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Since 1973, the **Toledo Community Foundation** has provided individuals, families and businesses interested in the well-being of our community with an *efficient, effective, low-cost, professionally managed* mechanism to achieve their charitable goals.

For philanthropists wishing to maximize the impact and life of their charitable gifts, the Foundation provides *resources for thoughtful giving*. Using its expertise and personalized services, **Toledo Community Foundation** helps donors

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Think Tanks Get More Direct

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By Jordan Rau

Frustrated that years of financing studies and demonstration projects have not translated into widespread improvement in medicine, California philanthropic foundations and think tanks are shedding their traditionally detached stances to crusade for health care reform in the state Capitol and in Congress.

Several of the biggest foundations have established offices in Sacramento and staffed them with experienced former advisors to lawmakers, with the aim of educating legislators to embrace their ideas.

The approach is a notable change in the foundation world, which in the past has maintained an academic distance from the political arena. It is also a delicate endeavor because such nonprofits are barred under Internal Revenue Service rules from lobbying or engaging in partisan politics. With billions of dollars at their disposal, the foundations are seeking to become bigger players.

In November, the California Endowment, a Los Angeles-based foundation with more than \$3 billion in assets, announced that it was hiring Daniel Zingale, a senior advisor to Gov. Arnold Schwarzenegger. When he starts later this month, Zingale will encourage policies the endowment favors, including ensuring that all children have health coverage and making doctors and hospitals focus more on disease prevention and the management of chronic ailments.

A onetime AIDS activist and HMO regulator, Zingale led Schwarzenegger's 2007 campaign to expand health care to all

transform their philanthropic impulse to measurable community impact. Beyond the gifting of assets, the Foundation helps donors identify issues of importance to them and *inspires engagement* with community organizations addressing these issues, thereby maximizing the impact of charitable gifts and creating a greater sense of fulfillment.

Californians; that \$14.9-billion proposal was rejected by legislators last January.

"We really consider ourselves to be supporting positive change and not just making grants," said Dr. Robert Ross, the endowment's president.

The New America Foundation, a Washington, D.C.–based think tank underwritten by foundations, has crossed even further into policymaking since opening a California office more than four years ago. In 2007, its experts helped Schwarzenegger develop his proposal to expand coverage and promoted it publicly, even appearing at a news conference with the governor. New America's experts can have so much contact with lawmakers that the foundation requires them to keep track of their hours to ensure they do not exceed lobbying limits set on nonprofits.

The California Health Care Foundation, based in Oakland, has taken a less blunt tack since opening its Sacramento office, where it employs a former legislative health expert who helps ensure that the foundation's research topics are relevant to legislative agendas.

"Our view is the Legislature is not facing a shortage of recommendations but a shortage of reliable information," said Dr. Mark Smith, president of the foundation, which has assets of about \$640 million.

In 2007, the foundation paid for Jonathan Gruber, an economist at Massachusetts Institute of Technology, to appraise the costs and effects of the health care proposals being considered in the Legislature. Lawmakers and their aides relied on those figures in their negotiations.

In an interview, Smith said that the governor and Legislature last year adopted an idea the foundation has supported through grants to ensure that nursing homes and hospitals always know patients' directives about what kind of life-sustaining treatments should be taken when they are seriously or terminally ill.

Sally Pipes, president of the Pacific Research Institute, a conservative think tank based in San Francisco that favors market approaches to health care, said foundations risk undermining the credibility of their research by wading into policy deliberations.

"I think that's a bad move for them, because I think they will be really tarred as lobbyists," Pipes said. "I don't think lobbyists have the respect of economists or researchers."

Foundation leaders emphasize they have no interest in direct lobbying and that they promote ideas that are based in evidence, not ideology.

Advocacy is risky for foundations, since most are categorized by the IRS as 501(c) nonprofits, which restricts them from direct lobbying or participation in partisan politics. In the 1990s, Republican senators castigated the New Jersey–based Robert Wood Johnson Foundation,

one of the nation's oldest philanthropies, for underwriting a series of forums in which First Lady Hillary Rodham Clinton discussed the Clinton administration's plans for health care reform.

But a new generation of health care foundations has arisen since then, explicitly charged with advancing more activist missions than those of the older philanthropies started by wealthy families.

"There's been a sea change in thinking," said Leif Wellington Haase, director of New America's California program. "People will realize over time what a big deal that is."

Nationally, 99 new foundations were created when nonprofit health care insurers like Blue Cross of California were converted into investor-owned entities, according to the Foundation Center, a New York City-based nonprofit that studies philanthropy. As a condition of regulatory approval, these companies had to set aside a portion of their initial stock sale to endow foundations devoted to improving health care.

More than \$4 billion in foundation money was devoted to health care issues in 2006 by both older and newer philanthropies, according to the Foundation Center

Said Paul Brest, president of the William and Flora Hewlett Foundation in Menlo Park and author of a book on philanthropic strategies: "What I've seen is foundations moving from thinking all we needed to do is support good research in the field and the rest will happen to realizing that unless we are going to support organizations to take the research and try to turn it into policy, then the research is going to sit in the bottom of a pile somewhere."

The California Endowment's entry into Sacramento has been driven by disappointment that many of its pilot projects have shown impressive results yet been ignored by lawmakers, said Ross, its president.

Those include ventures to keep the mentally ill off the streets, extend medical care to children from poor families and help gang members avoid returning to prison.

"We have data and evidence that these programs work," Ross said.

Over the last few years, the endowment has tried to be more sophisticated in how it influences state policy.

Along with four other foundations, including Hewlett, the endowment has financed California Forward, a nonprofit explicitly charged with changing the "outmoded" political structure of the Capitol.

The nonprofit backed Proposition 11, the successful November ballot initiative designed to make legislative elections more competitive and

lead to more moderate officeholders.

Now the endowment employs Jason Kinney, a prominent Democratic political strategist, for advice.

In an effort to boost public support for health care reform in 2007, the foundation spent more than \$10 million on a statewide advertising campaign, community organizing and public forums.

"We are growing weary of experiencing failure on this front," Ross said. He said the employment of people like Zingale "is a trend you'll see more of from our colleagues in the field."

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