

Case in Brief No.5

PRINCIPLES FOR EFFECTIVE EDUCATION GRANTMAKING

Focus for Impact:

The PacifiCorp Foundation for Learning's Early Childhood Literacy Initiative

PRINCIPLES FOR EFFECTIVE EDUCATION GRANTMAKING

Discipline & Focus	Knowledge	Resources Linked to Results	Effective Grantees	Engaged Partners	Leverage, Influence & Collaboration	Persistence	Innovation & Constant Learning
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To better advance its mission of promoting lifelong learning, the PacifiCorp Foundation committed in 2001 to begin devoting 20 percent of its grantmaking budget to a long-term, multi-year initiative to support a small number of grantees; trustees chose the area of early literacy for its first initiative.

“Focus for Impact” is intended to help funders see ways of applying *discipline and focus*—one of Grantmakers for Education’s Principles for Effective Education Grantmaking—to their work. The case study explores trade-offs, benefits and tensions stemming from choosing a discrete area of focus to guide grantmaking.

As part of its flagship Early Childhood Literacy Initiative, the PacifiCorp Foundation for Learning awarded \$1.3 million to support five grantees—one from each of the five western states where PacifiCorp concentrated its business—between 2003-2006.

Because of the foundation’s narrow area of focus, proactive selection of programs and ongoing support for grantees, the Early Childhood Literacy Initiative was considered unique for a small corporate philanthropy. However, emerging evaluation data suggested that the initiative’s programs were contributing to increased early childhood literacy rates and all five grantees were on the road to becoming self-sustaining.

Established in 1998 by PacifiCorp, a regional power company based in Portland, Ore., the PacifiCorp Foundation’s total annual grantmaking budget is about \$2.5 million. For its first 10 years, the foundation’s mission was to “support the vitality, general welfare, and quality of life” in communities where PacifiCorp had >

operations. The company's regional managers, who oversaw operations in their respective service territories, recommended grant proposals to the foundation board for approval. Average grants ranged from \$2,000–\$5,000 and typically went to capital campaigns or capital expenses at well-known community organizations.

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PacifiCorp Senior Vice President Michael Pittman, a long-time foundation board member and former chair, observed, “Like many corporate foundations, we wanted to foster goodwill in the communities in which our customers and employees lived, many of which are rural and isolated from other donors. We knew we were responding to real needs, but our dollars were spread so thin that it was hard to see if we were really making an impact.”

In March 2001, after a great deal of discussion about the foundation's goals and how it could be more effective, trustees agreed on a new strategic direction. They changed the foundation's name to the PacifiCorp Foundation for Learning and adopted a new mission statement that prized learning as “the cornerstone of our brightest future.” To implement this new model of philanthropy, board members also decided to transition away from responsive, general purpose grant-making within three years in order to engage in three new major categories of giving.

For one of these new categories, the foundation planned to allocate a significant

amount of its giving (about 20 percent) to high-impact, long-term “learning initiatives.” The board agreed to identify a particular problem to address through the learning initiatives and invite organizations to apply for the funding. (The foundations' remaining grantmaking budget was set aside for smaller grants that met specific guidelines related to learning.)

For its first set of “learning initiative” grants, the foundation board allocated \$1 million over three years—beginning in 2003—to help develop literacy skills among zero- to nine-year-olds. The budget included \$300,000 to a program partner in each of PacifiCorp's three largest service territories: Utah, Oregon and Wyoming; the remaining \$100,000 was set aside to convene grantees annually and to provide them with technical assistance. The foundation later allocated an additional \$300,000 over three years to add Idaho and Washington to the initiative.

At first, the foundation thought it could identify one highly effective early childhood literacy program that could be replicated across all five states. Isaac Regenstreif, the foundation's executive director, explained, “PacifiCorp's corporate culture values scaling up effective models over launching start-ups. The board felt more comfortable investing in piloted programs that had demonstrated track records of success.”

The foundation board tasked Regenstreif with conducting due diligence on potential programs. He visited schools of education, nonprofit organizations, policymakers, community leaders and company executives—concluding, he said, that “without local buy-in and investment, a program could not

achieve the high-impact and long-term sustainability that we were looking for because each community has unique needs and ideas about how to address those needs.” In the end, the foundation decided that it would hand-select one program partner from each state to submit a proposal for funding from the Early Childhood Literacy Initiative.

The five grantees in the Early Childhood Literacy Initiative represent various approaches to improving early childhood literacy, ranging from a school-based intervention in Oregon to collaboration with health care providers in Wyoming to efforts with parents to increase time reading to their children in Utah, Idaho and Washington.

Focusing 20 percent of its annual giving on the Early Childhood Literacy Initiative was sometimes difficult for the foundation. Foundation leaders and grantees saw trade-offs, benefits and challenges stemming from the initiative’s discrete area of focus. “The foundation faces a constant tension over how to strike the right balance between having a clear focus and retaining the flexibility to respond to important local needs,” Regenstreif observed.

Some company managers were initially skeptical of the new grantmaking strategy, according to Pittman. “They lived and worked in communities where PacifiCorp’s support for community projects was highly valued because there were not other large corporations or organizations for people to turn to.” In 2004, the foundation made a mid-course correction by creating an annual \$100,000 small community capital grants budget for rural areas.

Similarly, the foundation’s requirement that grantees measure program effectiveness and

Lessons learned

This case study—the full text of which is available at www.edfunders.org—suggests four important lessons for grantmakers seeking to increase their impact:

- **Choosing a discreet area to focus your grantmaking can help clarify intended impact and necessary resources—and the resulting trade-offs.** A desire to support significant change rather than address needs led the PacifiCorp Foundation to adopt a radically different grantmaking strategy. The result was greater clarity about how exactly it would be helping to boost early childhood literacy in five states and what its grantees needed to succeed. Still, “the foundation faces a constant tension over how to strike the right balance between having a clear focus and retaining the flexibility to respond to important local needs,” according to Isaac Regenstreif, the executive director.
- **Maintaining focus is hard work.** “Committing to a focused partnership over multiple years forced us to ‘hold the line,’” observed Regenstreif. The foundation’s successes came not only from a limited focus on early childhood literacy (which it shares with other funders), but also from its concentration of foundation resources, persistence and commitment to building the capacity of its grantees.
- **Balance focus with a willingness to respond to unforeseen developments.** Even as it made a big bet on a few early childhood literacy grantees, the foundation was equally clear about its intention not to allocate 100 percent of its resources to the new focus area.
- **Focus does not mean “one size fits all;” with a clear end in mind, different program models can be effectively supported.** The PacifiCorp Foundation supported a range of approaches to improving early childhood literacy in order to engender local buy-in and commitment, which became essential to the success of these programs.

submit biannual reports on outcomes also proved challenging. “The board was clear that if we were going to allocate significant resources to this initiative, we had to be able to prove that we were making a dramatic impact,” Regenstreif said. “However, we underestimated how hard it is for non-profits to design and effectively conduct evaluations, particularly in the field of early childhood literacy when so many of the benefits are long-term.” In response, the foundation contracted with an external evaluator to provide technical assistance to the grantees on evaluation.

In 2005, the foundation made another notable mid-course correction by offering the initial Early Childhood Literacy grantees in Oregon, Utah and Wyoming, who were nearing the end of their three-year grants, a fourth year of funding—“to give the programs additional time and incentives to attract new sources of funding to sustain their work,” Regenstreif explained.

By 2006, over 10,000 children had been served by the five programs’ combined efforts—and evaluation results suggested the programs were achieving their goals. For example, 76 percent of the children in Oregon’s project had improved their reading ability during their kindergarten year; in addition, participating schools had helped more kindergartners achieve reading at grade level than many demographically similar schools. And the Idaho effort—which used regular home visits as its intervention model—saw the average amount of time participating families read to their children jump 50 percent and helped every participating child score at or above grade level on the state’s reading indicator assessment for kindergarten entry.

The foundation felt confident that all five programs would achieve long-term sustainability, Regenstreif noted. “Defining a clear focus has helped us make more thoughtful decisions about where to allocate our resources.”

Drawn from the experience and wisdom of our members, GFE’s Principles for Effective Education Grantmaking are designed to help strengthen philanthropy’s capacity to improve educational outcomes for all students. Our series of accompanying case studies is designed to help donors, leaders and program staff reflect more deeply on what the principles mean for their own grantmaking, how to integrate them into their efforts and how to improve the results of their grants in education.

This Case in Brief provides a synopsis of an in-depth case study and the lessons it suggests for education funders. We encourage you to review and consider the full text of the case study; free copies of it and others are available online at www.edfunders.org or by calling 503.595.2100. In addition, the case studies in this series are being taught at many of GFE’s programs, and also can be taught in individualized settings by special arrangement.

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