

2019

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Democratizing American Jewish Philanthropy

New Models for Capital Circulation



APPLIED RESEARCH COLLECTIVE

Lila Corwin Berman, Temple University
Matthew Berkman, Oberlin College

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FOR AMERICAN JEWRY

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INTRODUCTION

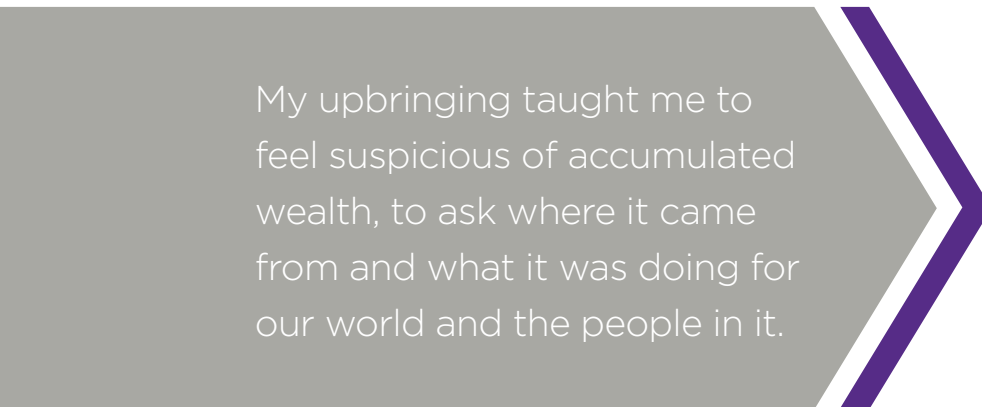
Philanthropy is the core of American Jewish communal life. Donors and philanthropic professionals set the agenda for specific programs, but even more significantly, they have come to define the parameters of Jewish life, adjudicating political, economic, and ethical matters. Barely unified, the American Jewish philanthropic sector employs a diversity of approaches, yet it also reflects a set of common historical roots and state-based parameters. For all of the differences among Jewish philanthropic bodies, they share capital and cultural practices that often contradict democratic values of broad public empowerment.

In seeking to address the tension between philanthropy and democracy, this proposal is directly addressed to philanthropists, philanthropic professionals, and Jewish communal leaders; however, its implications move beyond the world of the expert, the elite, and the communal insider. This proposal seeks to engage a broad and diverse Jewish public.


Roots of the Questions

Although my question is policy driven, it is also lodged in my own Jewish experiences.

I grew up in Poughkeepsie, New York. Recently, I asked one of my three brothers if he thought we had “class privilege” when we were children, and he answered immediately, yes. This may be true. Our grandparents on one side were affluent, and our parents are well-educated. But both of our parents worked in the public sector, my mother as a special education teacher for a public school and my father as a psychologist at various state psychiatric centers. They both belonged to unions, and my father was once fired from a position for attempting to organize a union. My parents talked to us about money often. At a young age, I knew their salaries, and I understood that we did not have money to spend frivolously, though all of our needs were always met.



My upbringing taught me to feel suspicious of accumulated wealth, to ask where it came from and what it was doing for our world and the people in it.



Capital has been as much a source of vulnerability as power for modern Jews, depending upon the state contexts in which Jews operate.

When it came to the Jewish community, I saw a strikingly different set of values about money than those of my parents. We attended the struggling Orthodox synagogue in town, primarily because my parents felt uncomfortable at the larger and more opulent Conservative one, where most of our friends went. The expensive dues were surely a practical deterrent, but more than this, the culture of wealth, like the culture of so many Jewish communal spaces, seemed to offend my parents. No matter how much they liked many of the members or respected the rabbi, they had little patience for what they perceived as a colossal waste of economic resources, thrown into extravagant parties or fancy cars or parades of fashion.

Our privilege came through my parents' austere sensibilities. They provided us with a constant (and, frankly, sometimes maddening) critique of conspicuous consumption. We learned a class analysis from the relative comfort of a solidly middle-class home run by two people with intellectual capital. My upbringing taught me to feel suspicious of accumulated wealth, to ask where it came from and what it was doing for our world and the people in it.

My upbringing also gave me opportunities to access Jewish wealth. By the time I finished my doctorate, I had amassed a hefty debt to Jewish philanthropy, which, among other things, paid for most of my graduate education.

As a Jewish historian, I have spent my career preoccupied with ideas of power, the public, and the modern state. I have studied various forms of power—from discourse to property—to understand when Jews have felt included in an American public and when they have felt excluded. In the course of my research, I have learned that while capital accumulation has offered modern Jews particular forms of power, it has not seamlessly indicated their power or security. Indeed, in striking ways, capital has been as much a source of vulnerability as power for modern Jews, depending upon the state contexts in which Jews operate.

My research question about Jewish philanthropy emerges from these personal and professional roots. I seek to understand how concentrations of Jewish capital held in philanthropically designated entities can become more closely aligned with democratic norms and with what I maintain should be the essential function of philanthropy: the most just distribution of capital to improve our world.

State of the Question

Philanthropy is both a core element of American democracy and one of its most significant stumbling blocks. Observers from Alexis de Tocqueville in the early 19th century to recent presidents have praised philanthropic voluntarism and associationalism as the engines behind this country's enduring democratic spirit. Individuals willingly divest themselves of their resources to join with others to pursue a diversity of projects—all directed, in some fashion, to improving the public good. Yet at every turn, philanthropy challenges the logic of democracy by empowering the wealthiest members of our society to have the greatest impact on seemingly public matters—and, even more so, providing substantial public revenue (through tax exemptions and deductions) to subsidize the decisions of the few.

How can philanthropy be credited with upholding the values of democracy, while it also controverts its basic practices? This exploration into participatory models of funding seeks to discover whether, through an embrace of a full-throated effort to democratize the practices, strategies,

and outcomes of philanthropy, we might better align Jewish philanthropy with democracy. It posits that Jewish philanthropy stands to contribute to democracy and its vision of justice and equality in more substantive ways than it currently does.

Like philanthropy in general, Jewish philanthropy contravenes democratic norms insofar as it places highly consequential community investment decisions in the hands of a small, unaccountable elite. Since the 1970s, the two primary drivers of Jewish philanthropy—federations and foundations—have come to resemble one another in their embrace of donor-driven agendas and practices. Whether through endowment strategies, donor-advised funds, or private foundations, the trend in Jewish philanthropy has been to prioritize capital growth and accumulation over capital distribution. One consequence of this trend has been the empowerment of large donors' interests and perspectives, even when they run counter to those of the constituencies that Jewish foundations and federations purport to serve.

Research Questions

What benefits and trade-offs do these methods entail?

What tried-and-tested methods can Jewish philanthropic entities, including public charities (such as Jewish federations), community foundations (such as the Jewish Communal Fund), and private foundations (such as the Jim Joseph Foundation or the Charles and Lynn Schusterman Family Foundation), adopt to enhance democratic participation and help ensure that the interests, priorities, and perspectives of their constituents are sufficiently represented in key decision-making processes?

What steps should they take to ensure diversity of representation and responsiveness to communal needs?

Who defines and represents the constituencies that self-described Jewish philanthropic institutions serve?



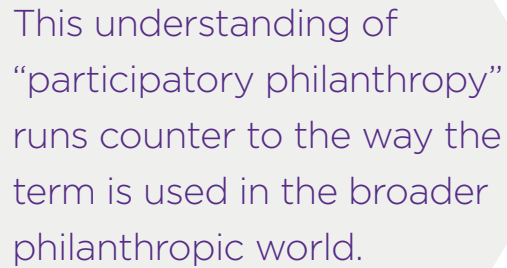
FINDINGS

Jewish Philanthropy Today: Limited Community Participation

In recent decades, donations to Jewish federations have stagnated or declined as private family foundations have grown in size and number. The loss of capital to more personalized vehicles prompted federations to begin offering potential donors increased input into the grantmaking process, whether through donor advised funds or other, more innovative partnerships. In other words, whether legally classified as private foundations or not, most Jewish philanthropic entities have adopted the private foundation model, a fact that has expanded individual donor control but narrowed the range of people exercising philanthropic power.¹

Some Jewish philanthropic organizations have made efforts to increase philanthropic participation, but with a limited understanding of who community members are and how they might participate. In 2010, for instance, San Francisco’s Jewish Community Federation (JCF) launched its Impact Grants Initiative (IGI), an exercise in “community-participatory grantmaking” that seeks to “engage a higher number of community members... in the JCF’s efforts.” Though drawing on language of inclusivity, the IGI recruits “community members” exclusively from among past and potential JCF donors. It then cedes them responsibility for “establishing funding priorities, identifying possible grant recipients, vetting and approving proposals, and aligning their expertise and interests with specific grantee organizations.”²

This understanding of “participatory philanthropy”—in which the “participants” in question are donors or potential donors—runs counter to the way the term is used in the broader philanthropic world (see next section). Yet it remains the operative usage among Jewish federations (Miller et al., 2014). IGI-like initiatives have proliferated across the federation system, pushing communal decision-making in a more donor-driven and thus plutocratic direction. Jewish foundations, meanwhile, have barely engaged with genuine participatory philanthropy. Insofar as they have departed from conventional grantmaking strategies, it has been to encourage new or increased donor participation through matching grants, giving circles, and crowdfunding platforms.³



This understanding of “participatory philanthropy” runs counter to the way the term is used in the broader philanthropic world.

We might conceptualize mechanisms aimed at expanding donor pools as democratizing the “input” function of the philanthropic enterprise. And indeed, input-end mechanisms like crowdfunding and giving circles feature prominently in the broad approach known as “community philanthropy,” in which institutional funders act as “a force for building local assets, capacities, and trust—ultimately, as a way to shift power closer to the ground” (Hodgson & Pond, 2018, p. 7).⁴ While bringing in more donors is a worthy goal, participatory philanthropy aims to democratize the “output” function by incorporating the interests, priorities, and perspectives of beneficiaries and/or rank-and-file community members, whether donors or not, in the grantmaking process.

Participatory Grantmaking as a Model for Jewish Philanthropy

We recommend that Jewish philanthropic leaders, from both private foundations and federations, explore a **participatory grantmaking (PG)** framework as commonly understood in the non-Jewish philanthropic world. In the words of a recent report, PG “cedes decision-making power about funding decisions—including the strategy and criteria behind those decisions—to the very communities that a foundation aims to serve.” Explicitly geared toward reducing donor control over the distribution of philanthropic capital, PG “covers a wide range of activities such as incorporating grantee feedback into grant guidelines and strategy development” and “inviting non-grant-makers to sit on foundation boards,” among others. (Gibson & Bokoff, 2018, pp. 8, 14).

A Typology of PG Protocols⁵

LEVEL OF PARTICIPATION

MODEL TYPES

| | VERY LOW | LOW | MODERATE | HIGH | VERY HIGH |
|--|--|--|--|--|---|
| | Informing | Consultation | Partnership | Delegated Power | Constituent Control |
| | One-way transparency-oriented information flows from institution to constituents | Integrate constituent feedback on grantmaking strategies and priorities <ul style="list-style-type: none"> • Public calls for feedback • Targeted outreach to constituent groups • Permanent outreach departments | Allow constituents to vote on pre-approved lists of potential grantees Give constituent delegates parity or minority representation on key decision-making bodies | Give constituent delegates majority representation on key decision-making bodies | Outsource most facets of grantmaking process to constituents <ul style="list-style-type: none"> • Pre-grant (strategies, priorities, guidelines) • Granting (proposal review, decisions) • Post-grant (evaluation) |

PG protocols can be applied to any/all of the following grantmaking subroutines:

- Defining problems
- Establishing benchmarks for success
- Setting strategy and priorities
- Formulating application and evaluation criteria
- Evaluating proposals
- Making award decisions
- Reporting and assessment

Participatory grantmaking “cedes decision-making power about funding decisions to the very communities that a foundation aims to serve.”

Examples illustrating the scale of participatory grantmaking include the following:

- The Harold Grinspoon Foundation recently empowered a group of parents who are raising Jewish children and who utilize the foundation’s core program, PJ Library, to serve as an “Advisory Committee” to inform grantmaking decisions. This is a **“consultation”** model.
- The Young Feminist Fund—FRIDA utilizes a unique **“partnership”**-type model in which the foundation staff establish application guidelines but grant decisions are made on the basis of voting by the applicants (who cannot vote for their own proposals).
- UHAI—the East African Sexual Health and Rights Initiative empowers a committee of LGBTI and sex worker activists, selected

through an open nomination process, to evaluate grant proposals. This can be classified as a **“delegated power”** model.

- The U.S.-based Case Foundation, embodying the **“constituent control”** model, “invit[ed] non-grantmakers to participate in every step of the grantmaking process—including setting grant guidelines, serving as proposal reviewers, and voting on proposals submitted by thousands of people across the country.” (Gibson, 2017, p. 44).

When it comes to all but the lowest levels of participation, there is little evidence that the PG approach has spread to the Jewish philanthropic world.

Benefits

While the effects of PG have not been sufficiently studied using empirical data and scientific methods, anecdotal evidence⁶ suggests the following benefits:

Ethical Benefits:

- Expands democratic participation
- Increases accountability to beneficiary communities

Practical Benefits:

- Strengthens the legitimacy and community ties of grantmaking institutions
- Focuses community priorities on problems that elite-driven models miss
- Increases the efficacy of projects by creating a sense of constituent “ownership”
- Builds community leadership and other skills related to grantmaking

A 2012 study compared the grantmaking decisions of community boards and traditional (elite-based) boards and found that “community boards award grants to a larger proportion of new applicants (nonprofits that were not funded in previous years) and grassroots nonprofits” (McGinnis Johnson, 2016, p. 76). The results, however, were mixed and further study is required to definitively establish the practical benefits of PG. Either way, the ethical benefits are inherent in the very practice of participatory grantmaking.

Trade-offs

> **Democracy vs. “Deliverables”**—Democratic protocols may result in investment decisions whose effects are more difficult to measure, and thus more difficult to package for donors as “proof of concept.”

> **Community Empowerment vs. “Expertise”**—As more power is ceded to community representatives, professional experts employed by philanthropic institutions may have less sway over the process.

> **Grassroots Priorities vs. Donor Control**—As community representatives come to exert greater influence over grantmaking priorities, the programmatic and/or political character of grantee activities may elicit concern from donors.

> **Community Process vs. Efficiency**—Democratic protocols often require more time and resources to administer than centralized, top-down decision-making.

Who Represents the Jewish Community?

The goal of PG is to shift decision-making power from donors and other traditional elites to the grassroots community members whom philanthropic institutions serve. To truly achieve that goal, the protocols through which “community members” are identified and recruited to participate in the grantmaking process must be maximally diverse and inclusive. Otherwise, the interests, priorities, and perspectives of traditional elites may end up guiding the process through the mechanism of selection bias.

POLICY RECOMMENDATIONS

Education

American Jewish philanthropic institutions have long prided themselves on being in the avant-garde of philanthropic transformations. In the field of participatory philanthropy, they are in danger of lagging behind. We therefore recommend that the Jewish philanthropic sector undergo a crash course in PG by:

- > **Becoming familiar with the most recent literature on the model.**
- > **Hosting seminars and discussions that bring together researchers on and practitioners of PG and Jewish philanthropic professionals and philanthropists.**
- > **Seeding core discussions about the role of philanthropy in a democratic society.**

Value Clarification

Although the empirical research on PG is still inchoate, many of its practitioners suggest that as manifest as its practical benefits may be, its ethical benefits are overwhelming. We recommend that Jewish philanthropic entities make explicit their values when it comes to community participation in the philanthropic process, on the output end as well as the input end. This means moving beyond asking how Jews can participate as donors to asking broader questions about power, such as:

- > **Whom should the philanthropic process empower to make decisions?**
- > **Which communities should be brought into the philanthropic process?**
- > **What kind of expertise is essential to making philanthropic decisions?**

Community

One of the most significant challenges involved in PG is working with the community to determine philanthropic priorities. Pursuing this work is likely to surface core conflicts within a community and/or between a community and its philanthropic leaders. We recommend that Jewish philanthropic entities approach the Jewish community in the broadest way possible to create the conditions for successful PG. This means:

- > **Accepting diversity as a fact of community and pursuing strategies to include the broadest diversity of community stakeholders (defined in terms of political ideology, ethno-racial, sexual, and gender identification, religious observance, socio-economic status, and more).**
- > **Amplifying marginalized voices.**
- > **Ceding the goal of creating Jewish unity to the goal of giving a broader range of Jews access to philanthropic resources, and thus a stake in Jewish communal life.**

Implementation

Once Jewish philanthropic entities have educated themselves, clarified their values, and identified their community, we suggest that they implement elements of a PG approach. The preceding “Typology of PG Protocols” offers a variety of points of entry into the work.

Philanthropic institutions may want to start at a low level of intensity and/or identify certain core areas in which to test PG. They may also want to work in partnership across the sector to absorb risk and centralize knowledge about accessing and empowering communities. We suggest they prioritize the following strategies:

Transparency

The heart of PG (and community philanthropy more broadly) is giving communities a powerful hand in resource allocation decisions that affect them. This is impossible unless community members understand the resources and decision-making processes in question. Jewish philanthropic organizations should document their experiments with PG and make public why they are embracing it, what it means to them, and how they intend to step into this new space.

Collaboration

Jewish philanthropic organizations should take advantage of the fact that other philanthropic communities have already adapted PG strategies and should work with them to assess outcomes and learn best practices. Additionally, within Jewish philanthropy, organizations like the Jewish Funders Network could be leveraged to develop platforms for PG.

Democratization

Jewish philanthropic organizations should make concrete their commitment to democratizing Jewish philanthropy and should address, head on, the challenges of doing so, from the necessity of accepting a wider variety of political viewpoints to slowing down the philanthropic process, and even asking hard questions about why philanthropy exists in the first place and the types of economic relationships that undergird it. At whatever level of intensity a Jewish philanthropic organization chooses to engage the PG approach, it should grapple with how best to articulate its commitment to democratizing its philanthropic process.

Endnotes

1. See Corwin Berman, L. (2017). How Americans Give: The Financialization of American Jewish Philanthropy. *American Historical Review*, 122 (5), 1459-1489.
2. See Wexler, R. (2016). "The Disintermediation of the Federation Construct." *eJewish Philanthropy*. Retrieved from <https://ejewishphilanthropy.com/the-disintermediation-of-the-federation-construct/>.
3. Giving circles are groups of individuals who come together to pool resources and contribute to a common cause. Crowdfunding platforms are web-based tools that enable donors of any size to give to a cause online. The Natan Fund is a good example of an early Jewish giving circle. Established in 2002 with help from established foundations, Natan has involved more than 230 givers and distributed more than \$13 million. More recently, Natan teamed up with other Jewish philanthropies to help fund Amplifier, a platform aimed at fostering Jewish giving circles. For more information see Lipman, S. (2017, November 8). Giving circles widening their reach. *The New York Jewish Week*. Retrieved from <https://jewishweek.timesofisrael.com/giving-circles-widening-their-reach/>. Natan also provided startup funds for Jewcer, a crowdfunding platform for Jewish nonprofits. See <http://www.jewcer.org>. For more on the way matching grants are used to incentivized new donor participation, see "Matching Grant Initiatives." *Jewish Funders Network*. <https://www.jfunders.org/matching-grants>.
4. While federations might frame their own activities as "community philanthropy," current usage of the term foregrounds the ethical imperative to devolve power and democratize decision-making at both the input and output ends.
5. Assembled from "Participatory Grantmaking: Has Its Time Come?" (Gibson, 2017) and "Deciding Together" (Gibson and Bokoffs, 2018).
6. See, inter alia, Bourns, J. C. (2010). *Do nothing about me without me: An action guide for engaging stakeholders*. Grantmakers for Effective Organizations; Lafayette Practice (2014). *Who decides?: How participatory grantmaking benefits donors, communities, and movements*. The Lafayette Practice; Kilmurray, A. (2015). Participatory decision-making in contested societies: Examples from the field of community philanthropy. *The Foundation Review*, 7(3)(8); and Enright, K. P., & Bourns, C. (2010). The case for stakeholder engagement. *Stanford Social Innovation Review*.

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Lila Corwin Berman is Professor of History at Temple University. She holds the Murray Friedman Chair of American Jewish History and directs the Feinstein Center for American Jewish History. Berman received her B.A. from Amherst College and her Ph.D. from Yale. She is currently writing a book titled *The History of a Multi-Billion Dollar Institution*, (Princeton University Press, 2020). She is author of *Metropolitan Jews: Politics, Race, and Religion in Postwar Detroit* (University of Chicago, 2015), for which she received support from the National Endowment of the Humanities and the American Council of Learned Societies, and *Speaking of Jews: Rabbis, Intellectuals, and the Creation of an American Public Identity*, (California, 2009), a finalist for the Jewish Book Council's Sami Rohr Prize. Her articles have appeared in several publications, including the *American Historical Review*, *Journal of American History*, and *Jewish Social Studies*, as well as many edited volumes.



7 E 10th St, New York, NY 10003
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