

## FOUNDATIONS AS INTEREST GROUPS

Kristin A. Goss and Jeffrey M. Berry

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In this second decade of the 21<sup>st</sup> century, the United States is characterized by dramatically unequal income and wealth, historic levels of political partisanship, declining government capacity, and no consensus about what to do about any of these problems. In this environment, political and civic leaders are looking outside of politics and government for different approaches. Philanthropy – private giving for public purposes – offers one such alternative. It provides a means of transferring some excess private wealth to those whom government is failing, be they marginalized groups or diffuse publics. However, experience tells us that philanthropy cannot take the place of government, nor solve its problems. Private donors lack government’s resources, ability to operate at scale, and authority to compel action.

As philanthropy is called upon to compensate for government failure but lacks the capacity to do so, what are these donors to do? How do they reconcile the core tension between their aspirations and their constraints? The essays in this Symposium offer an intriguing answer. Philanthropies – interpreted broadly to include both institutional foundations and networks of donors – can act as interest groups (Fleishman 2007). Interest groups are, at the most basic level, simply “organizations that try to influence government” (Berry and Wilcox 2018: 5). Philanthropies do so not so much by visiting legislators in their offices with the intent of persuasion – the stereotype of lobbying – but rather by working as political actors that both challenge and collaborate with the state to create public value. With a legal mandate to remain nonpartisan, foundations offer a pragmatic, problem-solving ethos and perhaps a bit of political cover to governments wishing to reform public policy and public services.

Philanthropies hold a staggering amount of money, giving them entrée to elite circles and certain types of political clout. Foundations are increasing in number (around 87,000, up 28% from a decade earlier), while their assets (\$865 billion) and annual grants (\$60 billion) continue to swell (Foundation Center 2014). Philanthropies and their donors have big hearts (think of the Ford Foundation’s effort to reduce poverty) and more than a touch of hubris (think of Mark Zuckerberg’s effort to reform the Newark schools). Whatever their goals and forms, we tend to conceive of foundations in terms of virtue, embodying interests that are not adequately represented before government. As such, they have the potential to fill important niches in the pressure group system and in larger policy communities.

If we think of foundations as interest groups, the most interesting lines of inquiry ask: whose interests do philanthropic donors represent? How do they think about this question and go about answering it? What sources of information and other inputs do they use to devise their giving strategies? What role do they play in democratic governance, in both ordinary and extraordinary times? What kinds of power do they leverage? To what institutions or constituencies are they accountable? What good or harm do they do? These questions, which

have preoccupied interest group scholars for decades, become even more challenging when applied to philanthropy.

It is easy to identify parallels between conventional interest groups and philanthropic donors, but there are also key differences. For example, interest groups clearly seek to influence government by advocating on behalf of some constituency, whether clearly defined stakeholders (e.g., dues-paying members) or diffuse publics (e.g., a nation's citizenry, an identity group, an economic interest, or an issue public). Many foundations and individual philanthropists also want to influence government on behalf of one or more constituencies; but unlike archetypal interest groups, donors often do so indirectly through the organizations they fund. The funding relationship would appear to put donors one step removed from interest representation and advocacy. But a growing body of research suggests that donors, in fact, are centrally involved in the political enterprise (Callahan 2017; Fleishman 2007, 2017; Goss 2016; Reckhow 2013, 2016; Skocpol and Hertel-Fernandez 2016; Teles 2008).

Interest groups also have a wide array of tactics that they can use in advancing their policy agendas. They can conduct and disseminate research relevant to policy and politics, promote novel policy framings through the media, mobilize grassroots pressure on policymakers, lobby lawmakers and regulators directly, register voters and get them to the polls, independently campaign for or against candidates (within broad limits), file lawsuits on behalf of aggrieved constituents, and so forth. In short, interest groups have virtually unlimited ways to ply their influence in the political system.

Charitable donors, especially institutional donors, are barred from some of these strategies, notably mounting mass-based or direct lobbying campaigns around specific legislation (except that affecting foundations qua foundations) and trying to influence the fortunes of a candidate or political party. But beyond these important yet narrow restrictions, foundations and individual benefactors have a wide-open field (Berry and Arons 2003). They can sponsor politically relevant research, shape public opinion and agendas, provide operating support to nonprofits that mobilize and lobby, try to influence bureaucrats in charge of administrative regulations, create new paradigms for the delivery of public services, fund lawsuits to block or force policy changes, shore up democratic norms and institutions – the list goes on. What is more, individual philanthropists working outside of established foundations can lobby and electioneer to their heart's content, within the broad contours of America's free-for-all campaign finance system.

In sum, philanthropic donors can engage in politics and the policy process in ways that overlap significantly with the role of traditional interest groups. These privileges make philanthropists important political actors. But in a twist on the old adage, the devil is in the difference. Philanthropic donors are constrained by laws – and, importantly, organizational norms – that distinguish them from traditional political interest groups. The common terrain between donors and interest groups merits greater attention, but so do the distinctions between these sets of actors.

Interest groups are defined not only by which constituencies they represent and what narrow tactics they use, but also by how they maneuver within the policymaking system. As the

article by Jeffrey M. Berry and Kristin A. Goss (this volume) notes, interest groups monitor their environment and refine long-term strategies to pursue their goals; they mobilize reactively against threats; and they assemble and work through policy communities. Individual and institutional philanthropists face no legal constraints in any of these regards, and many pride themselves on being innovators and disruptors. One legendary foundation executive offered a much-repeated metaphor: Philanthropy serves as society's "passing gear" (Ylvisaker 1987). At the same time, philanthropy may face informal hurdles to strategic adaptation. Organizational norms and theories of change, for example, might lead donors and their staffs to take the long view, avoiding rapid responses to threats posed by the political or policy environment. Similarly, philanthropists' insulation from constituency pressure (they have no shareholders or voters) might also lead them to reinforce the status quo.

The essays in this Symposium offer a cohesive rumination on the observation that foundations – and, by extension, individual donors – constitute "another form of interest group" (Fleishman 2007: 42). Theoretically oriented and empirically based, these five articles bring philanthropy into the discussion of economic and political inequality, representation, and democracy. Reflecting the interests and origins of the contributors, the articles focus on the U.S. but invite international perspectives and correctives.

The article by Berry and Goss uses the 2016 U.S. presidential election to examine how philanthropy might respond to threats to democratic norms and institutions. Would patrons of civil society join the self-styled "resistance" movement arising from the election? Based on research conducted in the first months of the new administration, the authors reach mixed, nuanced findings. Although some donors changed their grantmaking strategies and exercised their voice in defiance of the new administration, more donors held back even as their policy interests were under siege. The article sounds a cautionary note about philanthropy's capacity to serve as a meaningful counterweight to a state's illiberal pursuits.

Two articles consider the role of philanthropy in shoring up one of the nation's oldest democratic institutions: public schools. Leslie Finger examines private support for state education agencies and argues that newer foundations behave more strategically than their more established counterparts. In particular, she finds that newer foundations are more likely than older ones to focus on school reform (as opposed to other ways of improving learning) and to concentrate on U.S. states with where the political structure is favorable to innovation. In short, newer foundations, often guided by results-oriented living donors, strategically engage the political environment in ways reminiscent of interest groups.

The second education-related article, by Sarah Reckhow and Megan Tompkins-Stange, examines foundations' engagement in another type of interest-group behavior: building and working through policy communities. Focusing on teacher assessment and evaluation, the authors find that reform groups that receive grants from a core group of strategic foundations have a statistically unusual degree of policy agreement. The authors suggest that foundations act as ideational brokers within education reform networks, whether by shaping the policy consensus from the top down or by amplifying the voice of reform organizations that already share the donors' preferences.

David F Suárez, Kelly Husted, and Andreu Casas place their argument at the heart of this symposium. They write that “foundations are political actors that seek to produce social change, not only by donating resources to nonprofits that promote causes but also by supporting policy reform in a more direct manner.” The authors focus on community foundations as leaders in their city or region and as central strands in the fabric that tie people together by geographic place. When it comes to advocacy, do these foundations use—or waste—their high status? The researchers hypothesize that structural and operational characteristics influence levels of advocacy. Using an innovative machine-learning method, they systematically test their suppositions by examining the websites of these foundations. The authors’ statistical analysis reveals that factors such as community wealth, social movement identity, and organizational professionalism are linked to foundation advocacy.

There are multiple stages in the policymaking process and foundations are well positioned to play a vital role as coalition builders. Brenda Bushouse and Jennifer Mosley investigate two cases where foundations work as intermediaries in complex policymaking cycles. One case involves advancing pre-K education, and the other concerns reform of foster care policies. In their detailed examination, Bushouse and Mosley rely on field work, elite interviews, and archival research. They uncover a great deal of evidence supporting the idea that foundations are not only able to fund coalitions, but also to coordinate them. Moreover, foundations also help to diffuse policy innovation and aid in implementation.

We hope that these articles, each an interesting and important work in its own right, will start a conversation across disciplines about the role of foundations in politics and policymaking. In the near term, foundations are only going to grow in terms of numbers and assets. It’s critical that we understand their full potential, realized or unrealized.

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