Foundation Transparency

The debate over how public private philanthropy should be is not new. Foundations have always had split identities, rooted in the private world of the donor(s) and in the public world of the beneficiaries of the foundations' tax-exempt dollars. The key question tends to be: “to what extent should the tax exempt dollars of private foundations be considered in some ways open to public scrutiny?”

Since the 1969 Tax Reform Act, private foundations have had to disclose certain information on a yearly basis to the IRS in their 990-PF forms. Foundation leaders have opposed public access to such information on several occasions in recent history, but currently (especially with increasingly sophisticated online databases), such information is widely available.

Now, calls for increased transparency in private philanthropy go well beyond access to basic organizational information at a painfully slower pace than the speed of life. To understand this, let us consider the forces at play in a society empowered by technology, fascinated with endeavors such as WikiLeaks, increasingly concerned with breaking down the secrecy in political contributions, and sensitive to tensions in the one percent / 99 percent dynamic. A common sentiment, on all sides of the philanthropic world, seems to be captured in a recent statement by Vikki Spruill, the new leader of the Council on Foundations: institutional philanthropy faces “its most critical moment…right now. At a time when our world faces a storm of converging challenges with dwindling resources, philanthropy’s positive impact remains a mystery to far too many…we must seize the imperative to help society better understand philanthropy’s impact and contributions.”

Opinions differ on how foundations can best demystify their interests and activities to grantmakers and other stakeholders, and thereby boost philanthropy’s positive impact for all involved. Rick Cohen, National Correspondent for Nonprofit Quarterly outlines his perspective here (a preview: controlled narratives in glossy annual reports will not cut it). The Foundation Center aggregates resources from foundations on their Glass Pockets site, and showcases the most transparent and accountable foundations, perhaps to incite more positive public peer pressure. While there is no doubt that some foundations are using technology to stakeholders’ advantage, it will be interesting to see if and how a larger cultural shift emerges.

Sources, and for more information:
- “Transparency Talk” parts one and two by Rick Cohen, NPQ (glasspockets.org)
- “A New Age for 990s” by Mary Ann Zehr, Foundation News and Commentary
- Foundation Center’s Glass Pockets
The 2012 presidential race is in full swing and it is clear that our country is divided on many issues. With the upcoming series of debates and the looming election, it is more important than ever to actively engage Americans in the voting process. This is certainly on the mind of the Knight Foundation who last fall, hosted a group of media thought leaders to participate in a discussion and brainstorming session addressing ways for people to engage in elections through digital tools and content. This gathering resulted in a series of projects, funded by the Knight Foundation, that help Americans easily access election information, helping them become more active in the democratic process and fostering better informed communities. Here is a quick look at a few of the election digital content projects funded by the Knight Foundation:

SuperPAC App: Derived from a class project at MIT’s Media Lab and developed by MIT Sloan School of Management alumnus Daniel Siegel, MBA ’12, the SuperPAC app is a simple way to find out what groups are supporting the presidential election TV advertisements. This free app uses fingerprinting technology to identify what super PAC is running the advertisement, the PAC’s political angle, and the claims the advertisement is making.

TurboVote: Claiming to be “as easy as renting a Netflix DVD,” TurboVote is an online platform for voter registration, finding election information, and voting by mail. The Knight Foundation is helping TurboVote expand its platform to reach new cities, and simplify the voting process—especially to college students who often find it difficult to navigate the system.

Internet Archive Project: Internet Archive, a non-profit group that was founded to build an Internet Library, is creating an online platform to make TV news content and advertisements from the past ten years available and searchable in real time.

Wesleyan Media Project: The Knight Foundation is partnering with Wesleyan University to use video monitoring to track and analyze television advertisements and YouTube videos airing during the 2012 election. The analysis of campaign advertisements will help better inform this year’s voters.

Source: “Using Digital Tools and Content to Engage Americans in Democracy” by Chris Sopher and Elizabeth Miller, Knight Foundation Blog

Hot Topic: Unemployment

With a disappointing 96,000 jobs added in the month of August, unemployment is sure to continue to be one of the most pressing issues of the current presidential race. This hot topic is also on the radar of major foundations, who are stepping up to the plate to help support job creation. Private foundations including the Ford Foundation, Rockefeller Foundation, and the Skoll Foundation are teaming up with the Huffington Post, NBC News, Microsoft, and other organizations in the public and private sector to support the What Is Working initiative, an effort founded by the Huffington Post to find solutions to the country’s unemployment crisis. At the Republican National Convention last week, the Huffington Post announced pledges totaling more than $150 million from organizations involved in this new initiative. Here is what some major foundation participants are doing in the job creation space:

The Ford Foundation: The Ford Foundation will invest $150 million over the next five years on workforce development initiatives, metropolitan opportunity and growth, and assisting the working populations in gaining economic security and developing new businesses.

The Rockefeller Foundation: The Rockefeller Foundation has announced a $1 million prize to the most successful, innovative solution that creates new jobs for young people. The focus of this award is on entrepreneurs whose businesses would generate the largest number of jobs.

The Skoll Foundation: The Skoll Foundation is partnering with the Huffington Post and CrowdRise to create the JobRaising Challenge, an innovative competition to raise money and provide resources for non-profits working to reduce unemployment. Awards of up to $150,000 will be provided, and the application period will begin on October 1, 2012. Visit the JobRaising Challenge’s website for more information: http://www.huffingtonpost.com/jobraising/.

Sources: Yahoo Finance, 8/29/2012, The Huffington Post, 8/28/2012
A recent report from the Foundation Center can help us to better understand giving by corporate foundations, a typically difficult feat considering the complex dynamic of corporate and philanthropic influences at play within these organizations.

Giving by corporate foundations accounted for just over one-tenth of all foundation giving (which also includes independent, community, and operating foundations) in 2011. Looking more broadly, corporate giving amounted to 5 percent of total private philanthropic giving in 2010 (behind individuals, independent and community foundations, and bequests).

While these figures may paint corporate philanthropy as relatively inconsequential at first glance, the recent and sustained growth of corporate foundations is worth noting. While overall foundation giving declined slightly from 2010 to 2011 after accounting for inflation (see this report), giving by corporate foundations in the U.S. increased 2.8 percent during the same time after accounting for inflation. This brought giving by the nation’s approximately 2,700 grantmaking corporate foundations to $5.2 billion in 2011. Over half (53 percent) of corporate foundations who participated in the Foundation Center’s survey expect their giving to increase in 2012; about a third of these funders anticipate giving increases above 10 percent.

Geographically speaking, MIT is well-poised to receive corporate philanthropic support. The Northeast U.S. has the largest number of corporate foundations in the country, and this region’s foundations represented the largest share of giving in the U.S. by corporate foundations in 2010.

For more facts and figures, see the full report.

Source: The Foundation Center "Key Facts on Corporate Foundations," August 2012

New in the OFR Toolkit


- FD Mobile: The Foundation Directory Online’s app for iPhone and Android--free for FDO Professional subscribers.

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September 2012