policy Strategies” presented in Campbell, Martha, and Julia Coffman. “Tools to Support Public Policy Grantmaking.” *The Foundation Review*. 1, no. 3 (2009): 123-131.

- **Activities Directed Toward Influencers** – Nearly all of the foundations included in the scan are directly engaged in activities focused on influencers. Typically these activities targeted advocacy organizations, particularly foundation grantees and, to a more limited extent, journalists covering health policy issues. Foundations commonly use staff and other nongrant resources to:

 - **Provide on-the-record interviews with journalists.** Most foundations included in the scan allow designated staff members to communicate freely with journalists without imposing “not for attribution” or “on background” limitations. However, relatively few actively seek to cultivate these relationships to enhance the foundation’s visibility through earned media exposure. Many respondents indicated that they usually try to refer journalists to grantees and other partner organizations.
 - **Facilitate advocacy capacity building.** Nearly all of the foundations studied provide additional support to advocacy grantees beyond grant funding. Although some foundations offer technical assistance and other types of capacity building resources directly, most provide these nongrant supports through contracts with trainers, consultants, academic institutions, and other experts.
 - **Convene advocates and other stakeholders.** Most respondents reported engaging in efforts to bring people together to share experiences and build consensus around policy change strategies. Most typically these foundation-directed efforts focused on convening advocacy organizations with common goals (both grantees and other aligned organizations). Some foundations have sought to convene more

diverse groups of stakeholders with divergent perspectives in an attempt to find common ground or improve mutual understanding and respect. These various convening efforts typically involve hosting meetings to facilitate interaction and dialogue, identifying potential meeting participants, and framing issues through agenda planning and speaker selection.

- **Broker relationships among advocacy groups and with other stakeholders.** Some respondents indicated that their efforts to develop relationships among advocates and other stakeholders went beyond hosting conferences and other events at which participants could network. These respondents took a very active role in brokering relationships among grantees and other aligned organizations by making one-on-one introductions, encouraging strategic partnerships, and facilitating relationship development. For example, several foundations noted that they had served as intermediaries to help advocacy grantees build stronger relationships with chambers of commerce and other representatives of small businesses in order to support health reform implementation.
 - **Coordinate advocacy strategies and activities with partners.** A few respondents reported that their foundation has sometimes served as a true coordination hub for advocacy grantees and others, working to ensure ongoing communication and collaboration among partners within a functioning coalition. Not widely prevalent, this type of activity requires foundation staff to be highly engaged with partners (usually involving contact on a daily basis) and may necessitate directive guidance in terms of identifying opportunities, formulating a strategic approach, clarifying respective roles and responsibilities of coalition partners, and assessing the effect of coalition efforts.
- **Activities Directed Toward Decisionmakers** – Most of the foundations included in the scan are directly engaged in activities targeting policy decisionmakers. Although foundations reported direct engagement with policymakers in all three branches of government, activities focused on executive branch personnel were more prevalent than those focused on legislators, and activities focused on the courts were relatively rare. Foundations commonly use staff and other nongrant resources to:
- **Conduct and disseminate policy-relevant analyses.** Most of the foundations studied directly engage in activities related to the collection and analysis of objective information to support policy decisionmaking. These activities take a wide variety of forms, including evidence reviews, public opinion polling, health interview surveys, case study reports, statistical analyses, medical record reviews, cost-benefit analyses, econometric modeling, evaluation studies, and health impact assessments. Although foundations often conduct such work through contracts with academic institutions, consulting firms, and others, funders sometimes rely on foundation staff to complete these activities.
 - **Participate in public commissions and advisory panels.** Government agencies frequently convene boards, commissions, committees, and other types of panels composed of private-sector experts who are appointed to oversee, guide, or advise public programs and policy deliberations. These publicly sponsored bodies may be designed to operate on a time-limited basis (such as task forces or blue ribbon commissions), or they may be established as permanent governing structures (such as health insurance marketplace/exchange boards). Most foundations included in this scan reported that foundation staff members receive and accept invitations to participate in these public governing bodies and advisory panels. Foundations view such participation as an important opportunity to advance organizational goals. Funders tend to focus their energies on panels whose purview corresponds with their foundation's service area and funding priorities. However, some exceptions to this tendency were noted. For example, local funders do occasionally serve on state-level panels.
 - **Provide expert testimony at legislative hearings.** Many respondents reported that foundation staff are sometimes invited to provide expert testimony at hearings convened by legislative bodies. This type of activity was most commonly reported by state-level funders who have testified for state legislative committees. However, national and local funders also engage in this type of activity, providing congressional testimony and participating in local-level forums organized by city councils or county boards.

PRIVATE FOUNDATIONS VERSUS PUBLIC CHARITIES

Unlike private foundations, which are prohibited from lobbying by federal law, public charities are allowed to lobby within certain limits, and social welfare organizations face no limits on lobbying expenditures. Foundations organized as public charities or social welfare organizations account for approximately one-half of the funders included in this scan. In contrast, these types of organizations represent just over one-quarter of all GIH Funding Partners. The overrepresentation of public charities and social welfare organizations in this scan likely reflects the fact that some private foundations are wary of engaging in legally permissible policy activities due to misperceptions of, and overly cautious legal counsel regarding, the nature and scope of lobbying prohibitions. Therefore, private foundations are less likely to be among the policy-engaged funders selected for inclusion in this scan.

However, it is important to note that **among foundations included in the scan, the direct activities of public charities and social welfare organizations did not differ significantly from those of private foundations.** Among those funders allowed to lobby, respondents typically indicated that foundation staff are not directly engaged in lobbying activities. Several funders reported that they do not make any lobbying expenditures despite being legally permitted to do so. Regarding the many types of nonlobbying activities that all funders are allowed to support, the private foundations included in this sample appear as likely to directly engage in these activities as foundations organized as public charities or social welfare organizations.

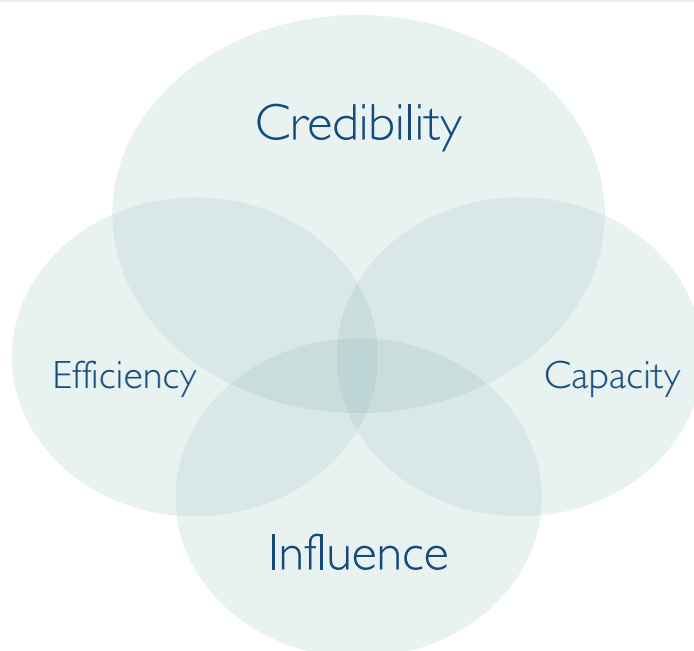
- **Provide informal guidance and technical assistance.** In addition to the types of policy input described above, many respondents indicated that they have also developed more informal lines of communication with policymakers in both the executive and legislative branches. Some foundations proactively cultivate these relationships and encourage government officials and legislators to contact them when they need information or guidance. In this way, some health foundations have become a go-to resource for policymakers seeking expertise and advice on a wide range of health issues. Again, this type of engagement is most common among state-level funders, particularly those with a staff presence in the state capital. Relationships with executive branch personnel appear to be more prevalent than relationships with legislators, particularly for local funders. Respondents stressed that although foundations need to be educated about and mindful of legal constraints when conducting these types of activities, informal relationships can be established and productive without violating lobbying restrictions.
 - **Comment on regulations.** Some respondents indicated that they submit formal comments on proposed rules issued by regulatory agencies at the state and federal levels. In these instances, respondents felt it was important for the foundation to add its views to the public record, both to support comments from grantees and to clearly establish the foundation's perspective on regulatory proposals.
 - **Submit amicus briefs.** A few foundations included in the scan have submitted amicus briefs to the courts to share their knowledge and express their views on cases being litigated. Typically these briefs focus on issues central to the foundation's mission and are often intended to inform the court about the foundation's research or evaluation findings.
- **Activities Directed Toward the Public** – Although the foundations included in the scan were more likely to directly engage in activities targeting influencers or policymakers, numerous examples of activities targeting the public (or segments of the public) were reported. However, a high degree of variation in attitudes regarding these types of activities was observed. Many respondents stated a clear preference for maintaining a low public profile and avoided many of the publicly oriented activities described below. Several respondents described their foundations as behind the scenes actors that shunned policy activities likely to draw high levels of media exposure or public visibility. Conversely, a few respondents saw direct activities to engage the public as a critical dimension of the foundation's policy change strategy and actively pursued opportunities to influence public awareness, opinion, and political will.

Foundations commonly use staff and other nongrant resources to:

- **Clarify policy research findings for public use.** As described above, most of the policy-relevant analyses conducted and published by foundations are designed primarily to influence decisionmakers who possess some level of expertise and interest in the policy issues addressed. However, several respondents suggested that foundations do sometimes adapt these expert-oriented publications for public use. Respondents noted that they prepare infographics, video clips, and other easy-to-interpret resources to convey complex topics to a lay audience and to raise broader awareness of these issues. For example, several foundations have developed clear, visually compelling infographics to describe health reform provisions and their potential effect.
- **Conduct public opinion polls and focus groups.** Opinion polls and focus groups provide information to characterize public beliefs, values, and preferences. Although public opinion polling is often conducted to help policymakers understand levels of support for (or opposition to) a policy change, some foundations have used polling results to influence public perceptions of community norms and longitudinal trends. Foundations may also conduct focus groups to assess how policy communications are likely to be received and understood by the broader public. Although both polls and focus groups are often conducted through contracts, several respondents reported that foundation staff sometimes play an active role in both developing survey instruments and interpreting and communicating results.
- **Take public positions on policy issues.** Many of the foundations included in the scan take public positions on key health policy issues, although communication methods vary. These respondents indicated that staff have published op-ed articles on hot policy topics or announced organizational position statements through the foundation's website, blog posts, or newsletters. Some have affiliated with broader coalitions and signed on to collective position statements. In determining when these types of activities constitute grassroots lobbying efforts, respondents expressed some differences of opinion. For example, some respondents had been advised by legal counsel that the foundation could not submit op-eds in support of Medicaid expansion because related bills were already pending in the state legislature and such communications could be characterized as lobbying. Others were advised that op-eds would not constitute a lobbying activity unless the piece included a call to action asking readers to contact their elected officials to voice support for a particular bill. Variations in perspectives on which types of communications constitute lobbying activities may reflect differences in state law, legal counsel expertise, or organizational risk tolerance.
- **Present at community events.** Several respondents reported that foundation staff serve as speakers at community events, such as town hall, chamber of commerce, and medical society meetings, to provide information about health policy topics. Less prevalent are staff appearances on local television news broadcasts. Presentations and media appearances have frequently been related to health reform implementation, but foundation staff have presented to public audiences on a wide variety of policy-related topics, such as the need to improve access to behavioral health services and environmental changes to promote healthy eating and active living.
- **Design and direct paid media campaigns.** A few respondents indicated that foundation staff directly develop and manage major policy communication campaigns involving print, television, and social media. However, direct foundation engagement in this type of activity was not widely prevalent. Typically such campaigns are conducted with some level of outside support, often through grants rather than contracts.

RATIONALE FOR DIRECT ENGAGEMENT

Foundations typically choose to play a direct role in policy and advocacy efforts (rather than funding others to conduct these activities) only when foundation leadership believes that direct engagement will yield value-added benefits, which could not be achieved through grantmaking alone. In most cases the foundations included in this scan cited a clear preference for indirect involvement through grant-based support.

FIGURE 2. FACTORS DRIVING DIRECT ENGAGEMENT

However, they sometimes elect to conduct certain types of activities themselves when one or more of the following advantages might be gained through direct engagement: credibility, influence, capacity, and efficiency.

- **Credibility** – The perceived credibility of philanthropy was the most commonly cited reason why funders sometimes choose direct policy engagement over grantmaking strategies. Respondents frequently noted that policymakers and other stakeholders trust foundations to be objective and nonpartisan. The majority of foundations included in the scan pride themselves on serving as neutral brokers and producing credible analyses. Most indicated taking great care to ensure that both the tone and the content of their communications are politically balanced and evidence based.

While confirming the importance of rigorous objective methods, several respondents stressed that foundation credibility fundamentally stems from philanthropy’s unique role in society. Unlike most other stakeholders, health foundations do not typically have vested financial interests in the outcome of health policy decisions. Lacking “skin in the game,” foundations are less likely to have self-serving motives that might cloud their objectivity and are generally presumed to be acting in the public interest. Similarly, because they are not competing for financial resources and are likely to be viewed as above the fray, foundations can often play a highly effective role in fostering coalitions and collaboration among advocacy grantees.

- **Influence** – Respondents also acknowledged that philanthropy brings a fair amount of clout and influence to policy debates, allowing foundations to command attention for issues in ways that grantee organizations may not be able to replicate. As one respondent noted, “When foundations talk, people listen.” Although this level of influence is shaped in part by the perceived credibility of philanthropy, it also relates to the inherent power of grantmaking organizations. Potential access to grant resources can be a powerful motivator for a diverse group of stakeholders wishing to establish and maintain positive relationships with grantmakers. This deference is likely to enhance the reach and, possibly, the effectiveness of foundation communications regarding policy issues.

Apart from the organizational influence wielded by philanthropy, foundation leaders may also be seen as highly influential individuals based on their past experience and professional networks. Foundation staff and trustees often have extensive policy expertise, as well as long-standing, trusting relationships with policymakers and other key stakeholders. These individual reputations and connections can sometimes play a pivotal role in advancing organizational policy priorities.

Some respondents also emphasized the conviction that every foundation has a right (or even an obligation) to express its own perspective and organizational values through the policymaking process. These respondents noted that while foundations must be mindful of lobbying restrictions, these legal requirements need not silence philanthropic efforts to advocate for policy change more directly. Although several respondents championed ownership and deployment of the foundation voice in policy debates, many also stressed the importance of ensuring that policy communications made by the foundation are both firmly grounded in evidence and authentically representative of community interests.

- ▶ **Capacity** – A number of foundations suggested that they sometimes take on direct policy roles somewhat reluctantly because they are unable to identify potential grantee organizations with the requisite capacity to carry out desired activities. In some instances, these capacities were described in terms of organizational credibility or influence, as discussed above. In others value-added capacity was more clearly defined by technical or functional capabilities. For example, several respondents indicated that foundations are likely to have more robust communications capacity than most potential grantee organizations. Many foundations make significant investments in building a strong communications infrastructure to promote accountability regarding grant investments, and some have come to recognize that this capacity can also be used to engage in policy communications.

Other respondents cited capabilities related to data management and analytic expertise as areas where foundation capacity may exceed that available through grantees. Respondents noted that these types of capabilities may exist within grantee organizations, but grantee capacity to take on new or time-sensitive projects is sometimes limited. Some respondents also stressed that foundations are uniquely well positioned to glean insights from the diverse experiences of multiple grantees within a particular funding portfolio, offering a cross-sectional perspective that individual grantee organizations would find difficult to provide.

- ▶ **Efficiency** – Several respondents noted that they sometimes elect to conduct policy-related activities directly because it can be more efficient to do so in certain circumstances. Efficiency considerations were often closely tied to capacity concerns. When respondents described direct policy activities as being more timely or cost-effective than grant-funded activities, they often expressed either a desire to avoid overburdening grantees or to expedite the timeframe, or a need for skills or services that grantees were unable to provide. Efficiency benefits were most frequently cited regarding direct activities to conduct and disseminate policy analyses. In these instances, respondents frequently acknowledged that data collection and analytic efforts could be accomplished through grants, but believed that the work would be done more quickly or at lower cost by foundation staff or contractors.

STRUCTURAL SUPPORTS FOR DIRECT POLICY ENGAGEMENT

Direct policy engagement by foundations is facilitated by the presence of governance policies, staff capacity, and budget allocations explicitly dedicated to public policy efforts. The majority of respondents interviewed indicated that their foundation's governance and staffing structures include functional units specifically devoted to public policy.

- ▶ **Governance** – About half of all foundations included in the scan have established a board committee focused on oversight of the foundation's public policy investments, both direct and grant-funded. In describing the value of a policy committee, several respondents stressed the complexity and relatively slow pace of policy change efforts and emphasized the need for designating a subgroup of trustees who are able to devote significant time and energy to these challenging efforts. Conversely, some respondents indicated

that their organizations have deliberately decided not to establish a policy committee to ensure that these issues continue to garner the attention of the full board and the board's leadership committee.

About half of all foundations included in the scan have developed a policy agenda to identify their policy priorities. Although foundations with board-level policy committees appeared more likely to develop a policy agenda, this relationship did not hold true for all organizations. A few foundations with board committees focused on policy have not identified an explicit policy agenda, and a few funders without board-level policy committees have elected to develop policy agendas.

In the vast majority of cases, respondents indicated that their policy agendas are publicly available; however, the level of specificity of these documents varies among foundations. Some funders have framed policy goals rather broadly, such as “expand health insurance coverage,” whereas others have identified more specific policy objectives, such as “reduce churning between Medicaid and Marketplace coverage.”

Recognizing that activities directly conducted by foundations are unlikely to trigger the same types of board oversight involved in traditional funding decisions, such as budget allocations and grant approvals, respondents highlighted the need to establish board-level processes specifically to facilitate communication about direct policy activities. Most foundations included in the scan have integrated these communication mechanisms into broader strategy development and monitoring processes to ensure that direct policy activities are synergistic with programmatic investments. Although relatively few foundations included in the scan have conducted formal evaluations of their direct policy engagement activities, several have incorporated these efforts into logical models and other strategic planning tools.

- **Policy Staff**— Most foundations¹ included in the scan employ at least one staff person who is explicitly dedicated, in whole or in part, to public policy responsibilities. Although slightly over half of the foundations studied have formally identified a director (or directors) of policy or advocacy, most others have informally designated one or more program staff members to lead policy-related efforts. In most

¹Only two of the foundations included in the scan have no staff time explicitly dedicated to public policy.

FIGURE 3. POLICY STAFFING RELATIVE TO TOTAL FOUNDATION EXPENSES



Note: Scale labels for X axis (Total Expenses) have been omitted to protect respondent confidentiality.

cases, policy directors report to the foundation's CEO, but in larger organizations, policy directors sometimes report to vice presidents charged with both policy and broader communications responsibilities.

Policy staffing levels vary considerably among the foundations included in the scan, and these variations are not fully explained by differences in the overall scale of foundation operations, as shown in Figure 3. Among respondent foundations, the total number of staff explicitly dedicated to policy ranged from 0 to 38 full time equivalents (FTEs), with an average of 4.7 FTEs and a median of 1.9 FTEs. Although foundations with higher total expenses are somewhat more likely to have larger policy staffs, the relationship between scale of operations and policy staffing is not linear. The vast majority of foundations studied maintain fewer than 5 staff FTEs explicitly focused on public policy regardless of operational scale.

It is important to note that these data refer to staff explicitly tasked with public policy responsibilities and are likely to significantly underestimate total foundation staff time dedicated to policy change efforts. For example, most foundation CEOs play a major role in policy communications, and this time was rarely included in the estimates of policy staffing levels provided. Similarly, all program staff at most of the foundations studied are expected to be knowledgeable about policy issues relevant to their program areas and are usually involved, to some extent, in the foundation's policy change efforts. However, respondents did not include these staff members in the policy staffing estimates unless a specific portion of their time was explicitly allocated to policy-related duties.

Foundation policy staffs typically focus their time and attention on three main types of responsibilities:

- **Provide in-house expertise on policy issues.** Foundation policy staff are often tasked with monitoring the policy landscape to identify both threats to and opportunities for advancing the foundation's priorities. Staff efforts are often supplemented by contractors who provide legislative review services and strategic consultation. Policy staff are typically responsible for communicating this information broadly within the foundation, facilitating board decisions regarding policy priorities and strategies, and collaborating with program staff to ensure policy considerations are appropriately integrated into program management and grantee communications.
- **Serve as program officers for policy and advocacy grants.** All of the foundations included in this scan provide grant funding to policy advocacy organizations and other policy-engaged grantees. Most respondents indicated that policy staff are responsible for managing and overseeing these grant-funded investments in policy change. A few respondents reported that their foundation had made a deliberate decision to relieve policy staff of grant management responsibilities both to allow them to focus on strategic considerations and to minimize potential conflicts of interest involving grantees.
- **Lead direct policy change activities.** Policy staff often play a lead role in implementing the direct policy activities described earlier in this report. However, they are likely to work collaboratively with foundation leadership and foundation program staff to conduct these activities.

Most respondents cited the benefits of maintaining staff capacity devoted to public policy, but acknowledged that this staffing arrangement creates some challenges for organizational management, particularly in foundations with large staffs. Several suggested that their foundations are still experimenting with communication mechanisms and reporting structures to ensure that policy and program staff are fully integrated. Some larger organizations have established hybrid organizational structures in which policy staff members are assigned to a dedicated policy unit and report to a policy director but are also embedded within programmatic teams. In smaller organizations, integration issues appear to be less of a concern as staff are able to maintain effective communications through informal conversations and regular staff meetings.

CHALLENGES AND UNINTENDED CONSEQUENCES

Only a few respondents cited instances in which direct policy engagement by the foundation created

negative repercussions for the organization and its mission. Challenges and unintended consequences raised include:

- **Perceptions of political bias.** A few respondents suggested that the foundation’s decision to play a direct and highly visible role in policy change efforts did prompt some criticism from a limited number of policymakers who viewed foundation actions as partisan. Typically these concerns related to philanthropic efforts to support health reform implementation, which remains a highly politicized issue in most jurisdictions. Although not generally successful in winning critics over, the foundation boards involved felt confident that their activities were both legal and appropriate. Therefore, critiques did not dissuade the foundations from continuing their hands-on policy efforts or result in any significant changes to these practices.
- **Grantee concerns.** A few respondents acknowledged that their foundation’s direct engagement in policy change had created some tensions with grantee organizations. These tensions typically involved two types of concerns 1) fears that the foundation’s direct efforts would lead to reductions in grant support for advocacy activities and 2) doubts that the foundation would coordinate effectively with grantees and other advocacy groups. In both cases, these concerns were usually alleviated over time as the foundations demonstrated continued commitment to grant funding and a willingness to communicate openly with coalition partners. However, a few respondents cautioned that foundations must remain sensitive to the power imbalance inherent in the funder-grantee relationship and should establish deliberate measures to encourage honest feedback on their direct policy engagement activities.

LESSONS LEARNED

Reflecting on their own experiences, respondents offered the following advice to other funders considering or just beginning direct engagement in policy change efforts.

- ***Be Willing to Take Risks*** – Respondents strongly encouraged other funders to take a more direct role in informing and influencing public policy. As one respondent framed it, “Come on in; the water’s fine!” While acknowledging that foundations are likely to view direct engagement as a somewhat risky undertaking, respondents stressed that funders too often overestimate the risks and underestimate the benefits of hands-on involvement. Several respondents characterized direct engagement as one of many tools that funders have at their disposal to advance their mission and questioned why a foundation would choose to leave any potential tool unutilized. While displaying a healthy tolerance for risk, the foundations included in the scan were by no means reckless and urged other funders to seek well-informed legal counsel, with several recommending the technical assistance provided by the Alliance for Justice.
- ***Recognize the Level of Commitment Required*** – Although strongly supportive of increasing the number of health funders directly engaged in policy change, respondents did offer a variety of cautions, one of the most commonly cited being the need to build robust internal capacity for conducting this type of work. Respondents stressed the importance of involving governing boards, early and often, in all direct policy activities. Several noted that their boards took a long time, sometimes a year or more, deliberating the wisdom of taking on a more direct policy role. Funders underscored the lasting value of devoting significant time and attention to these initial discussions in order to ensure that everyone had a common understanding of both why and how the foundation would play a direct role in policy change. These threshold deliberations are continually revisited by ongoing communications to monitor and assess direct engagement activities.

Similar commitments of time and energy are also required at the staff level. As one respondent noted, foundations must be “brutally honest” about staff competencies and carefully question whether foundation staff are really best positioned to carry out a given activity. Most of the foundations included in the scan have hired policy staff with extensive prior experience in policy development, advocacy, or analysis. Many have held senior positions in government agencies or with legislative bodies. In some cases these staff members were recruited with the explicit intent to build the foundation’s policy capacity and

enable more direct engagement. In other cases, staff with deep policy expertise were instrumental in moving the foundation toward a more activist strategy.

- ▶ **Define Policy Goals Selectively and Clearly** – The critical importance of identifying strategic policy priorities was commonly cited as a key lesson learned. Several respondents observed that foundations can forget that policy change is simply “a means to an end.” They stressed the need to stay focused on philanthropic mission and to carefully consider which policies are both essential to advancing that mission and achievable in the foreseeable future. Absent well-defined objectives, policy change efforts have a tendency to become all-consuming, threatening to divert limited resources—particularly staff time—away from other organizational priorities. Several funders highlighted the dangers of getting “sucked in” and acknowledged sometimes feeling “pulled in a million directions.” These respondents were candid in revealing that they had learned these lessons the hard way after becoming overly ambitious and, eventually, stretched too thin. Written policy agendas were identified as a useful tool for clarifying organizational priorities and preventing overextension.
- ▶ **Be Realistic about Impact (Potential and Realized)** – Respondents were typically very self-aware regarding the limits of foundation influence. Several commented on the powerful temptation of wishful thinking in gauging philanthropy’s contributions to the policy process. As one respondent stated, “Foundations can be delusional. We like to think we can catalyze policy change, but in reality there are so many forces at work, you need to keep your own sphere of influence in perspective.”

Rather than dismissing the value of philanthropic involvement, respondents wanted to stress that foundations must constantly question their own assumptions, critically examine the effectiveness of their own efforts, and develop a realistic appreciation of the obstacles hindering success. Some respondents emphasized the need to be clear-eyed in matching expectations to spending levels and urged funders to track the costs of direct engagement activities, so the return on these efforts can be fairly and accurately assessed relative to grant investments.

- ▶ **Respect Grantees and Other Partners** – Almost all respondents were eager to clarify that their foundation’s direct policy engagement activities were intended to bolster and complement the work of grantees and other partners. Respondents cautioned that foundations seeking a direct role in policy change must actively solicit and pay deference to the views of grantees, other aligned organizations, and the populations they seek to serve in order to ensure that their actions are not undermining collective efforts. As one respondent said, “Just because you have a lot of money doesn’t mean you’re right.” Foundation representatives are conscious of the fact that their involvement affects coalition dynamics in both positive and negative ways, and they typically avoid “throwing their weight around” to minimize negative influences.

Direct policy engagement alters a foundation’s relationships with its grantees. Although these changes were often described in a cautionary manner, one respondent argued that “being in the policy trenches” actually helps to make foundations better grantmakers, keeping funders grounded and in touch with the challenges grantees face.

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