

technical assistance and training group; or an organizing network. In some cases there are several different sources of support, perhaps a consultant or two, a friendly funder, and some church leadership. Occasionally people working with local or state government play a role in helping create independent community groups.

Today, among funders and others concerned about worsening conditions in very low income communities, there is a growing interest in how outsiders can best stimulate the creation of new neighborhood groups where there are none. They recognize that the presence of a local stimulus and support can, over time, greatly increase the number of communities which have their own organizations and organized capacity.

There is also a strong interest in another aspect of community capacity-building -- strengthening the groups which already exist, helping them develop their internal strength and capacity so they can tackle increasingly significant community issues and projects. Supporters of grassroots approaches to poverty are looking for ways to help these organizations become sound, effective, powerful, and increasingly effective. They are searching for ways to help them with planning, management, leadership and staff development, and a general shortening of their learning curve.

Stimulus and assistance from outside support organizations are even more important in the 1990's than before. Many people in very poor communities are disheartened by the growing problems of unemployment, poverty, fear, and hopelessness. Their neighborhoods often

suffer from middle class flight which weakens the community's traditional leadership and organizations. As the organizational infrastructure and social fabric fray, it becomes even more difficult to build the strong community-based groups and institutions which are essential to reviving the community.

Stimulus and assistance from outside support organizations are even more important in the 1990's than before.

Each community group passes through different stages of growth and expansion. Whether building a new organization or seeking to strengthen an existing one, community leaders can benefit greatly from having access to advice and assistance from people who have already tackled similar problems and issues in other communities. Assistance from people with experience speeds up learning and helps groups move ahead far more quickly.

Each of these phases of organization-building requires great skill. In particular, it requires skills in --

- o starting a community group from scratch, bringing neighbors together to work on common issues and projects;
- o helping these neighbors become neighborhood leaders, developing the skills and sense of direction which leadership requires, and developing an organized base of support within the neighborhood so the organization can represent the community's views and interests;
- o assisting an informal group to assume increasing responsibilities, developing the plans, structures and financial and other support needed to expand their impact;
- o advising and assisting organizations to weather difficult times of growth or contraction, of internal conflict, uncertainty, transition and new challenges; and
- o helping groups to develop the allies and partners they need to expand their impact on projects, programs, and policy issues which concern them.

While all these skills are related to the task of organization-building, or organizational development, they demand a broad range of types of expertise -- from community organizing to fiscal management, from issue development to strategic planning to conflict resolution. Therefore, groups which are seeking assistance often find that they have to turn to several different organizations or individuals to help them with wide-ranging organizational challenges.

This chapter concentrates on different ways in which community groups receive the stimulus and support they need as they get started and move through their initial stages of growth and maturation. It is followed by a chapter on organizational development advice and assistance for mature groups facing the challenges of major transitions or needing to reexamine their goals and progress.

Different Strategies for Creating New Organizations:

There are several alternative approaches to organizing new groups. Some of these come out of the traditions of community organizing; others are emerging from recent community development experience and a new interest among funders in "comprehensive community initiatives".

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This study focuses primarily on community groups which are concerned about housing and economic development, rather than the full panoply of community groups. Some of these groups become community development corporations, or CDCs, taking on direct responsibility for developing housing or ventures. Others represent neighborhood interests in addressing housing and economic issues, playing a planning, facilitating, or advocacy role rather than becoming a developer.

It should be noted that groups working on issues other than housing and economic development face many of the same challenges and follow similar approaches. In particular, it is highly likely that their growth and success could be facilitated if they were provided with the kinds of support discussed throughout this paper.

It should also be noted that most groups which now work on development projects and issues did not start with "development". They began instead with people identifying what common issues most concerned them, and then working on those issues. Many mass-based community groups gravitate to development concerns only after several years of working on other issues which concern and mobilize community residents and can lead to relatively quick victories. Those successes can in turn encourage people to take on even tougher responsibilities. For some these include the longer-term challenges of housing development, job creation, and economic development.

In considering alternative ways of creating new groups which will eventually

improve housing and economic conditions, it is therefore essential to take a long-range view and consider several different ways of building community organizations. It is especially important to examine the success of various schools of community organizing, as their particular expertise is in creating new groups from scratch.⁸ This chapter briefly profiles six alternative models for creating new community organizations:

1. an individual based with a church or funder or working free-lance who is instrumental in creating several community organizations over time;
2. a local support institution, such as a local organizing network or training and technical assistance center, which is created for the specific purpose of building new community-based organizations;
3. a national or regional community organizing network which sends out organizing teams to establish new affiliates;
4. a national or regional technical assistance group which helps residents establish a new group;
5. a group which builds new community development corporations through the "development team approach"; and
6. a funder which creates a collaborative or other vehicle to launch a "comprehensive community initiative".

Although there is no clear dividing line between one model and another -- sometimes a combination of methods is used -- this chapter provides separate profiles of each. The goal is to show the various methods used to create new grassroots groups with a housing agenda and/or commitment to revitalize their communities.

⁸ For those who are interested in the rich history and experiences of community organizing in the 1990's, there is extensive literature available. See Gary Delgado's Beyond the Politics of Place and the quick resource guide "Tools of the Trade" which was published by City Limits in a special issue on organizing, August-September, 1993.

1. The Individual as Catalyst

Historically, individuals with vision and leadership capability have been the force behind many successful community-based organizations. When looking at successful organizations in community development, it is easy to point to individuals who saw a need for change in his/her community and seized the moment. New organizations are often the result of the hard work and dedicated commitment of one or two leaders who emerge to organize their communities.

More unusual is the individual who is able to engender enough spirit and commitment to organize people and have impact in several neighborhoods. Organizing becomes a life-long profession for this type of person who engages group after group in the struggle to change their communities for the better.

One of the legends in this arena was Harry Fagan, a social justice activist in the 1970's. Fagan was a lay leader who gave up an advertising career to work as Director of the Parish Project of Cleveland's Roman Catholic Archdiocese. With the diocese as his base, Fagan's unique contribution was his ability to get people in one community after another to come together and see his vision that community change should include both an organizing component and a structure for revitalizing a neighborhood, both organizing and development.

Fagan's organizing strategy was to change things from the bottom up by creating constituency-based community organizations.⁹ He recognized the importance of building permanent, stable organizations to tackle the issues facing a neighborhood and followed the classic community organizing approach pioneered by Saul Alinsky and Fred Ross and pursued by hundreds of organizers over the last thirty years.

The first step for Fagan was to identify key institutional leaders and organize them into a Sponsoring Committee. Composed of church parish leaders as well as businessmen and block club representatives, this Committee was established to provide legitimacy and support to an organizing effort. Once formed, the Sponsoring Committee raised funds both outside and inside the churches.

Developing new community leadership and control was integral to Fagan's

⁹ Harry Fagan, Empowerment, p. 61

strategy. Staff were identified and sent to organizing training institutes where they could learn how to bring people together around issues and develop their leadership skills and organizational strength.

After a year of defining the issues, getting residents involved, and raising some funds, the Sponsoring Committee would then hold a Founding Convention. The Convention broadened community participation and instilled a sense of solidarity among residents. The Founding Convention was charged with formalizing the new organization and handing over control to an elected and representative board.

Fagan focused his efforts on developing community leadership and building advocacy-oriented organizations. He also stressed the need for the nascent group to be multi-issue because he thought that broadened the group's appeal and ability to recruit members.

Although Fagan focused on organizations that were neighborhood-based and not citywide, he fostered networks and coalitions among different groups. Fagan's Ohio groups created the Ohio Action Training Center to function as a coalition for developing action campaigns on a variety of fronts, as well as being a source of training and counsel.

Fagan was well aware of the potential for tension between an organization's advocacy work and its pursuit of a direct role in housing development. He worried about the conflict between pushing City Hall for reforms, and seeking funding from City Hall for housing development. He understood the dilemmas which emerge when a group simultaneously creates a partnership with a bank and presses financial institutions to cease redlining and reinvest more in the neighborhood. Fagan believed that the best approach to this dilemma was to encourage each organizing group to create a subsidiary organization to direct housing development.

Several of Cleveland's key CDCs were formed by Fagan's original community groups. Ironically, many of these CDCs have outlasted the community organizing groups which spawned them. In large part this is because they continued to have access to private funding while the organizing groups lost much of this support after angering funding sources in a major struggle on reinvestment.

Harry Fagan was able to use the Archdiocese as a base from which to help create a series of new community groups. Many other people have played a

catalytic/organizing role using a church, university, settlement house, foundation, or other institution as a base from which to build new organizations. While sometimes this has been part of their formal job, quite frequently it has been a result of the person's own drive and initiative, with the work sandwiched in between other work obligations or done as a volunteer. Such people have made an enormous contribution to the fields of organizing and development, but there are obviously limitations to the extent to which this largely volunteer strategy has been able to address the enormous need for help in stimulating the creation of new groups and nurturing their early development.

Similarly, although there are many instances in which skilled organizers working as free-lance consultants have played key roles in creating and supporting new organizations, those consultants all can attest to the difficulty of sustaining that work over time. A low-income neighborhood which has no organization obviously finds it hard to raise the funds needed to pay such a consultant. Equally clearly, there are few funding sources ready to support an individual organizer doing the initial months, even years, of work required to seed the creation of a grassroots group.

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2. Local Support Centers and Coalitions as Builders of New Groups

In different parts of the country there are nonprofit support organizations which play a major role in the creation and support of new organizations. Some of these were established specifically to promote the organizing of new groups. Others have started with other primary roles but have broadened their agendas to include supporting creation of community groups.

These support organizations vary tremendously. Some are small and relatively informal nonprofits, with one or two people on staff, a small board, tax-exempt status, and income from a combination of grants and consultant fees. These are often staffed by experienced organizers, whose earlier work included organizing and/or directing one or more community organizations and who now are devoted to helping build a

larger number of organizations over time.

Others are larger and more formal organizations, with a larger staff and budget and an agenda which encompasses other functions as well as support for organizing new grassroots groups. These include various kinds of technical assistance and training organizations, some coalitions, and, occasionally, an individual community group which has chosen to play a catalytic role in creating other groups nearby.

Connecticut's UCAN is a good example of an organizing center which has had a major impact on the number, health, and accomplishment of community groups in several cities, and has helped those groups develop the capacity to have statewide impact.

UCAN, or United Connecticut Action for Neighborhoods, was created two decades ago by Jack Mimnaugh and Alta Lash, who had worked together creating HART in Hartford. An experienced organizer, Mimnaugh was director of HART through its early days, leading the door-to-door organizing, helping identify the first issues, pulling together the first meetings and the initial convention, and firmly establishing HART as a broadly based, tough, effective force to be reckoned with. Alta Lash emerged as the first President of HART, adding the experience of leading that organization to her teaching and training skills before joining with Mimnaugh to create UCAN.

UCAN's principal role, quite simply, has been to help people in other Connecticut neighborhoods build organizations with the broad constituency, leadership, power, and capacity which HART developed. Lash, Mimnaugh, UCAN's Board members, and other supporters were concerned that few neighborhoods in Hartford or other Connecticut cities had strong, representative, and effective organizations to represent their interests. Seeing that this left low-income and working people vulnerable to growing community problems and neglect, they created UCAN to help fill the gap.

Over almost two decades UCAN has played this catalytic and support role in several Connecticut cities. UCAN was instrumental in creating several new grassroots groups, including Asylum Hill Organizing Project and ONE/CHANE in Hartford, CAN-BE in New Britain, Greater Bridgeport Interfaith, and Coalition for People in New Haven. In each of these situations UCAN provided a combination of services which have been critical to the development of viable community-based organizations.

These services have included --

- o assisting in pulling together an initial sponsoring committee to oversee the initial organizing, and then training them on the organizing process;
- o training Board members and other community leaders;
- o helping recruit and orient new staff directors and organizers;
- o providing ongoing organizing training for staff, including extensive on-site consultation;
- o serving as, in effect, interim staff during times of start-up, recruitment of permanent staff, and major transition;
- o expanding the availability of funding by helping funding sources understand and appreciate the value of supporting the development and sustaining of community organizations;
- o bringing staff and leaders from various organizations together for joint training, peer-to-peer exchange, network building, and discussion of opportunities for joint action; and
- o convening and staffing coalitions of grassroots groups on issues selected by the groups themselves (e.g. health care, seniors', and neighborhood development issues).

It is difficult to exaggerate how much a community benefits from having ready access to skilled people who can provide these services. A typical situation: a pastor or a group of neighbors first sees the need for an organization to represent the neighborhood in, for example, fighting the scourge of drugs or abuses by landlords or taking positive steps to improve housing or a commercial strip. Where can they turn for help? Who is available with experience in forming such an organization who can advise them how to reach out into the neighborhood, surface the issues and leadership which will give an organization its start, create the appropriate structures and legal and management mechanisms, and find the money and other resources needed during the early stages?

New York City's Pratt Center is, in history, structure, size, and primary mission, a great contrast to groups like UCAN. Yet it has played an important role in the creation of strong community groups, as well as an even larger role in providing other forms of technical assistance and training support to grassroots organizations.

The Pratt Institute Center for Community and Environmental Development is a technical assistance and training organization based at a university. Its director and other key leaders are on the faculty of the Pratt Institute, using that as their base for assisting groups. Pratt students play a key role in providing community planning, design, research, and other services under faculty supervision as an integral part of their educational experience. With a multimillion dollar budget supported by grants, contracts, consulting, and development fees, the Pratt Center has a broad agenda encompassing technical assistance, training, development consulting, research and publication, and advocacy.

From time to time the Pratt Center has played a pivotal role in creating a community group from scratch. Substantial CDCs -- including Banana-Kelly and St. Nich's -- are well-known products of this activity. Each was initiated by the Pratt Center, with Pratt essentially staffing the early stages of formation of the group.

There are two dozen community design centers in the country today, including independent as well as university-based groups. Many were begun in the 1960's when the American Institute of Architects joined with the federal Office of Economic Opportunity to promote the creation of a network of what became seventy-four community design centers. Their goal was to stimulate greater involvement by architects, planners, universities, and others in supporting grassroots planning and development efforts. However, OEO funding soon disappeared and no other public or private funder made a serious commitment to building local or regional TA capacity. Usually starved for funds, many of these centers have had a difficult time surviving and growing. Two thirds of the design centers closed down, largely because of the shortage of money for advocacy planning and local technical assistance. Most of the survivors have to limit their help to design assistance and very closely related services.

Among the exceptions are the Los Angeles Community Design Center, the East Tennessee Community Design Center in Knoxville, and the University of Colorado's Center for Community Development and Design.

A BOSTON PROFILE: Community Training and Assistance Center (CTAC)'s role

In early 1984, Nelson Merced, Director of a large Latino multi-service non-profit in Boston's Dudley neighborhood, approached a local foundation about a grant to replace a worn carpet in his agency's main offices.¹⁰ Recent studies had documented the degree of despair and economic decline in the area. As one of the poorest neighborhoods in Boston, the area had suffered through a long period of economic decline and disinvestment. As businesses declined and buildings burned, large tracts of vacant land became commonplace.

As a reaction to the grant request, the foundation began to focus on the Dudley neighborhood. Recent reports and government statistics identified Dudley as the "most disadvantaged area in the city." Several foundation trustees thought that this community should clearly be a priority for funding. But the foundation was worried about funding one group to the exclusion of another. Furthermore, if the foundation was to achieve significant change and "make a dramatic impact on the area", it needed to involve a majority of stakeholders who could work together and unite existing agencies. Bringing the different racial and ethnic groups together was also a major challenge.

To increase the chances of success, the foundation turned to CTAC, a Boston-based technical assistance provider. The foundation did not want to take sides with one agency or support a particular community priority. As an outside player, CTAC could use its skills to generate a meaningful discussion among all the different players. CTAC was called upon to facilitate an initial meeting where community representatives gathered to discuss neighborhood problems.

CTAC's role was critical during these early stages. It ensured equal participation by all those present at the initial meeting. Building trust among community activists and nonprofit agencies was more important than building a structure. At two subsequent meetings, CTAC continued to use its technical assistance skills to create momentum for creation of a new organization.

The process resulted in Board elections and a strategic planning retreat. Both events were absolutely pivotal for the success of the newly formed Dudley Street Neighborhood Initiative. First, a coalition of non-profit agencies evolved into an organization dominated by community representatives. CTAC facilitated a solution that met the community's needs, but was far different from what had been originally planned by the conveners. Within a very short time of just ten months, the new organization had formed a Board, set up working committees and held an all-day retreat to establish the goals for the new initiative. Thus the potential for conflict between agency leaders and community activists or between Latinos and blacks was avoided. The organization got off to a good start in large part because of a skilled technical assistance provider that knew how to elicit and develop the skills and resources of a particular community.

¹⁰Peter Medoff and Holly Sklar, Streets of Hope: The Fall and Rise of an Urban Neighborhood, p.39

LACDC has been a major source of development as well as design assistance to Los Angeles groups. Often -- like Pratt -- it has acted as a development partner with emerging community groups and generating much of its income from fees and the proceeds from particular developments. To the great regret of its Board and Executive Director, LACDC has never been able to obtain the substantial funding it has wanted to concentrate more on building organizational capacity in communities lacking strong CDCs, building on its particularly successful capacity-building work with Esperanza Community Housing Corporation.

CCDD in Denver recently has focussed much of its work on small towns and rural communities in which it has often started from scratch, creating a citizens group to lead a planning and development process. Especially in earlier years, when CCDD was larger and received far more recognition and backing from the University, it also has provided a great deal of help to emerging urban groups, helping them move from volunteer to staffed operations and tackle increasingly significant community issues. East Tennessee has also played an important role with emerging groups, providing design, advocacy, and organization-building services at very stages in its life. It recently served as a key TA provider for new rural and urban groups under the Community Foundation's Neighborhood Small Grant Program, which was supported by the C.S. Mott Foundation.

Several years ago the community design centers formed the Association for Community Design, a network which meets annually to discuss common issues and lessons. Unfortunately, however, like other locally based support organizations, these groups suffer greatly from the current lack of interest among national funders in supporting the expansion of local and regional technical assistance capacity.

Even well-established organizations like CTAC and UCAN and the best of the design centers have an extraordinarily tough time sustaining their work with community groups at the current level. They thus find it extremely difficult to undertake new initiatives, including the starting and nurturing of additional new groups where they are sorely needed. If there is to be a major new wave of attention to grassroots capacity-building, the development of these and new regional and local technical assistance and training centers should be a key element in the design.

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State and city-wide coalitions quite often are another source of stimulus and support for the creation of new organizations. The Texas Low Income Housing Information Service furnishes an innovative example. Concerned about housing conditions and the lack of strong grassroots groups along the Mexican border, the Texas coalition partnered with Texas Rural Legal Assistance and CCC to create a series of new

organizations along the Rio Grande. Collectively, they brought organizing, organizational development, legal, advocacy, and housing development skills to the task.

After identifying local volunteer groups and community leaders with whom to work, they helped people in the colonias create new CDCs. They trained community people for board responsibilities and helped them develop community plans. To overcome the dearth of local experience, they helped the fledgling, all-volunteer groups develop a plan for building staff capacity. They recruited one person from each community for VISTA, and then raised funding with which to hire a skilled community organizer to train the community VISTAs in each colonia in both organizing and development skills. Finally, they pulled those groups together in a new Border Housing Coalition, which, in turn, has become a key new component of the statewide Texas coalition.

3. The Organizing Network Model

Over the last decade organizing networks have grown in size and number in many parts of the U.S. Staffed by skilled community organizers, these local, regional, and national networks have been going through a period of aggressive expansion, quite frequently competing with each other for sponsorship, leadership, and funding. As a result, many of the new starts in community organizing are related to one or another network.

The concept of an "organizing network" goes back over fifty years to the formation of the Industrial Areas Foundation by the late Saul Alinsky. From the beginning these networks have been staffed by experienced organizers who provide

training and consulting services to community groups, which become formal affiliates of the network. These networks often take the initiative in a particular city, assessing its potential for supporting a new organizing effort through interviews with local neighborhood leaders and activists, church leaders, funders, and others. If they find a positive situation, they usually bring several key potential supporters together and challenge them to create a sponsoring committee to go through training, raise funds, and take the first steps needed to launch a new organization.

In recent years, several networks have moved from a primarily consulting role to actually staffing their local affiliates. They see this as the way to maximize the professionalism of locally based staff. They argue that people who serve as staff on a relatively short-term contract basis will have less power and control over neighborhood resident leaders than will people who come to the organization for long-term employment. The initial organizers are usually experienced members of the network's ongoing staff; their successors are often recruited locally and trained by senior organizers until they are ready to take on more responsibilities.

Over the last decade organizing networks have grown in size and number in many parts of the U.S. Staffed by skilled community organizers, these local, regional, and national networks have been going through a period of aggressive expansion.

An increasing number of these organizing groups are taking on major roles in development. Some have built an internal capacity to develop housing or economic development initiatives, while others have created and spun off CDCs or other corporations to take on these responsibilities.

The greatest growth in the development of new community organizations is among "church-based" or "institutionally based" groups. In inner-cities and rural areas across the country, churches and other religious bodies are forming the base of organizations tackling issues ranging from crime to housing. Congregation-based organizing is increasingly popular as an approach to building powerful organizations relatively quickly. They have the advantage of building on already existing neighborhood institutions with instant credibility in at least large segments of their communities, as well as the ability to mobilize large numbers of people. Some networks supplement their membership of churches, synagogues, and temples with other institutional members as unions, ethnic clubs, neighborhood groups, and CDCs.

Several of the organizing networks started as UCAN did -- with one or more local organizers concluding that the logical next step in their work was to become trainers and consultants, helping other nearby groups to grow in power and capacity. PICO, which started as the Pacific Institute for Community Organization, has outgrown its early regional scope. Begun literally in the back room of a local group (Oakland Community Organizations) by that group's initial organizers, and having initially concentrated on the development of groups in California, PICO is now a network with affiliates as far away as Alabama and Florida.

Similarly, DART and the Gamaliel Foundation started in one locale and have gradually spread, first to nearby communities and eventually into different parts of the country where they found opportunities for growth. Building city by city, county by county, DART now has affiliates in almost every part of Florida, as well as contracts with groups in Kentucky, Ohio, and elsewhere. Gamaliel's primary affiliates are in Minnesota, Wisconsin, Illinois, Indiana, and Michigan.

As the oldest example of congregation-based organizing, the Industrial Areas Foundation (IAF) has over three dozen affiliates around the country and is rapidly spreading to new cities and rural areas.¹¹ Founded by Alinsky in 1940, IAF has been experimenting with a series of new organizing techniques and programmatic initiatives in its drive to help community residents marshal increasing power over conditions in their communities and broader policy issues. Like several other networks, IAF has dropped its earlier work building neighborhood-focussed groups to concentrate on building organizations which are city-wide, metropolitan-wide, or regional.

IAF has a staff of highly experienced organizers, trainers, and researchers. With this staff IAF systematically reaches out to new sites where they might initiate an organizing process. In dialogue with church leaders and other local leaders, the IAF assesses the potential for developing a new city-wide or larger organization. It evaluates whether a particular locale can marshal the broad sponsoring committee and initial funding needed to sustain the early years of outreach, organizing, leadership identification, and training which the IAF believes are essential.

¹¹ For information on the IAF model, refer to the following publications: Lisa Glazer, "The Powers To Be," City Limits (October 1989), pp. 24-28; Sammie Chittum, "Lift Them Up," City Limits (August-September 1993); and Gary Delgado, Beyond the Politics of Place, p.29.

If the assessment is positive, the IAF enters into a contract with the local sponsoring committee. It assigns full-time staff to move to the area and begin the organizing process, train local leaders, identify and research issues, hold a founding convention, and formalize a new mass-based organization. That organization becomes an affiliate of the IAF, contracting with the organizing network for staff, training, and other services.

After several years of operation, several of the IAF groups have taken on housing and economic development and other programmatic responsibilities. This is typically done through the creation of subsidiaries or, alternatively, other nonprofit corporations which are held at arms length and pressed from the outside to follow priorities set by IAF's community affiliate.

Organizing networks like ACORN which do not build from the base of congregations but which instead build a base of individual members, have also been highly effective in building groups in neighborhoods previously not highly organized.

The Association of Community Organizations for Reform Now (ACORN) began as a project of the National Welfare Rights Organization in Arkansas in 1970.¹² ACORN's membership base represents 500 neighborhood chapters in 30 cities across the country. Its primary organizing model has evolved over the years. Whereas congregation-based organizing projects build organizations through pre-existing networks, ACORN's strategy has been to organize a large-scale direct membership of low and moderate-income individuals.

To build a local organization, ACORN staff members canvass a neighborhood door-to-door to sign up new members and learn what issues concern people. Asked to pay a basic membership fee, the person joins primarily to further a particular agenda. Unlike IAF, ACORN focuses its attention entirely on organizing low- and moderate-income people rather than a broader spectrum including the middle class.

Over the years, ACORN chapters have worked on many local issues. They have also developed common approaches to many of the issues which recur in

¹²For a history of ACORN, its strategies and campaigns, see Jon Gertner, "Whatever It Takes," City Limits (August-September 1993), pp. 40-44; "ACORN in the 1990's New Directions in Community Organizing," (January 1994) paper by Steve Kest, Executive Director of ACORN, and Gary Delgado, Organizing the Movement: The Roots and Growth of ACORN (Temple University Press)

neighborhood after neighborhood, such as housing.

ACORN chapters have addressed housing issues on several fronts. They are now well-known for their work at the national as well as the local level on credit and banking, using the Community Reinvestment Act to force banks to reinvest in low-income communities, as well as filing challenges to bank mergers and closures. In cities with large tracts of vacant apartments like New York and Philadelphia, ACORN has developed squatting campaigns to press their owners to improve the housing or turn it over to ACORN. With help from national ACORN staff people with housing development expertise, local technical assistance groups like the Pratt Center, and national organizations like the Center for Community Change, ACORN chapters have rehabilitated and managed multifamily buildings and built new single family homes in several cities.

As a multi-issue organizing group, ACORN has recently responded to changing demographics and funding crises by providing other services to its potential membership base. This "service delivery model" sets ACORN apart from most other organizing models and provides the group with some income from grants and contracts. In many cities ACORN rehabilitates houses and then counsels families who apply for the new units. In addition, ACORN has loan counseling programs to help families qualify for conventional mortgages. Lead paint screening is another example of services provided by local ACORN office.

To respond to the challenge of an increasingly diverse racial and ethnic population in inner cities, ACORN has experimented with new, and not so new, methods for attracting members. In 1991-92 ACORN began to use "house meetings" as ways of attracting networks of friends. Instead of knocking on every door in a neighborhood, ACORN organizers held meetings where a new member invited his or her friends to visit their home. ACORN estimates that this organizing practice -- which was pioneered by the great organizer Fred Ross, Alinsky's partner in the early IAF, in California in the 1940's and 50's -- has helped the network grow much faster.

To increase the power and impact of its membership, ACORN has created several support arms. The American Institute for Social Justice provides training for organizers and leaders from ACORN chapters and other independent organizations. The ACORN Housing Corporation serves as a national back-up to local ACORN chapters, providing development expertise to those chapters as they move from

A NEW YORK PROFILE: IAF

One of the most famous IAF success stories is the Nehemiah homes project organized by East Brooklyn Congregations (EBC) in New York. Working with a private developer, EBC successfully produced homeownership opportunities for thousands of families in areas of New York ravaged by economic disinvestment.

In 1978 several ministers in the East Brooklyn neighborhood came together to look for ways to solve the problems caused by a shrinking job base and a dilapidated housing stock. The ministers approached IAF's national organization. As a result, IAF entered into an initial two-year relationship with the East Brooklyn Congregations. IAF required this coalition of churches to raise initial seed monies of \$200,000 and form a sponsoring committee. The funds were used to cover the salaries of IAF organizers and training for community leaders. The churches raised this money from families in their congregations, with, for example, one African American church raising \$100,000 in one week. By asking each church to collect dues from its members, the organization avoided being dependent on government agencies for financial help.

Over the years this coalition has grown to include several dozen churches and synagogues, representing a constituency of tens of thousands of people. To build this large mass base, organizers started by doing "home visits". These visits helped identify major community needs, such as improving the quality of local supermarkets and creating homeownership opportunities. IAF tactics include a combination of turning out large numbers of people at rallies, demanding meetings with public officials, and using the clout of the church congregations to negotiate land deals with New York City mayors.

Taking advantage of its network, the IAF has spread the Nehemiah program to other cities, with some modifications. Working with the Enterprise Foundation, IAF's Baltimore affiliate BUILD has been associated with development of a large tract of new homes in that city's Sandtown-Winchester neighborhood.

However, there have been criticisms of this organizational strategy. The large-scale new construction of 2,300 homes in East New York and Brownsville¹³¹³ has led to charges that IAF caters more to the middle-income, working families than the neediest people. The demolition of existing housing and displacement of several hundred families also led to substantial criticism of EBC's approach, with some groups questioning the extent to which the organization represented the interests of the people actually living in the path of the Nehemiah project.

¹³ See City Limits, August-September, 1993, page 19.

organizing to development. If a chapter creates a particular housing development, it sets up new corporate structures to sponsor and own the housing. To strengthen its members involvement in the political process, ACORN has recently taken over responsibility for Project Vote. APAC continues to serve as a political action committee for ACORN members.

4. The "Consensus Organizing" Model for Community Development

In recent years a new model of community organizing has been developed with the specific goal of organizing new CDCs in areas which have little community development capacity. Pioneered by Mike Eichler's Consensus Organizing Institute, this model differs from classic community organizing in two important respects. First, it starts with the specific goal of generating CDCs which will develop housing (rather than with the goal of building community groups which will select their issues as they move forward). Second, it starts with a commitment to "consensus organizing" rather than confrontation, to bringing people together through a consensus-building approach, with support from the beginning from key financial institutions and local government.

Eichler had a background in community organizing, with particular experience setting up community credit unions in Pittsburgh. Starting in 1985, he began to target his organizing efforts to mid-sized cities that lacked active community development organizations. Some of this early work took place in the Monongahela River Valley steel towns outside of Pittsburgh.

He organized the Mon Valley Development Team, which later evolved into an incorporated coalition called the Mon Valley Initiative. The Initiative is controlled by the CDCs that participate in the coalition, each of which is doing real estate development and carrying out other community-sponsored initiatives.

As a result of this achievement, Eichler was invited to join the Local Initiatives Support Corporation, or LISC, to replicate the Development Team Program in other communities. Under contract to LISC, Eichler implemented his strategy in several cities where local capacity to produce affordable housing had been lacking. More recently he has established the Consensus Organizing Institute as an independent national organization based in Boston.

Many of the sites where Eichler has worked are located in the South where few local grassroots organizations exist. A good illustration of his method is Little Rock, which was chosen as a site in 1992. Although this city had some organizing groups, it lacked a strong community development sector.

Little Rock was selected as a site in the same way that all Development Team sites are chosen. In response to a request for technical assistance, Eichler and other LISC staff assessed Little Rock to make sure the city possessed the ingredients for success he had learned to identify. Next, community residents had to commit to raising half of the start-up funds for three years, which would be matched with national funds raised by Eichler.

In Little Rock, Eichler assembled a Development Team composed of a full-time local coordinator and three community organizers. Each member of the team had some experience in community development, but none was extraordinarily experienced. The staff participated in an intensive ten-day training program on community organizing, the distinctions between consensus and confrontational organizing, and real estate development and financing.

Eichler emphasizes a "consensus" approach towards solving problems. Instead of organizing the community to protest the lack of services or mobilizing people around an issue, the Development Team model stresses the importance of bringing residents, elected officials, and business interests together around the same table.

The Development Team model creates organizations that differ from many CDCs in that they are "board driven" from the beginning and will only hire an executive director after they reach a certain level of professionalism and need. Typically, this is after two to three years. According to Eichler, this strategy leads to a broader-based community organizations that develop new leaders and give them time to become self-confident.

An integral component of the approach is the technical assistance the Development Team provides. While the Development Team organizers identify pools of local professional consultants, such as architects and planners, the new CDC Boards are trained to make decisions and take control at every stage in the real estate development process. Board committees are established to manage certain development functions, such as site selection and purchase, market feasibility, design and construction, and financing. These committees actually conduct the housing

deals, while the Board of Directors remains in charge of the overall development process.

A particularly valuable aspect of the Development Team Program's approach is the up-front funding the Institute brings to the project. Because money is raised for three years in advance, local communities do not have to sidetrack their capacity-building work to raise funds.

In the Little Rock case, LISC provided up-front resources including a predevelopment revolving loan fund. Each of the six new CDCs could tap approximately \$50,000 in essential predevelopment funds.

In Eichler's approach, financial support from the private sector is a precondition to the decision to organize in a particular community. In Little Rock, for example, 26 businesses and philanthropies had committed a capital pool of \$750,000 to these projects, with Eichler's encouragement and strategic guidance. This financial support was then matched by LISC's contribution, which Eichler raised independently on a national basis. Eichler and the local Development Team coordinators worked together to recruit banks as early and active partners in rebuilding low and moderate-income housing stock.

As an interesting side note, like several of the ACORN chapters, the Development Team has succeeded in hiring, training and retaining local minority organizers in most cases. This is notable in an era in which there is great concern about the shortage of organizers of color and the need for new recruitment, training, and other measures to reverse this situation.

In Little Rock, residents of each Development Team community sought opportunities to bring the six CDCs together, frequently working on a joint development or organizing initiative. This built camaraderie and demonstrated the power of collaborative action. (In another example, Houston city officials were flabbergasted when leaders of six CDCs showed up at a meeting to support a project for one of their member CDCs, with none of the typical "what about mine" concerns.)

In Little Rock, the Development Team model created a citywide coalition to serve as an administrative umbrella for the six CDCs. This coalition helps raise funds for the CDCs, and coalition staff assists with technical aspects of the housing development process. In this way, the CDCs are able to share staff rather than hire

their own individual experts.

The "consensus" approach is controversial in organizing circles. A recent article highlighted the issues which many organizers raise regarding the Eichler approach. They worry that a process which begins by enlisting cooperation from funders, banks, and public officials will be all-too-popular with those groups but will not allow grassroots people the independence to choose their own issues and build their own power and capacity. Believing that the most effective partnerships and change emerge from an early process of confrontation and victory, they criticize the Eichler approach as undercutting "real" organizing, leadership development, and pressure for policy reform.¹⁴

5. National Technical Assistance Organizations Organizing New Groups

In contrast to the organizing networks, which see creation of new organizations as central to their mission, most national TA organizations do not give priority to playing a direct role in organizing new groups. However, some national organizations have played an important role, direct or indirect, in creating new community organizations, and several have an enviable record of success.

Some national organizations have played an important role, direct or indirect, in creating new community organizations, and several have an enviable record of success.

Despite the disadvantages of being based far from the communities being organized, a strong national TA provider can bring several assets to the task of creating new organizations. For example, in its heyday, the National Center for Urban Ethnic Affairs had a national perspective on what cities

lacked powerful organizations and experienced organizers, a strong motivation to fill that gap (because of NCUEA's desire to create a powerful multicity network), skilled community organizing staff who could be deployed to communities needing help, and access to sources of outside funding to support new organizing efforts.

The National Council of La Raza's "Southwest Initiative" is an example of how

¹⁴ Robin Epstein, *The De-Activist*, in *City Limits*, October, 1996.

a national organization can concentrate resources on the development of new organizations and the strengthening of emerging ones. Like the Consensus Organizing Institute, this Initiative is aimed specifically at the goal of creating new CDCs to do housing development.

The Initiative grew out of concern at NCLR about the need to develop a new generation of CDCs in the southwestern states to supplement the work being done by the first wave of Hispanic CDCs. The Council approached the Ford Foundation for a planning grant. It then surveyed the southwestern states as background for selecting several cities for concentrated CDC development. The Initiative moved into the implementation phase with foundation, corporate, and federal support.

The Southwest Initiative now provides a mix of types of support to emerging CDCs. This includes access to "core" support for staff and other central expenses, training, ongoing organizational development advice, ongoing assistance with housing development, predevelopment loan funds, and investment capital.

National TA providers sometimes play their organizing/ catalytic role in close collaboration with local or regional support organizations. This offers the advantage of combining the local group's skills and proximity to and knowledge of the local scene with whatever broader experience, specialized skills, and access to other resources a national organization may offer. It also creates an opportunity for skill transfer between the national and local support groups, thus building ongoing TA capacity at the local level.

The Center for Community Change, for example, has always given priority to the creation of new organizations, especially in parts of the country which have little grassroots activity. In its early years, it helped create organizing groups and several of the nation's first CDCs. Its staff includes community organizers as well as former directors of grassroots groups who devote a portion of their time to working with local people as they create new organizations to tackle community issues. On average CCC is helping organize about twenty new groups at a time, while devoting most of its assistance to helping more mature groups with other aspects of capacity-building by providing planning, management, community organizing, and community development advice and assistance.

This community organizing assistance is targeted to fit with various CCC strategies. In the region from the Pacific Northwest through Minnesota, for example,

under a grant from the Northwest Area Foundation, in addition to helping already established community groups, the Center has concentrated on building a number of new organizations in underorganized parts of those states. One experienced organizer on the Center's staff was intensively involved over several years in creating new organizations in Minneapolis, St. Paul, Duluth, the Iron Range, southeastern rural Minnesota, Portland, Seattle, and elsewhere. In each situation, he worked with local people to create and train a sponsoring committee, raise funds, retain an organizer, advise, assist, and train the new staff, provide ongoing consulting help, and assist the organization through its growth pains and initial victories.

At the same time another CCC staffer concentrated on rural Oregon and Washington where large numbers of Latinos desperately needed to create their own organizations and institutions but lacked access to expertise in organizing and development. This has led to creation of Convenio, a growing network of community organizations, CDCs, and coops, which is now building its own set of local support systems (including ongoing training, a system for replicating successful economic ventures, a loan fund, and a pool of pro bono accountants, lawyers, and other specialists).

Finally, under a contract from the U.S. Department of Housing and Urban Development, the Center concentrated on building new CDCs in some of the same states. The goal of the HUD contract was to build nonprofit housing development capacity in states which lacked CDCs (or "Community Housing Development Organizations", to use HUD's terminology) which could develop housing under the new federal HOME program. CCC staff are therefore providing both organizational development and housing development assistance to fledgling groups. This often begins with technical assistance specialists starting from scratch, meeting with a church or volunteer group to explore whether they are interested in creating a new nonprofit to improve housing in the community.

In other parts of the country the Center is helping organize Central Americans, Haitians, and other new immigrants, new congregation-based organizations in cities lacking such groups, citywide organizations of public housing tenants, and new CDCs. The Center uses a variety of techniques which have been developed by various "schools", including CCC itself. In helping create new CDCs in the Dakotas, Nebraska, and elsewhere, for example, the Center uses techniques it has developed over three decades of work organizing new CDCs as well as techniques developed by the organizing networks, Eichler, and others.

6. Funders as Catalysts for "Comprehensive Community Initiatives"

In recent years a number of foundations have assumed a direct role in creating new vehicles for turning around low-income neighborhoods. While Boston's Riley Foundation invested in the building of the Dudley Street Neighborhood Initiative, several foundations invested in five CDCs in the South Bronx through the Comprehensive Community Revitalization Project, and the New York Community Trust launched an effort to promote comprehensive revitalization in Bushwick.

Other foundations soon followed the same path, playing proactive roles in stimulating the creation of new collaboratives and organizations to take the lead in planning and implementing what have come to be called "comprehensive community initiatives". These now include: the Ford Foundation's four-city "Neighborhood and Family Initiative"; the Casey Foundation's eleven "Rebuilding Communities" and "Jobs Initiative" sites; the East Bay Funders three sites in northern California; Pew Charitable Trust's Neighborhood Preservation Initiative at ten sites in nine cities; the Chicago Community Trust's Children, Youth and Families Initiative in eight neighborhoods; the New York Community Trust's three-neighborhood Neighborhood Strategies Project; and several other foundation-led initiatives.

Although these initiatives vary considerably in design, they share great similarities. Each starts with the foundation taking the lead in conceptualizing and designing a major initiative and then seeking appropriate vehicles to carry it out. Each encourages broad collaboration, including mainstream organizations as well as community residents. Each supports a substantial planning process, presses for some level of "comprehensiveness" or broadening of agendas, and provides a measure of flexible funding for several years.

The CCIs which face the biggest challenge are those which have been started from scratch in communities where there previously has been little community activity. This places an enormous load on an initiative. On the one hand the new project is pursuing the very tough task of pulling together a new collaborative or organization; it is trying to create new working relationships among people, some of whom are new to each other, while others may have been in conflict in the past. At the same time, the project is under enormous pressure to move quickly to bring about agreement on an assessment of the neighborhood's needs and assets, set priorities, create a neighborhood plan, develop leadership skills, structure, and staffing, and build credibility in the neighborhood and the broader community.

These initiatives also face a unique dilemma which was highlighted in a recent evaluation of the Chicago Community Trust's youth and families initiative. This dilemma results from the Trust's primary role as a funder. A Chapin Hall evaluation observed:

"Especially in the face of uncertainty or disagreement, funders and participants are likely to fall back on dominant-subordinate grantor-grantee roles, undermining the initiative's intended notion of community-directed change." ¹⁵

Conclusion:

Despite tremendous obstacles, there has been impressive growth in the number and vitality of community groups over the last twenty-five years. This is a tribute to the commitment and determination of residents who are willing to work extraordinarily hard to improve their own neighborhoods.

Institutions which want to help turn around America's cities and rural areas should give serious thought to how they can greatly increase support for the creation and nurturing of a new generation of community organizations, to add vitality to neighborhoods which now are disorganized, powerless, and deteriorating.

This growth has been most rapid in places where residents have had access to help from individuals and organizations with the experience, skills, time, and resources to help them avoid mistakes and learn from the experience of others. Those cities and towns benefit from this rapid growth in capacity, as residents apply their energies, knowledge, creativity, and dedication to solving neighborhood problems and assuming responsibility for making their

communities better places to live.

¹⁵ Joan R. Wynn et al., Children, Families, and Communities: Early Lessons from a New Approach to Social Services, American Youth Policy Forum, 1996.

Currently there is pitifully little support for organizing and organizational development assistance for grassroots groups. Institutions which want to help turn around America's cities and rural areas should give serious thought to how they can greatly increase support for the creation and nurturing of a new generation of community organizations, to add vitality to neighborhoods which now are disorganized, powerless, and deteriorating. They should also consider how best to expand the ongoing assistance which groups need as they mature and face whole new sets of challenges and issues.

III. STRENGTHENING EXISTING ORGANIZATIONS

The Need for Ongoing Organizational Advice:

Like large established nonprofits, business firms, and other organizations, community-based groups continue to need advice and assistance as they grow and mature and as they face new challenges. They can, of course, go it alone, without advice and assistance from the outside, but this clearly increases the challenge to their leadership and staff who may frequently be forced to deal with tough issues with which they have had no previous experience.

Groups can benefit from two principal types of assistance, each of which should be oriented toward transferring skills and building ongoing capacity so the groups receiving help become increasingly strong and self-reliant.

First, community organizations can benefit from "organizational development" assistance from people with skills in planning, management, organizing, leadership development, and staff development who can help them build sound, well-functioning, effective organizations.

Second, as groups take on new community issues and projects (e.g. gang problems or housing development), they can benefit enormously from having access to people who have built up expertise dealing with those issues before. If the goal is to build self-reliant organizations, it is crucial that, like organizational development specialists, these specialists on particular issues be committed to capacity-building and expert in transferring knowledge and skills.

This chapter concentrates primarily on "organizational development" assistance, describing the organizational issues with which groups may need assistance and the various ways they obtain that help after they are organized and under way. It includes a brief discussion of community groups' other technical assistance needs and how they, too, relate to long-range capacity-building.

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The Challenges of Growth and Maturity:

Experience has shown that new problems begin to surface once organizations have passed through the initial stages of achieving their first victories. As an organization's budget grows and early record-keeping systems are strained, a volunteer accountant may need to be replaced by more sophisticated and expensive financial management systems and paid consultants or staff. When a volunteer Board that has run the organization for two years hires its first staff person, or the founder/director supervises other staff for the first time, conflicts often ensue unless people with management experience help the organization sort out roles and responsibilities. When new Board members replace the founders, or a strong initial director leaves after several years, or the organization begins to operate its own service or development programs for the first time, the challenges intensify. Sometimes they are too much for an organization to tackle without help.

Despite earlier hopes that groups would naturally progress from one level of vitality and achievement to the next, experience demonstrates how much more common it is for organizations to progress to a certain level and then stagnate or decline.

Older organizations face similar challenges. Currently, for example, many CDCs and organizations providing services are going through wave after wave of funding cutbacks and laying off staff as federal, state, and local governments reduce their support for low-income programs. Furthermore, with hardships worsening and neighborhood conditions certain to

deteriorate, these groups will face agonizing choices about future priorities. Many will be forced to reexamine whether they need to shift priorities, or to toughen their community organizing and advocacy to have a greater influence on policy and politics, or to make other radical changes. This is an exceptionally tough planning and management challenge.

Another special situation which older organizations often face is their periodic need for rejuvenation. Despite earlier hopes that groups would naturally progress from one level of vitality and achievement to the next, experience demonstrates how much more common it is for organizations to progress to a certain level and then stagnate or decline. There are many scenarios which lead to this result. The founding Board-members become comfortable or preoccupied and fail to develop new leadership. The Executive Director stays for years and begins to "burn out" but does

not leave. The Board and staff become so busy with their initial issues and projects that they fail to devote sufficient time to continuing organizing and building power, or to educating themselves on tougher and even more important issues, or to forming coalitions with others to bring about broader change.

Groups recognizing that they face these problems can benefit greatly from being helped to develop plans and practical measures which will revitalize their operations. Organizations without this kind of self-awareness may need questioning and prodding from a challenging outsider before they are ready to make the kinds of changes which will revitalize their leadership and program.

The Different Types of Organizational Development Help:

The term "organizational development" is imprecise and has different meanings to different people. For the purposes of this paper, it means, quite simply, the development of a healthy, well-run, and effective organization with growing internal and external strength to carry out its mission. ("Organizational development" thus does not include specialized technical expertise on the programmatic aspects of the organization's work. It focusses on the functioning of the organization as an organization, not on the substance of its program.)

With this definition, there are obviously several aspects to "organizational development" and thus several types of technical assistance which may be needed. At various stages grassroots groups may need assistance with:

o Community organizing and leadership development --

The work of community organizing does not end with the creation of a new organization. The challenge of effectively organizing the community, surfacing and developing new leaders, building a broader base, and taking on increasingly sophisticated issues requires constant attention and continuing access to expertise in --

- o outreach, organizing, and constituency development
- o issue development
- o leadership and Board education
- o Board training
- o leadership transition

o Planning --

At all stages of their growth and development, community groups should be engaged in an ongoing planning process, involving the Board and staff in thinking ahead, anticipating new opportunities and challenges, and making choices about priorities in allocating time and funds. Groups therefore need continuing access to expertise in --

- o community needs assessment
- o strategic planning
- o development of operating plans
- o fundraising planning

o Management --

Like leaders of other organizations, managers of community groups constantly face new management challenges which must be addressed if the organization is to flourish. They thus need access to in-house or outside expertise regarding --

- o personnel management
- o fiscal management
- o legal and corporate issues
- o management systems, including evaluation and technology
- o specific internal problems requiring management consulting help and troubleshooting

o Staff development --

Another key component of a healthy organization is the development of an increasingly competent and effective staff. This requires access to various forms of --

- o continuing education and skill training for managers, program staff, community organizers, and others

The organizational development needs of community groups are thus extensive and varied. The Board and staff leaders of CDCs, organizing groups, and other

grassroots organizations tackle demanding community issues every day, often in the face of great obstacles and with few resources. It is vital that they not be further burdened by being left without access to the practical advice and assistance which could simplify their task and leave them free to devote more time to the critical issues their communities face.

The Availability of Ongoing Assistance:

Where do groups turn for help with organizational issues?

For most community organizations, the choices are limited. There are remarkably few local or regional organizations which provide ongoing organizational advice and assistance to grassroots groups. As mentioned above, neither national funders nor many local funders have given priority to building local and regional TA capacity. Furthermore, relatively few national organizations have specialized in providing these types of help in capacity-building. For some, this has been because they have chosen to focus on particular types of projects, programs, or production rather than the strengthening of organizations. For others, the shortage of funding for organizational development work has severely limited their capacity-building help.

Ironically, while providing little support for organizational development assistance, foundations, other funders, and state and local agencies often complain about weaknesses in community capacity and lament the lack of capacity-building help. Seeing the challenges and weaknesses facing their grantees and other nonprofits, they call for more emphasis on "capacity-building".

There are remarkably few local or regional organizations which provide ongoing organizational advice and assistance to grassroots groups.

For example, a recent study of community development organizations in Chicago concluded with the warning that existing CDCs would not be able to absorb a major new influx of funds.¹⁶ Experts recommended a redoubled emphasis on capacity-building. In another study commissioned by LISC, the authors recognized

¹⁶ University of Chicago at Illinois, "Choices Ahead: CDCs and Real Estate Production in Chicago" (The Nathalie P. Voohees Center for Neighborhood and Community Improvement, May 1992), p. 67

the growth and diversification of groups over the past decade, but cautioned that "organizations need assistance to develop not only funding and program capacity, but also to build the organizational capacity needed to support the work".¹⁷ A recent evaluation of the National Community Development Initiative echoed this concern.¹⁸ And a recent article warned -- "There are danger signs that without careful organizational development, sufficient resources, and in some cases growth control, community organizations can become overwhelmed by the magnitude of the housing problems."¹⁹

Despite this nervousness about the organizational health and capacity of CDCs, far more attention and resources continues to be devoted to CDCs' other needs. In particular, over the last decade there has been a remarkable increase in their access to equity and debt capital. There also has been some expansion of their access to assistance on the technicalities of housing development. Still neglected are the need to expand CDCs' access to help on the different kinds of organizational issues they face, with the goal of strengthening their organizations' future capacity to launch and manage major programs.

Despite this nervousness about the organizational health and capacity of CDCs, far more attention and resources continues to be devoted to CDCs' other needs.

Like CDCs, grassroots groups organizing on community issues or providing needed services have few places to turn for advice as they experience organizational problems. A study for the Woods Charitable Fund of Chicago assessed the record and strength of community organizing groups in that

city and found great gaps. In particular, the study found few strong organizing efforts

¹⁷ LISC, Building Community, p. 69

¹⁸ "More recently it has been recognized that these core operating support programs could become a key vehicle for emphasizing board development, staff development, and strengthening of CDC administrative systems -- and that monies should be set aside for meeting management and organizational needs." National Community Development Initiative: Comprehensive Assessment Report on Phase I, at page 65

¹⁹ "Networks and Nonprofits: Opportunities and Challenges in an Era of Federal Devolution", by Langley C. Keyes, Alex Schwartz, Avis Vidal, and Rachel C. Bratt in Housing Policy Debate, volume 7, issue 2 from Fannie Mae Foundation.

in the very poorest communities of color.²⁰ An earlier study of Chicago called for a new TA group to be established for the sole purpose of focussing on those pockets of deep poverty and to concentrate intensive organizing and organizational development assistance on groups in those communities.²¹

Organizing and services groups find it exceedingly difficult to find people with the organizational development skills they need. It is even more difficult to find these skills in people who combine experience --

- o working in low-income communities,
- o a commitment to transferring skills and building capacity, and
- o time and resources available to help.

In most parts of the country, therefore, community groups of all kinds are forced either to rely solely on their own experience and skills or to piece together a patchwork of relationships to the various kinds of assistance they need.

1. Going It Alone:

In reality, most of the thousands of grassroots community groups in the country are forced to deal with these issues without much outside help. They are left to their own experience and skills, with little or no outside help, cut off from experience elsewhere.

It is a testament to the determination and skills of people in low-income communities throughout the country that so many groups have formed

It is a testament to the determination and skills of people in low-income communities throughout the country that so many groups have formed and taken on tough neighborhood issues with so little help from the outside.

²⁰ Woods, op. cit.

²¹ Report to the Fund for Neighborhood Initiatives of the MacArthur Foundation by Garland Yates, Center for Community Change, 1993.

and taken on tough neighborhood issues with so little help from the outside. Block clubs form to conduct neighborhood clean-ups or the problem of an abandoned house. Tenants come together to deal with a landlord who has withdrawn services. Broader neighborhood groups emerge to start a crime watch or fight for better services. A church uses its own resources to buy and rehabilitate a small apartment building.

Many groups thus have accomplished a good deal without much outside assistance. However, these groups are often held back by the limitations in their own experience and their isolation from advice as they face tough organizational issues. Left isolated, without access to others with experience, they are left to learn through trial and error. That is hardly an efficient way to build capacity.

If self-help groups are to become increasingly central vehicles for improving low-income communities, steps must be taken to help these groups overcome their isolation. Their learning curve can be raised greatly if they can gain greater access to advice from people who have already confronted similar problems and found good solutions to them. This creates a challenge for funders, support organizations, local governments, and others committed to solving the problems of poverty.

2. Obtaining Help from Peers:

Grassroots leaders and staff people learn an enormous amount from the experience of their peers, including people from other communities as well as those who have built earlier generations of organizations in their own neighborhood.

This learning goes on in many ways, some of which are informal and unorchestrated. For example, many Board and staff members have had previous experience with other organizations and have drawn lessons from that work which they pass on to newer community leaders. When people from various organizations get together for social events or meetings, they naturally start talking about their community work and sharing experiences. When organizations form broader associations or coalitions, they quickly gravitate toward more structured discussions of what each group is doing, what they can learn from each other, and where to find help from peers and others.

Over the years various organizations have developed a number of different approaches which are designed specifically to promote peer learning. Their goal has

been to accelerate learning at the grassroots level. Each creates systems which provide structured opportunities for grassroots groups to learn from each other, rather than rely on an entirely informal, unplanned, hit-or-miss process.

Over the years some groups have developed more systematic efforts to develop peer learning.

The most common approach is the use of conferences and workshops to bring groups together to compare notes with each other. Meetings of associations or coalitions of community groups as well as meetings called by funders, financial intermediaries, technical assistance and training organizations, and others frequently devote substantial amounts of time to peer exchange on the kinds of organizational issues which challenge grassroots groups and their supporters. And even meetings which concentrate on non-organizational issues create opportunities during the breaks for people to discuss organizational challenges with their peers. When participants are given a chance to evaluate conferences, very often they give the highest marks to sessions designed to enable them to share experience and lessons with other community leaders.

Over the years some groups have developed more systematic efforts to develop peer learning. These have been designed to overcome some of the inherent limitations in one-on-one peer exchange, including the peer's --

- o "limited time, since the provider's first priority is her own organization;
- o "narrow guidance: a provider can tell what his organization did but may be unacquainted with other strategies that may be more effective or relevant;
- o "poor skills at training or advising someone else: guiding or equipping someone else is not the same as doing it oneself, in one's own organization."²²

For example, in seeking to overcome the special problems of isolation which rural community groups face, the Southern Appalachian Leadership Training Program, or SALT, was developed in the 1970's. It started as a modest "travel program" with a part-time staff person and a relatively small fund to reimburse people

²² "Using Technical Assistance to Strengthen Neighborhood Grants Programs and Neighborhood Organizations", at page 3; published by Rainbow Research in Partner, Spring, 1991.

for gasoline and other local travel expenses. With guidance from a committee of people grounded in grassroots activity throughout the region, SALT identified people who were beginning to work on a community issue or project. It linked them with people who had already worked on that issue in another town or "hollow", and offered them an opportunity to visit and learn from the experience of those community leaders. People interested in developing a coop or working on strip-mining issues, for instance, visited groups which had already tackled those challenges.

The learning opportunities thus were orchestrated, with the connections being made by SALT, and with travel money being a crucial component for low-income rural leaders. In order to increase the chances that the learning experience would have an impact, SALT required that at least two or three community people take the trip together and then report back on their experience to others in the community.

SALT developed into a considerably larger program over time, selecting interns who participated in several weeks of workshops and peer exchange and who also received help as they worked on a community issue or project back home. The program has continued for over twenty years, providing an ongoing source of learning for several waves of community groups as it became an integral part of the Highlander Center's program.²³ The travel component of the program has consistently proven to be a useful tool for helping people learn from others with whom they could identify.

Another approach is the development of a cooperative training program, designed specifically to enable groups to train and learn from other groups. In Chicago in the 1970's, for example, a number of neighborhood groups joined together to develop a cooperative training system. Together they analyzed what kinds of training and leadership development they needed, developed a curriculum, selected a part-time staff person to facilitate the process, and identified trainers and resource people who could be helpful. In taking this initiative the groups were designing their own training program which relied heavily on peer exchange and the use of their own staff and leaders as resource people. They did this in part to avoid becoming too reliant upon any one of the organizing networks then struggling to be dominant in Chicago.

²³ Nevin, David. Left-Handed Fastballers: Scouting and Training America's Grass-Roots Leaders 1966-1977. New York: The Ford Foundation, 1981.

The Southern Empowerment Network, or SEP, was developed as a cooperative training program. SEP is a membership organization with a Board composed of representatives of its member groups in rural Kentucky, Tennessee, and North Carolina. SEP's largest training effort is its summer program, which provides six full weeks of training to leaders and staff people from member groups. SEP's grounding in a cooperative approach is vividly illustrated by the manner in which the summer trainees move from one site to another during their training, using each member group as a training site and case study. The staff is composed of trainers who are from Appalachia and steeped in a tradition which stresses peer learning.

The Development Leadership Network, or DLN, also stresses peer learning. DLN is composed of graduates of the community development training programs operated by the Development Training Institute and the Pratt Center. They are strong believers in the vital importance of peer exchange, seeing it as more helpful and more responsive than other forms of assistance. In addition to devoting most of their annual meetings to peer learning, the CDC staff people and other alumni who are DLN's members have established a Peer Technical Assistance Network (PTAN) on a pilot basis. PTAN links groups which are facing new challenges with people in other organization who have already dealt with those challenges, arranging for representatives of those groups to talk, exchange experience, and conduct site visits when that is needed and practical.

The large community organizing networks vary in the extent to which they stress peer learning. Since its creation in 1972, National Peoples Action has seen its annual conference and its newspaper Disclosure as crucial learning tools for the leaders and staff of its local member groups. In both NPA heavily emphasizes the transfer of experience and stories from one community to others. In addition, NPA sees the opportunity which its national conferences provide for joint action against policy-makers and other "targets" as a unifying experience which binds their network together and gives leaders a sense of power and rejuvenation.

Other organizing networks like the Industrial Areas Foundation tend to give less emphasis to peer exchange as the centerpiece of their training. While the IAF, for instance, stresses training very strongly, its training program relies more heavily on sessions led by its Cabinet members and other top staff, who are highly experienced organizers who are assigned to devote substantial time every year to training organizers and leaders. One illustration of the IAF's seriousness about learning is that each year the network brings together 200-300 volunteer leaders for several days of

intensive education and leadership development, an enormous effort and expense for a national network.

As the Center for Community Change has expanded its training program to complement its technical assistance and public policy work, it has stressed peer learning and the development of peer relationships. In its "cluster-building", for example, CCC identifies sets of 12-20 community leaders who face similar challenges. They are then brought together repeatedly in "clusters", or affinity groups, to learn from each other as well as from CCC, and to develop ongoing working relationships which will furnish mutual support. One of the first "clusters" brought sixteen urban Native American leaders together to discuss and learn more about community organizing and development. In addition to immediate learning, this helped previously isolated Indian leaders develop formal as well as informal working relationships, including plans for creating new shared sources of technical and financial assistance and for pursuing common public policy goals.

These experiments in structuring peer learning are welcomed by community leaders as particularly good ways to give them a chance to learn from others who really know what they face. They also create the kinds of informal, flexible networks which are invaluable sources of continuing support for groups constantly facing new challenges.

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3. Obtaining Help from Volunteers and Consultants:

Many community groups look to volunteer experts and paid consultants as their primary sources of advice and assistance.

They may find volunteers with experience either in their own neighborhood or the broader community. These often include local professionals who provide legal, accounting, or other services on a pro bono basis. The extensive organizational

experience and other skills of religious leaders often are instrumental in helping people form and develop effective organizations. People who have staffed or led other grassroots groups have a wealth of personal experience to share with new organizations. People based at local colleges and universities who have experience, skills, and sensitivities which fit with local community needs can be invaluable sources of help.

Local legal services programs have been especially important partners for grassroots organizations over the last three decades. The Legal Aid Foundation of Los Angeles, for example, has provided expert community organizing and economic development advice as well as legal assistance. Unfortunately, recent cutbacks in federal support for legal services will make it even more difficult for local programs to continue providing this important assistance.

Groups often turn to paid consultants for help with their organizational issues. To get good help they may find that they have to pay for advice from accountants, lawyers, fundraisers, management consultants, organizers, trainers, and others. This, of course, adds to the organization's budget and fundraising burden, but it may be the only practical way to get the level of skills and the focussed attention that the group needs. To address the financial problem, the Needmor Fund, New York Foundation and other funders have established special funds to cover the costs of consultants selected by their community-based grantees.

With help from volunteers or paid consultants, grassroots groups often can only find people with expertise on one or two aspects of organizational development. They may find, for example, an accountant, fundraising consultant, community organizer, or legal services lawyer who can provide a specific service they need, but not be able to locate the other help they need.

This segmentation creates substantial problems for local groups. The different types of management problems a group may face are closely related to each other. For instance, fiscal management problems or the lack of a serious commitment to staff development or weaknesses in the Board are inextricably linked to the expertise of the Executive Director and how s/he allocates time and manages the overall organization. Similarly, the strength of the community organizing program obviously is directly linked to everything from planning to budgeting to fundraising. Is there a coherent plan for organizing? Does the budget provide adequate support for staffing? Is the organization effective in raising the funds needed to support the organizing program?

These issues -- and their resolution -- are all closely linked.

These interrelationships become real when a volunteer or consultant is asked to address one specific type of organizational issue (or, for that matter, to help a group work on a specific community project or issue). Having been brought in to work on one issue, the outsider frequently discovers that there are other significant issues which affect the group's ability to move forward on the matter s/he is helping them address. An especially common example: an organization seeks fundraising assistance because of an immediate cash flow problem. The shortage of cash which is the immediate cause for concern is very often a symptom of more complicated problems. Perhaps the organization has no coherent strategic plan, or failed to budget appropriately, to deliver on promises made to funders, or to organize sufficient community backing to have the clout and track record needed to attract funding.

The outsider may not have any expertise on the issue which has surfaced, and he/she may not be linked to others with that expertise. Or the consultant's mandate may have been narrowly defined in a contract with a limited scope of work and a budget which is tightly restricted by that understanding.

What is a person with a narrow mandate or a limited range of expertise to do under these circumstances?

He/she can "work to rule", ignoring the other organizational issues and limiting assistance to responding to the original request (even though the other problems with the organization may undercut the effectiveness of the consultant's work). This is especially tempting for a for-profit consultant or a struggling nonprofit which has few resources to invest in providing additional, unpaid services.

Despite these practical difficulties, groups greatly benefit from even fragmented forms of continuing advice on the organizational challenges they face. Community organizations benefit even more from systematic efforts to increase their access to expert organizational development help.

Alternatively, the outsider can try to convince the organization to broaden the scope of its service agreement or bring in others who have the needed expertise. This second approach obviously has the advantage of helping an organization recognize important issues that it should address.

However, it can lead to

complications. It will require some refocussing of Board and staff time on these other organizational issues, perhaps delaying progress on the issue already being addressed under the consultant's contract. If the group is paying for assistance, bringing in additional consultants will require more money and may strain the organization's budget. It may even reduce the funds available to address the original issue -- a problem for both the client and the original TA provider. Finally, the involvement of two or more consultants on closely related organizational issues can raise difficulties of coordinating the various types of help and can even lead to conflicting advice from the different outside experts.

Despite these practical difficulties, groups greatly benefit from even fragmented forms of continuing advice on the organizational challenges they face. Community organizations would greatly benefit from systematic efforts to increase their access to expert organizational development help, including funding, referral and evaluation services, and proactive efforts to broaden the number and variety of consultant services which are available.

4. Obtaining Help from Nonprofit Organizations and Networks:

These same problems of fragmentation and skill shortages may also exist when a grassroots group obtains its help from a nonprofit organization rather than a volunteer or private consultant. The nonprofit's resources may be thin, its focus and skills may be narrow, and it may not have close working relationships with others with supplementary skills. Furthermore, because of resource constraints, the nonprofit may well be overextended and be forced to charge fees to cover at least part of its expenses.

Groups seeking to get around the problems of fragmentation usually find it difficult to find a support organization with the resources and breadth needed to provide comprehensive organizational assistance or even a relatively broad range of services. Few cities or rural areas have such broad support organizations.

In fact, there are even fewer local and regional organizations providing organizational development advice than there were a decade or more ago. This attrition has resulted from, for example, the collapse of the Youth Project's regional offices and the Northern Rockies Action Group, the shrinking of the University of Colorado's urban TA program, and the narrowing of the work of MACED in

There are even fewer local and regional organizations providing organizational development advice than there were a decade or more ago.

Kentucky and Community Design Centers in several cities -- all in large part the result of funding shortages.

Other regional support groups have also had to struggle for sufficient funding. Even Boston's CTAC and the Pratt Center, two of the strongest technical assistance groups, have had difficulty attracting support for their OD work. Although Boston's Community Training and Assistance Center has an excellent track record in providing organizational development TA, including its heralded early work with the Dudley Street Neighborhood Initiative, CTAC has had very limited success in attracting private funding for its organizational development work. Key to the Pratt Center's success in supporting a substantial TA operation (which includes organizational development help) have been its university base, its identity as primarily a source of housing development and planning assistance, and its ability to generate fees and contracts from housing development projects.

As part of their contracts with local affiliates, national and regional community organizing networks provide them with organizational development advice and assistance. The networks vary in their relationships with local groups and their approach to assistance. Some, like the IAF, furnish staff to local affiliates, provide those staffmembers and local community leaders with ongoing consultation and training, and offer standardized fiscal management, fundraising, and personnel systems and other management tools for local use. Others play a more traditional advisory and technical assistance role on organizational issues.

Despite problems of distance, some national organizations are substantial sources of assistance on organizational issues. The Center for Community Change, for example, sees organizational development as central to its mission of "building the power and capacity of low-income people". It therefore devotes a substantial share of its resources to providing organizational advice and assistance to grassroots groups throughout the country.

CCC's primary vehicle for assisting groups with organizational issues has been on-site technical assistance. The Center has recruited staff with extensive organizing, planning, and management experience so as to be well-position to provide such help: nineteen members of its staff are former directors of grassroots groups, and ten others

have between ten and thirty years of experience providing organizational advice and assistance.

Community groups commonly approach the Center for help on a specific project or issue or for fundraising advice. As the relationship develops through on-site work, organizational difficulties or challenges frequently emerge. Having built a working relationship with CCC, the group quite naturally turns to the Center for help on those issues as well. This may result in a team of two or three people with supplementary skills working with the group, perhaps helping the organization develop a strategic plan or address organizational or structural difficulties while also working on a particular project or community issue.

This approach offers community groups the advantages of access to a broader, more integrated set of services than is common. However, resource constraints obviously limit the number of groups which can receive such help from any source, and -- for distant national or regional support organizations -- travel expenses and time create further limitations.

A Brief Note About Access to Technical Assistance on Particular Community Issues and Projects:

Grassroots groups thus face limited choices when they need advice on tough organizational questions. Most have little access to people and institutions which have had extensive experience helping others tackle those issues. They must either go it alone or piece together some mix of volunteer and paid help to help them meet their immediate challenges.

The picture is almost equally bleak when groups need help tackling the substance of community issues which are new to them. There are few places to turn for advice and skilled assistance geared specifically to their needs. As groups address issues of, for example, crime and drugs, school reform, youth development, or job creation, they are largely on their own, dependent upon their own luck in finding a volunteer, or a peer, or someone else who can be helpful.

Only in the housing field is there the beginning of a significant infrastructure of support for grassroots efforts. Community design centers,

Only in the housing field is there the beginning of a significant infrastructure of support for grassroots efforts.

community loan funds, university-based centers, and regional and national technical assistance providers and intermediaries are gradually stitching together a patchwork of assistance for CDCs and, to a lesser extent, other community groups. The Local Initiatives Support Corporation and the Enterprise Foundation in particular have concentrated heavily on developing stronger support systems for CDCs in some cities. These efforts have been reinforced by the foundation and HUD resources which have been marshalled through the National Community Development Initiative (NCDI). In some cities these efforts include the creation of several interlocked systems and support--development finance, technical assistance on development, a funding collaborative, consulting help on management, and training.

Even this infrastructure is underdeveloped, causing genuine concern among supporters of community-based housing development. Nevertheless, it certainly provides far stronger systems of support than does any other focus of grassroots action or the organizing and other organizational development needs of community groups.²⁴

Furthermore, the progress made over the last twenty years in developing the initial infrastructure to support community-based development provides an essential lesson. It illustrates just how much could be gained if there were the beginnings of comparable systems of financial, technical, and other support for community groups as they tackle other essential community issues -- helping reform local schools and social service delivery, developing new programs for youth and families, creating jobs and recruitment and training programs which help people move from welfare to work.

Conclusion:

Grassroots groups greatly benefit from advice on tough organizational issues and from assistance in building their capacity over time. This requires concerted attention from people with skills in the various aspects of capacity-building, experience in working in low-income communities, and the time and resources to devote to helping.

Grassroots groups greatly benefit from advice on tough organizational issues and from assistance in building their capacity over time. There are many different ways to organize and provide the assistance which is needed.

²⁴ See evaluation of NCDI at page 65.

There are many different ways to organize and provide the assistance which is needed. However, remarkably few resources are now committed to ensuring that that assistance is available. The results are predictable. There are very few parts of the country in which a local or regional technical assistance center can sustain itself at a significant level. Few nonprofits can afford to develop a broad range of organizing and organizational development assistance. And community groups most frequently have to learn by trial and error, with very limited advice from others.

There is a great need for private and public funders and others to concentrate heavily on expanding grassroots groups' access to the organizational help they need. This can be done by supporting one or more of the various approaches to providing support which have already been developed. It can be done through the creation and support of local and regional TA centers, the expansion of training programs which also provide individualized consultation, the strengthening of various kinds of mutual-help networks and peer exchange programs, or the provision of consulting funds so that groups can retain specialists when they need them. But it must be done if groups are to survive and flourish.

IV. Sustaining Organizations Financially

The Need for General Operating Support:

The most essential resource for grassroots groups is often the most elusive -- sufficient "core funding" to enable the organization to hire central staff and cover basic operating expenses.

General operating support gives community leaders the freedom to chart their own course and build their own capacity. It is the flexible money which allows organizations to make their own decisions, respond quickly to opportunities and problems as they arise, and build their internal capacity over time.

Community groups are under tremendous pressure -- from their constituency, their funders, and their surrounding communities -- to address specific immediate issues and challenges in their neighborhoods. Being so focused can easily divert them from devoting sufficient time and resources to building the strong organizational structures they need to support their work over the long haul. They need to invest in staff and leadership development. They need to build their community base and become involved in public policy debates. And they need to develop relationships with allies from all sectors of their communities. Only then will they have the firm foundation upon which they can withstand the tests of time.

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Many community leaders, however, never get to develop their organizations in these ways. Their major funding opportunities are for specific programs and special initiatives, not general operating support or institution-strengthening. This earmarking understandably forces groups to devote their attention to carrying out specific projects, often at the cost of neglecting internal organizational issues or weaknesses which desperately need attention. Not surprisingly, this undercuts the process of capacity-building.

Unless they can meet their core funding needs, groups are unable to lay a strong foundation for their work. Without the ability to cover basic operating expenses, they have difficulty maintaining good staffs and creating a sense of stability and continuity in their programs. It is even harder for them to think ahead and plan strategically for the long-term. They are deterred from investing in leadership development and building a balanced program. They find it tough to focus on the public policy issues that affect their work and the people in their communities.

Ironically, as groups focus heavily on capturing project funding in order to survive, they often find they have even less time to devote to trying to break out of this trap by concentrating time on pursuing general support.

In short, organizations struggling to meet operating costs cannot function at their best, even if they have lots of money for programs. Stories of organizations with thousands of dollars in the bank for a specific program but no funds to meet payroll or to meet a community crisis are common.

There is broad agreement on the primary importance of increasing community groups' access to flexible core funding. When the fourteen national organizations which are the principal national supporters of grassroots community development came together to form the Human Resources Consortium, there was unanimity on the point: LISC, Enterprise, the Development Leadership Network, NCCED, DTI, CCC, SEEDCO, and others all concurred that the single greatest step toward building greater capacity would be the opening up of new sources of general support.²⁵

The Challenge of Raising Core Funds:

Raising core funds is a constant struggle for community organizing groups and CDCs. There are few funding sources which provide general operating support, and the competition for support from those sources is fierce. Instead of concentrating on building their own capacity and focussing on issues and projects which emanate from community needs, community leaders are forced to devote a great deal of time and attention to raising sufficient funds to stay afloat.

²⁵ The Human Resources Consortium agreed on a statement of principles which stated: "Substantially increasing private and public sources of core operating multi-year support is the first priority for long-term human resource improvement in community-based development organizations."

This is not to say that there are no sources available for core operating support. Throughout the last three decades, several national church denominations, foundations, and corporations have been extremely sensitive to the operating needs of CBOs. However, while these funders have been generous in providing core operating support, they represent only a small percentage of funders.

Furthermore, for several reasons, there has been a dramatic decrease in the amount of core funding available in the last decade.

Instead of concentrating on building their own capacity and focussing on issues and projects which emanate from community needs, community leaders are forced to devote a great deal of time and attention to raising sufficient funds to stay afloat.

First, some foundations have become even more reluctant to provide general operating support than they were in the past. Some have become more narrowly focused in their giving, supporting only specific types of programs or launching initiatives designed by foundation staff rather than providing general support to community-initiated programs and grassroots groups. Others argue that general support grants cannot be

evaluated as easily or effectively as project grants. Still others fear that they will not be able to "turn off" general support because organizations will expect to renew their grants year after year and other organizations will compete for the money, forcing the funders to make choices among requests for core support. Even some of the largest foundations such as Ford and Rockefeller have turned away from such gifts.

Second, national church support for community organizing and development is continuing to fall. While the Catholic Campaign for Human Development is still the largest single source of support for organizing, national Protestant funding for grassroots work has fallen greatly over the last decade. This has been the result of declining church membership as well as pressures to decentralize church spending and reduce spending on "liberal causes".

Third, the corporate landscape looks no more promising. Corporations, which have traditionally provided substantial support for the CDC movement, have been decreasing and/or refocusing their giving as well. In real dollars, corporate contributions have leveled off and probably will not increase in the aggregate over the next few years. Corporations are also increasingly oriented toward giving which

serves their own self-interest, by "market-driven philanthropy", as their contributions are directed more at what helps their bottom lines and increases shareholders' dividends. The dismantling, and subsequent restructuring, of ARCO's philanthropic program is perhaps the most vivid example of the trend toward a greater emphasis on corporate profits than on community partnerships.

Another trend which undercuts corporate support of local community revitalization is the move toward globalization. Fewer cities have businesses which are owned and managed by local citizens with deep roots and commitments to the well-being of those cities and their neighborhoods.

Fourth, over the next few years, cuts in government spending will increase the demands on private philanthropy. The result may be steady levels of philanthropic giving but with greater competition for the funding among grassroots groups and between those organizations and others (including arts and educational organizations) seeking to replace lost government revenues.

For community groups in certain parts of the country -- in much of the south, the southwest, the northwest and plains states -- these philanthropic trends are compounded by a general lack of local and regional funding sources. In these areas, where there is tremendous need for strong community organizations to tackle major community issues, there are limited numbers of local foundations and corporations and inadequate attention from national funders.

As the philanthropic "world order" changes, groups which want to survive over the long haul must piece together their budgets -- for program and operating expenses -- from a number of sources, both traditional and alternative. And each must approach funders and the fundraising process as a long-range challenge, requiring careful planning, the development of a strategy, and the allocation of substantial time.

The Need for Broad Strategies to Increase Access to Funds:

With this tremendous gap between the need for core funding and the availability of such support today, it is imperative that organizations look beyond their own immediate funding needs. Difficult as it will be for groups which are already severely stretched, they must give serious attention to addressing the broad issue of how to enlarge the "pie". The core funding gap must be closed if grassroots groups are to develop the capacity to bring about real change in low-income neighborhoods.

In each part of the country, this will require that someone -- a funder, a technical assistance group or support organization, a coalition, one or more community groups -- take the leadership in developing a long-range plan for maximizing the amount of general operating support which will be available for grassroots groups in the future.

This will not be easy. It will take substantial time and resources, which are in extremely short supply. It will require careful research and analysis, and the development of well thought through strategies for creating new alliances and working relationships. It may require the creation of new funding vehicles.

To have maximum success in enlarging the pie, this effort will also require that its initiators take an unusually broad view of the possible alternative ways to expand resources, rather than concentrate on one approach prematurely. Over the last few years, there have been a good many experiments with alternative ways of expanding core funding. Several of these have already succeeded in attracting new funding sources, and others appear to have promise.

The wisest strategy therefore would be to start with a very broad view of all the alternative potential sources of flexible funding for grassroots organizations, drawing from the best practices which have emerged from the work of various funders and organizations over the last decade. The planning and action should then focus on those approaches which appear to hold the most promise for expanding resources in the particular local context in which they are working.

This planning work should be seen as the beginning of an organizing process with the eventual goal of seeing real change in the funding situation. The first phase therefore should combine an assessment of needs and resources, and a "power analysis" of who the key actors would be in a change strategy. The most effective way to develop that strategy would include a very extensive process of interviews and relationship-building, looking for common interests and opportunities to pursue over time.

The goal of early interviews with representatives of community groups, support organizations, funders, and others

The wisest strategy would be to start with a very broad view of all the alternative potential sources of flexible funding for grassroots organizations, drawing from the best practices which have emerged over the last decade.

should be to identify local needs, promising strategies for meeting those needs, and potential allies. It should start with an assessment of the particular core funding needs of local grassroots groups, including new and emerging organizations. The assessment should include a review of the experience and views of current sources of core funding, including the potential for having those funders play a leadership role on the core funding issue. It should include interviews and discussions with other funders and influential community leaders who might be interested in joining a broad effort to expand support for grassroots effort.

This analysis should include consideration of what could be done to expand any or all of the following possible sources of operating funds --

- o grassroots fundraising and earned income
- o churches, synagogues, and other religious funders
- o foundations
- o corporations and banks
- o United Ways
- o alternative funds
- o individual donors
- o government

Although no one is finding a single magic answer which solves the core funding crisis, a number of strategies are already succeeding in generating new revenue for grassroots groups. The best practices from these experiments deserve consideration as people develop plans for expanding core funding in their city or region.

First Things First: Strategies for Making the Most of Current Resources:

Most grassroots groups struggle with the funding problem with relatively little outside help and without a broad strategy for enlarging the pie. They send staff to fundraising training sessions, write proposals to funders and seek to negotiate for outside funding, and may seek some financial support from their own grassroots constituency or neighborhood.

Funders and support organizations frequently provide some level of fundraising training for potential grantees. This is usually generic, not targeted to

the particular needs and concerns of low-income organizations. It frequently concentrates solely on proposal development.

Grassroots leaders find this of some value, but often seek assistance much more tailored to their specific needs. They seek training on developing a longer term fundraising plan which enables them to build their organization's capacity over time, with a diversified funding base, an increasing supply of general operating support, and an overall expansion of funding. Such a plan should be integrated into an overall strategic planning process within the organization. That ensures that the fundraising fully reflects the organization's priorities, that adequate time and resources are put behind the fundraising efforts, and that organizational issues which might affect funding prospects are addressed.

Groups also seek training and advice on the real priorities of specific funders and the most effective strategies for building relationships with the most promising ones. They need help gaining access to those funders so they can begin building those relationships.

With varying levels of skill and effectiveness, technical assistance groups, intermediaries, organizing networks, and others respond to these needs, seeing it as an essential part of their work. In many cases they cultivate working relationships with particular funders in an effort to increase CBOs' access to funding from those sources. The Industrial Areas Foundation and other organizing networks, for example, have developed close ties to the Campaign for Human Development and other major sources of church support for community organizing, making it easier for their affiliates to attract religious funding.

Some organizations strongly emphasize the development of a dues-paying membership as essential to their independence and stability. ACORN, for example, sees membership drives as central to their organizing approach: each individual who expresses an interest in joining ACORN to work on community issues is expected to pay annual dues from the time they first become involved with the organization. In contrast, IAF, DART, Gamaliel, and PICO do not expect their affiliates to develop a base of individual dues-paying members. Instead they require that each church, synagogue, or other institutional member group pay dues to the organization so that a very substantial share of its annual expenses is covered by its own membership.

There are at least six alternative ways to enlarge the "pie", to increase the amount of money which is available to provide general operating support for grassroots groups.

Some support organizations provide training and assistance on grassroots fundraising. Like some of the organizing networks, because they see severe limitations in the amount of outside money which community groups will be able to attract, they stress that groups should focus and plan to

maximize the amount of money they raise from their own neighborhoods and various grassroots fundraising techniques. The Partnership for Democracy was especially strong in its emphasis on this approach to fundraising, but it collapsed several years ago, and few organizations currently provide a similar level of support for grassroots fundraising.

The Bigger Challenge: Enlarging the "Pie"

There are at least six alternative ways to enlarge the "pie", to increase the amount of money which is available to provide general operating support for grassroots groups. Each of these requires leadership and concentrated effort -- by community groups, funders, a coalition, or a support organization -- but each offers the potential of a substantial increase in resources and, thus, great gains in the vitality of organizing and development efforts.

1. Identifying and Attracting New Funders:

Often a funder or support organization devotes time to trying to convince one or more funders to begin giving priority to grassroots community organizations. There are a good many examples of this strategy bearing fruit over time.

In Hartford, for example, as UCAN was assisting grassroots leaders to create community groups, it focussed on the United Way as an important potential source of support for community organizing. UCAN staff met repeatedly with United Way, familiarizing them with community organizing and introducing them to grassroots organizing groups. They discussed the advantages to Hartford and to United Way's supporters of backing neighborhood revitalization and leadership development in the city's lower income neighborhoods. Through this dialogue, United Way staff and Board members gradually became more comfortable with organizing. The result -- for

more than a decade United Way has been a major source of continuing operating support for several strong organizing groups in the city.

In Chicago, as the MacArthur Foundation grew enormously and set new priorities in the 1980's, staff from the Woods Charitable Fund, the Wieboldt Foundation, and other funders worked with MacArthur staff as they designed a series of new initiatives in the city. They were particularly influential in encouraging MacArthur to create the Fund for Neighborhood Initiatives, which became a multimillion dollar source of core funding for neighborhood groups and community organizing. In a sense, Woods, Wieboldt, and others greatly expanded their own impact by devoting the time to encouraging a major funder to join them in providing core support.

In Seattle Mary Jo Shannon, a highly experienced community organizer, entered into a consultancy for the Seattle Foundation which freed her up to conduct an extensive series of interviews with local funding sources on their current and potential interest in supporting neighborhood self-help efforts. Through this research process, Ms. Shannon developed a series of relationships which were instrumental in the Seattle Foundation's subsequent success in attracting support from the Charles Stewart Mott Foundation and local funders with which to create a Neighborhood Small Grants Program. That program, in turn, has provided grassroots groups in the Seattle area with an infusion of sorely needed core support.

In each of these cases, an individual or institution stepped forward to assume leadership in the search for ways to expand the availability of core operating support from local sources. Their success demonstrates the need for such leadership, the diversity of strategies which may succeed, and the potential benefits.

2. Challenging Others to Support Grassroots Work:

In recent years there have been an increasing number of examples of national funders using their leadership positions and resources to challenge other funders to support community organizing or community development. These have included support from various foundations to stimulate giving by local Community Foundations, the establishment of "funding collaboratives" in several cities, and other initiatives.

In recent years there have been an increasing number of examples of national funders using their leadership positions and resources to challenge other funders to support community organizing or community development.

For almost fifteen years the Charles Stewart Mott Foundation's "Neighborhood Small Grants" program has served as a challenge to Community Foundations to provide operating support to emerging grassroots organizations. Mott has provided substantial multiyear grants to Community Foundations selected on the

basis of their willingness to begin a new program of providing core support to neighborhood groups. Each Community Foundation has had to raise money locally to match the Mott funds, and to set up a new grant-giving program. The long-range goal has been to use this multiyear challenge grant to lead to permanent change in giving by the local foundations.

In addition, over the same period Mott has provided a second set of small grants to community organizations through a series of Intermediary Support Organizations, or ISOs. These grants have been coupled with technical assistance from the ISOs. Much of this money has been allocating to helping emerging groups cover their early operating costs until they became well enough established to compete effectively for philanthropic dollars from elsewhere. Evaluations of this program show often dramatic impact in helping groups through the critical early stage, and the ISOs cite numerous examples of groups then proceeding to become significant and effective organizations in their communities.

The Ford Foundation, Pew Charitable Trusts, and others have designed other initiatives to encourage Community Foundations to become more involved in local neighborhoods. They have focussed on Community Foundations because of the rapid growth of those institutions in number and assets, and the belief that they could become important supporters for neighborhood and antipoverty efforts. Ford's Neighborhood and Family Initiative and Pew's Neighborhood Preservation Initiative are among the largest of these efforts, each funnelling funding for "comprehensive community initiatives" through Community Foundations with one of the goals being permanently increasing the involvement of those funders in low-income communities.

Over the last decade, funding collaboratives have been set up in more than a dozen cities to expand core operating support for local CDCs. The basic approach which has been followed in each of these cities is modelled on the approach pioneered

in Boston in 1986. At that time, LISC took the lead in convincing the United Way and a number of local foundations to launch a joint initiative which would provide financial and other support to ten CDCs. United Way committed \$1.8 million over five years, the Ford Foundation committed \$1.5 million, and the Boston Foundation, three other foundations, and LISC each added substantial support. The Neighborhood Development Support Collaborative then made a series of multiyear commitments of operating funds and technical assistance. Funding after the first year was specifically contingent upon satisfactory performance.

CDCs applying for support were given funds with which to hire a consultant (who was approved by the Collaborative) who conducted an organizational assessment. Taking that assessment into account, the CDCs then set forth a series of specific goals -- including organizational as well as production goals -- which the Collaborative was to use in evaluating whether to approve continuing funding in the later years.

This steady stream of operating support was a great boon to CDCs. Limited to 20-25% of the organization's total budget, and dependent upon programmatic progress rather than being open-ended, completely flexible operating support, it was nevertheless very helpful in reducing the fundraising burden. Groups also received some funding with which to pay for technical assistance on either organizational or programmatic issues.

The Ford Foundation has provided matching funds to funding collaboratives in seventeen cities. Rockefeller, Pew, and others have also made major commitments to the collaborative approach through the National Community Development Initiative, which works through LISC and Enterprise. Although there have been variations in sponsorship, the level of funding, the level of experience required of grantee CDCs, and other issues, these collaboratives resemble each other in their basic design. With help from LISC, Enterprise, and local nonprofit development groups, they have attracted substantial commitments from banks, corporations, local foundations, and others, significantly enlarging the general support pot.²⁶ CDCs in cities like Detroit where local funders have provided little operating support in the past have applauded the development of the new funding collaboratives.

Fearing a major dropping off of operating support after the initial funding

²⁶ See materials on NCDI, which are available from LISC, Enterprise, and NCDI funders.

commitments lapsed ²⁷ -- with the danger that CDCs would be forced to downsize substantially, sometimes with very damaging consequences -- the designers of these programs have attempted to attract government support and other long-term funding commitments. Results so far are mixed. Local governments seldom have given serious priority or concerted support to the development of CDC capacity, and the prospects for substantial government funding are further dimmed by current federal, state, and local cutbacks.

There are other limitations to the funding collaborative approach. While the chosen CDCs benefit, this may result in other CDCs and organizing groups having reduced access to core funding from local sources. In some cities this has meant that the largest, most experienced CDCs grew while younger groups suffered. In other places the collaborative has decided to fund a mix of younger and more experienced groups. Another danger is that the new intermediary may increase the now-combined power of funders and make CDCs more dependent on those funders and intermediaries. CDCs have followed a variety of strategies to counter these dangers.

In several cities, building upon the Boston experience, United Ways have been important partners in the building of funding collaboratives. Major support from the Ford Foundation has been channelled through the national office of United Way to local United Way affiliates in six cities to promote expanded support for housing development. It is still unclear whether this program will have lasting effects or will affect the priorities of United Ways not included in the Ford Initiative.

3. Action Strategies for Changing Funders' Priorities

In a number of cities the policies and grantmaking priorities of local funders have been challenged by community leaders, working through ad hoc task forces, alliances, or coalitions of local organizations. The challenges have been

The policies and grantmaking priorities of local funders have been challenged by community leaders, working through ad hoc task forces, alliances, or coalitions.

²⁷ "However, many of these programs will end their initial funding within the next one or two years. Because these programs can potentially accelerate CDCs' growth and strength, and because capacity-building is seen as an ongoing need, the elimination of operating support could undermine new gains in CDC capacity." Comprehensive Assessment Report: The National Community Development Initiative Phase I, at page 63.

fueled by deep concerns about the lack of philanthropic support for low-income neighborhoods and communities of color, especially the paltry support given community organizing, advocacy and capacity building -- essential ingredients for making change.

Since the late 1970s and early 1980s, community groups and others have undertaken local philanthropic reform efforts, utilizing the tools of community organizing and advocacy, in a number of cities, including Denver, San Diego, Los Angeles, and Seattle.

Most of the local action efforts have been spawned and supported by the National Committee for Responsive Philanthropy (NCRP). NCRP was created in 1976 by and for "nontraditional" charities -- like community-based organizations working in low-income neighborhoods -- that are concerned with justice and equity for their constituencies. In its earliest days, NCRP funded and provided technical assistance to a number of locally directed "action research" projects aimed at analyzing the grantmaking practices of local foundations and seeking changes to benefit underserved, disadvantaged constituencies.

In San Diego, NCRP assisted in the development of a county-wide leadership group which took an in-depth look at local foundation grantmaking and other practices, focusing especially on their responsiveness to newly emerging groups grappling with social problems. A hard-hitting Report on San Diego County foundations in 1981 was endorsed by 38 organizations and attracted considerable attention in the city and county. It served to increase dialogue between local organizations and foundations, leading to some noticeable improvements in access for community-based organizations. For example, the San Diego Community Foundation subsequently hired a local activist in a grantmaking capacity, and some organizations previously shut-out of funding by this foundation began to receive small grants.

Similar results marked efforts in San Francisco, Denver, and one or two other cities during this period. However, when NCRP found that it could no longer afford full-time field staff to catalyze local foundation reform efforts, activism in this arena waned.

Almost a decade later, in 1989, NCRP launched its Community Foundation Responsiveness Project with studies of ten major community foundations. NCRP helped to organize local alliances in several of the targeted cities to take up issues

raised in its reports. Alliances formed in Los Angeles, Seattle, San Diego, and Denver succeeded in establishing dialogue with the local community foundations. In LA, Seattle, and Denver they achieved some significant reform objectives. Attempts to form alliances in Dallas and Atlanta proved unsuccessful.

While none of the alliances are functioning today, the LA, Seattle, and Denver experiences are worth noting. In LA, the "Southern California Coalition for Responsive Philanthropy" impacted on the plans, programs and priorities of the California Community Foundation through dialogue with the Foundation's board and staff and judicious use of media. It then organized some 30 groups to examine long-term solutions to the problems of poverty in the city following the 1991 civil disturbances there. Its report Philanthropy and Poverty in Los Angeles looked at the grantmaking patterns of the ten most prominent area foundations in 1991-92. It found that, despite the magnitude of the problems and highly publicized pledges to do something real about them, the major foundations "... still allocated only one dollar of every five to anti-poverty programs or organizations."

The LA Coalition's recommendations for change in philanthropic policies and practices -- including a call for a long-term commitment by foundations and corporations to provide half of their donated funds annually for an "all-out attack on the poverty and powerlessness spotlighted by the recent civil unrest" -- received considerable attention and media coverage. They also triggered fresh dialogue between community groups and philanthropic leaders. Equally important, the Coalition's efforts strengthened working ties among disparate local organizations across often fractious constituency and issue lines.

However, a lack of funding to support staffing for the Coalition on an on-going basis and other factors eventually crippled the Coalition's attempts to follow-through on its plans. Nonetheless, the Coalition can surely be credited with substantially increasing grants to low-income groups by the California Community Foundation, and at very least with increasing awareness of needs and opportunities on the part of other funders in the LA area.

Seeking dialogue with and changes in the Seattle Foundation, Seattle's ad-hoc working group brought representatives of African American, Chicano, Asian Pacific Islander, and Native American organizations together in common cause. The group's persistence and use of media paid off in several meetings with the Foundation's leadership about community needs, and particularly about the issues of the

Foundation's lack of access and responsiveness to the disadvantaged and disenfranchised highlighted in NCRP's critical report. While the Foundation made no public commitment to institute changes urged on it by the working group, subsequent major program and policy decisions of the Foundation were clearly a response to the group's pressure. For example, for the first time in its history, the Foundation sought funding for and implemented a neighborhood development grantmaking program.

In Denver, NCRP helped organize a working group of activists interested in foundation reform prior to conducting its study of the Denver Foundation, and hired a local consultant recommended by the group to conduct interviews for its report on the Foundation. The working group advised NCRP about its interviewing and other research and monitored the development of the report -- that was somewhat, but not harshly, critical of the Foundation. The group also prepared strategy around release of the report, and held a press conference to express community concern about the Foundation's grantmaking priorities. According to local activists, the group's work around the NCRP report -- including interactions with the Foundation after the report was made public -- led to more responsive grantmaking by the Foundation, exemplified by grants to community organizations never before funded by this grantmaker.

It seems clear from an analysis of these and other experiences that local organizing around a foundation reform agenda can produce results. These can include increased funding for neighborhood organizations and beneficial changes in foundation policies and practices.

However, the efforts needed to produce results are difficult to mount and sustain, and are unlikely to be successful absent sizable and reliable resources and support from outside the community. Certainly the efforts can only be successful if many local groups join forces to take up the issues, work persistently and collaboratively over time, and see their task in community-building terms rather than as an effort to raise money for themselves.

4. Strategies for Creating New Funding Sources

Action strategies in many communities have led to the successful development of a wide range and rapidly growing number of "alternative funds which provide new funding for grassroots groups." The alternative funds "movement" is now a

promising, and in some cases a significant, source of core funding for thousands of affiliated groups in dozens of communities.

Action strategies in many communities have led to the successful development of a wide range and rapidly growing number of "alternative funds" which provide new funding for grassroots groups.

The alternative funds movement was spurred initially, in the 1960s, through creation of local Black United Funds -- the Brotherhood Crusade in LA was first -- as an alternative to the United Way. Now numbering 17 across the country, BUFs raise funds in the workplace and distribute grants to nonprofits assisting African American and other minority groups.

NCRP broadened the alternative funds organizing effort beginning in the late 1970s. As recently as 1979, there were no social justice, women's, or environmental nonprofits raising money in workplace charity drives monopolized by United Ways. With NCRP's catalytic work (and, subsequently, work by other organizations including the national Alliance for Choice in Giving), there are now 183 alternative funds in the U.S. They raise some \$158 million dollars (1993 figures), primarily through workplace charity drives. In fact, alternative funds are growing at a pace surpassing that of United Ways. For example, the 183 alternative funds expanded by \$6 million in 1993, exactly the same funding increase in total reported by the 2,100 United Ways across the country.

Alternative funds -- whose growth is being enhanced by rapidly growing demand for charitable choice in the workplace -- are now classified in several basic types. At the local level, in addition to Black United Funds, there are Asian and Hispanic Funds, Social Action Funds, Women's Federations, Environmental Funds, United Arts Funds, National Voluntary Health Agencies, and Combined Health Appeals. There are also 15 national alternative funds. Of the social action funds -- there were 38 of them as of 1995 -- the Cooperating Fund Drive in St. Paul, Minnesota raised the most money through workplace pledges in 1993, over three-quarters of a million dollars. In all, local alternative funds grew by 10% in 1993. Social action funds increased their workplace contributions by 23% in 1993, the largest gain of any funds type. They were followed closely by women's funds (22%) and environmental funds (20%).

There are several advantages to creating an alternative fund which has access to payroll deduction, (or to gaining direct access to payroll deduction):

- o It's new money from a -- for community groups -- largely untapped source.
- o Payroll deduction directly taps into the best source of funds in the country -- individuals, who in 1994 gave 88% of all charitable contributions, compared to 7% from foundations and 5% from corporations.
- o Employees give over \$2 billion a year in the work place. A high percentage of employees contribute to workplace campaigns, and they contribute 3 to 5 times more than with direct contributions.
- o The cost of raising workplace contributions is small for a federation.
- o The funds are unrestricted funds. They can be used for whatever purpose a 501(c)3 organization desires, including general operating expenses, an opportunity rarely available from other funding sources such as government agencies, foundations, or corporations which all prefer to make "special project" grants.

For local groups not now affiliated with an alternative fund but interested in creating one, it is important to note the key differences between alternative funds and United Ways. The differences center on issues of control and participation. For an alternative fund, a group participating must commit time, energy and money to make the fund work. In return, it receives monies designated specifically for the member group by contributors at the workplace, and also a share of undesignated contributions given to the fund. Members also have decisionmaking power with respect to the operations and direction of the fund -- through representation on the fund's board of directors.

The potential amount of funds that can be raised by a local alternative fund varies from community to community. Factors impacting on the potential for fund-raising success include: total number of workplaces, total number of employees, total number of government employees (who give through the Combined Federal Campaign), the numbers of workplaces already open for alternative fund participation, and the size of the United Way.

There are numerous examples of successful alternative funds. Women's Way of Philadelphia, which began in 1976 with seven members, has seen allocations to its now fifteen member organizations grow from \$25,000 to \$1 million. It raised \$490,000 from the workplace in 1993. WW is one of only two women's federations combining a grant-making process for nonmembers with annual allocations to its members.

Colorado Shares is a coalition of sixty-six nonprofit groups cooperating to raise funds through workplace giving at over 100 workplaces. Some of its new member groups are traditional charities. It has quadrupled its membership in six years, and raised over \$370,000 from workplace solicitations in 1993 alone. It has found that additional members bring connections and constituencies comprised of additional donors, and that revenues to member groups increase with growth. Although most of Colorado Shares current members are located in the Denver-Boulder area, the fund anticipates expanding statewide to over 100 members in the next few years.

The Center for Community Health Action and Consumers Union have pioneered another new and very promising approach to increasing funds for social change. They are concentrating on the nonprofit conversion issue, especially in the health field.

Under the Internal Revenue Code, when a charitable organization is converted into a for-profit entity, or is acquired by a for-profit, it must protect its charitable assets and ensure they will continue to be used for philanthropic purposes. This has become a major issue in the health care field, where nonprofit hospitals and such traditionally nonprofit health insurance companies as Blue Cross/Blue Shield are being converted and acquired at an extraordinary rate.

Nonprofit organizations going through this transformation are subject to challenge if they fail to set aside their charitable assets appropriately. When, for example, Blue Cross of California converted from nonprofit to for-profit status to raise additional capital, a challenge led to agreement that over \$2.5 billion would be set aside to endow a new funding source, the California Wellness Foundation. That Foundation has rapidly become a major source of support for a broad range of charitable organizations working on health issues and projects, including grassroots community groups and clinics.

Consumers Union and the Center for Community Health Action are teaming up

to focus on this issue in an expanded way. They are beginning to make themselves available to community groups and activists who are interested in challenging a conversion. A particular goal of CU and CCHA is to use the conversion of health plans and institutions to fund creation of a new series of foundations which have a very broad definition of "community health", and operate under the leadership of a board representing the interests of lower income people, other consumers, and the clinics and caregivers whose services are most desperately needed by medically underserved people.

Pursuing the nonprofit conversion issue, broad-based citizens coalitions throughout the country could take the lead in creating major new sources of philanthropic support and designing them to be responsive to community needs.

California Wellness Foundation illustrates the size of the stakes and the great potential of this approach. With adequate financial backing as well as support from health care specialists and attorneys, pursuing the nonprofit conversion issue, broad-based citizens coalitions throughout the country could take the lead in creating major new sources of philanthropic support and designing them to be responsive to community needs.

5. Strategies for Expanding Operating Support from Government:

Despite all the federal cutbacks, government continues to be a substantial source of funding for community organizations. Organizations which provide social services often have federal and state funding to support, for example, their day care, health care, or other job training programs. And CDCs commonly attract substantial funding from the Community Development Block Grant, HOME, and other federal programs. Although these funding streams are usually targeted to support specific projects or programs, many groups generate substantial staff reimbursement and overhead from government grants and apply those funds to cover some of their core operating costs.

Some of the federal housing and community development programs specifically allow local and state governments to provide operating support for community groups. However, there are exceedingly few examples of government officials taking advantage of this to develop and fund substantial, systematic community capacity-building initiatives.

THIS problem was highlighted by a recent survey of the extent to which local governments are setting aside HOME funds to provide operating support and capacity-building help to CDCs. The great majority of jurisdictions devote absolutely none of their HOME funds for capacity-building. This is the case despite a provision in the law specifically encouraging them to devote as much as 5% of their HOME funds to operating funds and assistance to Community Housing Development Organizations, or community- controlled CDCs. It is also in spite of a federal mandate that jurisdictions allocate at least 15% of their HOME housing production subsidies to CDCs -- a requirement which should motivate cities and states to make certain that CDCs develop increasing capacity to use these subsidies well in producing housing.

Citywide and statewide coalitions have sometimes successfully pressed local and state governments to provide them with operating support and funding for training and technical assistance. Under the Community Development Block Grant program, many cities set aside substantial operating funds for CDCs and community-based service providers. This has often been a result of pressure from coalitions like the Association for Neighborhood Housing and Development in New York and the SOS Coalition in Detroit. A 1996 amendment to the HUD appropriations bill -- the Kaptur Amendment -- encourages local and state governments to provide direct funding to community groups as the now-defunct John Heinz Neighborhood Development Program did.

HOME, CDBG, and Housing Trust Funds all furnish opportunities for focussed advocacy by grassroots groups, funders, and others committed to increasing operating support for CDCs.

In several states, coalitions of community groups and others have succeeded in convincing state governments to include a pool of capacity-building funds as part of a Housing Trust Fund. The importance of this was dramatically illustrated in Texas, where CDCs throughout the rural

and urban parts of the state received their first substantial funding from the Housing Trust Fund, which was created in response to statewide organizing work by the Texas Low Income Housing Information Service.

There is similar potential in a focussed campaign to convince local or state governments to take full advantage of the HOME program's encouragement that they set aside 5% of their funds for capacity-building. Remarkably few CDCs or coalitions

have yet focussed on the potential for opening up these funds. (Equally neglected is the potential benefit to CDCs of pressing for policies which enlarge beyond 15% the percentage of the HOME production funds which are set aside for CDCs.)

HOME, CDBG, and Housing Trust Funds all furnish opportunities for focussed advocacy by grassroots groups, funders, and others committed to increasing operating support for CDCs. There have been local victories on each of these issues, as well as victories in Massachusetts, North Carolina, and other states in convincing state government to create special state funding programs for CDCs. There is an opportunity for nonprofits and philanthropy in other jurisdictions to build upon this experience.

6. Strategies for Increasing Earned Income:

In recent years, as the competition for charitable contributions and government funds has intensified, nonprofit organizations of all kinds have had to give new thought to ways of increasing their "self-sufficiency" through earned income. Museums, public television and radio, and other mainstream charities have been particularly aggressive in seeking new revenues through the creation of "products" for sale.

The goal of "self-sufficiency" is not new for grassroots community groups. Organizing groups have long been wary of relying too heavily upon outside support, in part because they have feared that their independence might be compromised by this dependency. Many have therefore stressed the development of a dues-paying membership, extensive grassroots fundraising, and heavy reliance upon work by volunteers.

Many CDCs have also been concerned about "self-sufficiency". They have recognized that outside funding is in short supply, and they have often been pressed by funders to focus on projects which can produce an income stream for the organization and, in theory at least, lessen the need for external support over time.

For almost three decades hundreds of CDCs have sought to create economic development ventures which would throw off a substantial continuing income for the organization. Despite the efforts of creative, dedicated, skilled, and often well-financed CDC leaders, these efforts have very seldom resulted in substantial cash. Far more often, the results have been unsuccessful ventures or ventures which have

succeeded in their other objectives -- creating jobs, ownership, and access to services - - but have failed to produce net income for the parent CDC. There is little reason to anticipate that the results will be significantly better in the future.

In recent years the Low Income Housing Tax Credit has enabled many CDCs to earn substantial income from particular housing projects. Tax Credit projects attract private investors who, in return for the taxes they are able to shelter and save by investing in a housing project, are willing to pay substantial amounts to a nonprofit CDC. They are therefore a significant boon to CDC income. However, two eventualities threaten this source of income. First, while the Tax Credit has recently been made a "permanent" part of the Internal Revenue Code, pressures to balance the budget nevertheless make it vulnerable to repeal over the next few years. Second, as other federal subsidies disappear and housing development costs escalate, it will be increasingly difficult for CDCs or anyone else to develop housing which is affordable to truly low-income people even with the Tax Credit.

Another potential source of income for some organizations would be from changes in formulas for reimbursing community groups for "overhead" or "indirect costs". Few grassroots organizations are sophisticated about developing realistic

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projections of their real overhead costs, which could then be charged to government agencies, foundations, or others which fund discrete projects of the organization. Furthermore, while avoiding providing general operating support, most funders also appear reluctant to reimburse groups for any of these real, but indirect, costs.

In an era in which few funders provide general operating support, it is vital that grantees begin to be reimbursed for the full costs of providing a particular service or carrying out a particular activity. This

should include a pro rata share of the supervisory, space, equipment, and other indirect costs. This issue deserves leadership from foundations, corporations, and other funders who are committed to building the viability and internal capacity of community organizations.

Conclusion:

Unless there are great increases in the number and size of sources of general operating support, grassroots groups will continue to struggle along, having great difficulty planning ahead, or expanding their work, or addressing more significant community issues. Their efforts will be stymied, their independence and initiative limited, and their impact severely restricted.

To reverse this situation, leadership and action are needed on a broad variety of fronts, with particular attention to enlarging the "pie" through challenges, incentives, reforms, and example.

At the local level, it would be invaluable if people and institutions stepped forward and assumed leadership for undertaking a thoroughgoing analysis of all the alternative ways to expand core funding, and then concentrating major attention on promoting those approaches which have the best chance of success in the local context.

At the national level, there is an equally major challenge for funders and support organizations which must be willing to consider all the different approaches to expanding the "pot" and then to collaborate in pursuing those which are most promising.

V. INCREASING GRASSROOTS GROUPS' IMPACT THROUGH POLICY WORK

The Need to Have an Impact on Policies:

A brief visit to any low-income neighborhood, or a brief review of any study of the social and economic needs of America's poor people, leads to the same conclusion. Massive additional resources are needed to eliminate, or even alleviate, the problems of poverty in the United States.

For example, recent studies show continuing loss of low-income housing, as production falls and inflation continues to drive rents up. Many cities continue to suffer a net loss of all housing: Chicago alone lost over 40,000 housing units during the 1980's; over 40,000 people now live in Los Angeles' garages.

That situation will become far worse over the next decade because of new federal policies. Congress and the Administration are inflicting massive cuts in funding for public and assisted housing, which will lead to the displacement and worse housing conditions for hundreds of thousands of low-income families.

There is an equally great need for new resources to stimulate economic development and job growth. Over the last decade, the U.S. unemployment rate has stayed high even during periods of recovery. The official rate has seldom fallen below 6% over the last twenty years, and the actual rate of unemployment (including discouraged workers, etc.) has been over 15% ²⁸ for more than a decade. In low-income communities unemployment among male adults often exceeds 50%, with 70% of teenage jobseekers not finding jobs. Los Angeles lost over 220,000 jobs in one decade. Only massive new capital investment will turn this situation around and eliminate the waste of human talent and danger to social stability which result.

These conditions are now worsening. The continuing pressures to balance the federal budget ensure ever-deeper cuts in programs which matter to poor people. Social programs of all kinds -- from day care to health care to housing to income assistance -- will continue to be cut drastically, shredding the social safety net.

²⁸ Figure cited by former Labor Secretary Ray Marshall at meeting of Neighborhood Funders Group, San Antonio, 1996.

In this context, it is clear that the nation cannot possibly meet the needs of its low- and moderate-income people without committing massive new resources. This will take extraordinary changes in policy by the public and private institutions which control those resources.

Often reluctantly, an increasing number of community organizations are recognizing they will have to address these policy issues if there is to be real progress on issues of poverty. Despite the substantial accomplishments of grassroots groups, housing, economic, and social conditions are worsening. Major policy change is essential if the downward spiral is to be reversed and the needs of low-income people and their neighborhoods are to be met.

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Without greatly increased backing for coalition-building, advocacy, and organizing on public policy issues, there will inevitably be further steep declines in living conditions and opportunities for low-income people and neighborhoods.

This will require that supporters of community organizing and development -- including funders, intermediaries and technical assistance organizations, networks and coalitions -- also reorient themselves and redirect their resources. Without greatly increased backing for coalition-building, advocacy, and organizing on public policy issues, there will inevitably be further steep declines in living conditions

and opportunities for low-income people and neighborhoods.

Overcoming Past Reluctance to Address Policy Issues:

Many grassroots groups are thus having to reexamine their traditional reluctance to become involved in advocacy on policy issues. This is particularly difficult for CDCs and community-based service providers, many of which historically have been reluctant to take on policy issues.

This reluctance has stemmed from several factors. CDCs, for example, have

often believed that advocacy would backfire, that government agencies, banks, and other major institutions would be less cooperative if they saw them as controversial or adversarial. This belief has been encouraged by some funders and other institutions, increasing fear that key supporters might be scared away by any advocacy roles that CDCs might play.

Furthermore, the leadership and staff of many CDCs are more oriented toward working on particular projects in a businesslike way, and are uncomfortable playing an advocacy role. And many historically have had neither the community power base nor the coalition-building and political skills needed to be effective in pressing for policy change.

Community-based service providers face a similar situation. Heavily dependent upon government funding, increasingly professionalized, and often oriented toward treating low-income people as clients rather than active constituents, even those groups which once were involved in grassroots organizing and advocacy are often reluctant to return to those activities. However, with government cutbacks, worsening conditions, and the shifting of increasing amounts of power to state and local governments, many of them are now having to rethink that reticent stance.

Even community organizing groups which are accustomed to taking on controversial issues have traditionally been reluctant to address large policy issues. Their emphasis on tackling issues which people already feel, understand, and care about makes it difficult for them to be proactive on large, emerging, often abstract policy issues. Furthermore, their determination to focus on issues which are immediate and "winnable" leads them to steer away from issues on which victory is uncertain, even when those issues are of overwhelming importance. The basic principles of "good organizing" thus can stop them from addressing major policy issues.

Despite all these obstacles, an increasing number of grassroots groups are under pressure to take on tough policy questions. If they don't, they will continue to see their constituents and neighborhoods voiceless and powerless on the issues which are most central to their lives.

A growing number of CDCs are therefore focussing on key resource issues in which their organizations have a direct self-interest -- banking and credit, the distribution of federal Community Development Block Grants and housing subsidies,

access to economic development funding, the creation of new funds for housing, and preservation of subsidized housing in their neighborhoods. Similarly, an increasing number of community organizing groups are testing out their strength on statewide issues. Their goal is to build real power at the state level as governors take on increasing responsibility for administering federal programs.

A major question will be whether outside supporters of community organizing and development, including funders and support organizations, will rise to the challenge, or whether they will continue to give signals and allocate their resources in ways which limit activism on critical public policy issues.

Local Capacity and Potential:

1. The Challenge for Grassroots Groups:

Grassroots groups are facing enormous challenges as they take on major policy issues. Already overstretched groups are trying to address larger issues than they have tackled before. Many are having to develop new skills in areas in which they may

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have been weak -- community organizing; the substance of particular policy issues; and the education of their members, leaders, and staff on major issues. They are having to form coalitions and alliances with other groups, some of which may be rivals for funding or turf or historic reasons. And they are having to piece together the financial and people resources with which to mount a significant effort.

Groups taking on this challenge will thus need assistance on all the issues which have been discussed in this paper -- reinforcing their community organizing, facing major new organizational development challenges as they broaden their agendas and take on tough new work, and placing new demands on the core funding which gives them the flexibility to respond to emerging needs. It is imperative that funders and other supporters of grassroots efforts redirect themselves and help community groups build the power and capacity they need to respond to these new circumstances.

2. Existing City-wide and Statewide Coalitions:

Over the years, grassroots organizations of various kinds have built a number of city-wide and statewide coalitions. These vary considerably in policy focus, constituency, power and capacity. Some have had already had a substantial impact on policy, while others have not.

It is not easy to describe this landscape coherently because it differs so much from state to state.²⁹ For example, there are now statewide housing coalitions in most states, but they differ enormously in their levels of strength and effectiveness. In many of these same states there are statewide coalitions of CDCs, and in some there are also state coalitions on banking, reinvestment, and CRA issues. These states may also have coalitions on several other issues of concern to low-income organizations. For example, Massachusetts has separate statewide coalitions on health care, social welfare policy, and other issues as well as ones on housing, CDC concerns, and reinvestment.

These coalitions, and the counterparts in other states, range greatly in the extent to which there is active, effective involvement of real grassroots organizations. Most depend instead upon leadership from progressive activists and nonprofit agencies which serve but are not controlled by low-income people.³⁰

In many parts of the country, there are very few vehicles for low-income leaders or their allies to affect state policy on any issue. States which have relatively few grassroots organizations, in which private funding is scarce, or in which distances are great are particularly likely to lack state coalitions which can mobilize people on critical issues. Another key variable is the extent to which the state political environment is hostile to the interests of poor people and the organizations which represent them.

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²⁹ CCC will be conducting a survey for the Mott Foundation of technical assistance resources which are available to help link grassroots and state action and of state coalitions' current links to grassroots organizing. It will be completed in 1997.

³⁰ See recent paper Ready or Not: An Assessment of Low-Income Advocacy in California, by Rachel Timoner, published as part of the "Working Paper Series" of the Applied Research Center.

In general, it is far easier for neighborhood groups and other local organizations to participate actively in a nearby city-wide effort than to be actively involved on a continuing basis state-wide. However, there are considerable differences from city to city. Some have rich traditions of city-wide and state-level coalitional work with substantial grassroots involvement, while others have virtually no vehicles for community groups to use to exert influence at the city, county, or state level.

For example, Chicago has built up a stronger infrastructure for joint work on policy issues than most cities. There are ongoing, staffed coalitions on housing and commercial and economic development issues (the Chicago Rehab Network and the Chicago Association of Neighborhood Development Organizations). Furthermore, while not a coalition itself, the Chicago Workshop on Economic Development (CWED) provides a forum in which community groups routinely come together for joint work -- the prerequisite to joint action on policy. And organizations like the Statewide Housing Action Coalition (SHAC), the Woodstock Institute, the Center for Neighborhood Technology at Northwestern, the Gamaliel Institute, the Midwest Center for Labor Research, UNO, the headquarters of National Peoples Action and the Midwest Academy and other organizations all provide expertise and opportunities for joint action within the state or on a broader plane.

A key reason for this richness of activity is that several local funders have actively supported the growth of this infrastructure for policy work. The Woods Charitable Fund, the Wieboldt Foundation, the MacArthur Foundation, and Chicago Community Trust are committed to encouraging broader policy change as essential to saving and revitalizing Chicago's low-income neighborhoods. Philanthropic support has been critical to the vitality of these efforts.

Another key factor in the health of this sector in Chicago was the Administration of Mayor Harold Washington. Winning with heavy neighborhood support and committed to the development of Black, Latino, and other community groups, Washington was one of the few American mayors who respected the need for CDCs and other organizations to maintain their advocacy stance, even with a friendly administration. His Administration therefore steered technical assistance contracts and other assistance to key support organizations in the City, helping them grow while not infringing on their independence.

Most cities have not had the good fortune of funders who understood the importance of public policy work, let alone a period of friendly local government. It is therefore very common to find that local coalitions are run on a volunteer basis, with little or no funding. Consequently, most local coalitions have only a limited capacity to reach out to broaden their membership or to research issues, monitor ongoing policy debates, and alert and mobilize their members at critical decision-making times.

Despite these constraints, some volunteer coalitions have a substantial impact.

In Detroit, for example, CDCs like Warren-Conner Development Coalition, Cass Corridor Neighborhood Development Corporation, and U-SNAP-BAC have influenced city CDBG and public housing policies despite their lack of substantial funding and the adamant opposition of former Mayor Coleman Young and others. The groups felt that the issues were so important to their communities that they must be addressed, even though this took substantial time from the staff and leadership of the member organizations and was pursued at some risk to the CDCs' self-interest in resources. During the Coleman Young years, they devised strategies which were often successful despite the Mayor's opposition. They developed support from the City Council, the courts, and others to balance resistance from the Mayor.

Now, under a new Mayor, those community groups face a substantially changed environment. Several key community leaders are in the new Administration and many doors are now open. Community groups played a central role in developing plans for an Empowerment Zone, often being the determining voice on such issues as which neighborhoods would be included in this major revitalization efforts and what projects would receive priority.

However, being realistic about the City's financial condition and other priorities, the grassroots groups have purposely kept up their advocacy work. For example, through PLAN -- a coalition created and staffed by the United Community Housing Coalition -- they are continuing to press for reforms in public housing. Their goals include drastic changes in management and rehabilitation of the thousands of public housing units which are now vacant and uninhabitable.

In another move to reinforce their power and capacity, CDCs and community groups in Detroit are exploring how to strengthen their outreach, organizing, and constituency-building. An integral part of this is participation by staff from two dozen

organizations in a six-day training program on community organizing.

A particular challenge for the immediate future is the need for quick action to close the gap between grassroots groups and statewide coalitions. The latest wave of block grants, including welfare reform, have given the states a far more central role in deciding the issues which matter most to poor people. It is therefore essential that community organizations obtain the support they need to convene new coalitions and alliances and rejuvenate old ones so they can represent the interests of poor people and communities of color on the massive issues now being decided at the state level.

3. City-wide and Statewide Organizations:

In addition to coalitions and alliances of independent organizations which focus on city or state issues, there are several examples of single organizations which have city-wide, county-wide or even state-wide membership and scope.

In Iowa, for example, Iowa Citizens for Community Improvement (or ICCI) has organized people to work at both the local and statewide levels for almost two decades. The statewide organization is composed of local chapters, each of which has its own membership and leadership. The bigger local chapters also have their own staffs.

Local chapters focus on neighborhood and city-wide or county-wide issues, such as the allocation of CDBG funds or crime or schools. The statewide organization concentrates on issues which either the state government or some other major entity controls, such as groundwater contamination, lending policies, or credit and government policies affecting the viability of family farms.

Some of the organizing networks are building toward statewide influence. For example, Texas Interfaith is composed of all of the Industrial Area Foundation's affiliates throughout Texas. It has worked on statewide policy toward the colonias of the Rio Grande, job training, and housing. It has also developed a substantial research capacity which backstops local IAF groups as well as the statewide organization's policy work.

Similarly, PICO recently formed a California-wide organization to represent the interests of PICO's chapters in San Diego, San Jose, Oakland, San Francisco, and elsewhere at the state level. Their first initiative has been on statewide educational

policy. This is a concern for all of their member groups because the effectiveness of those local organizations' campaigns to establish charter schools or create vocationally oriented schools like Aviation High is heavily dependent upon state legislative and administrative policies.

The implementation of welfare reform, the shift to managed care and cuts in Medicaid, the threat to assisted and public housing, the elimination of federal safeguards on a host of vital programs -- all these are vivid illustrations of the need for joint action at the state, county, and city level.

Typically, these statewide organizations work on policy issues by themselves or in loose alliances with other groups, rather than as members of

ongoing coalitions. They see this as essential to their organizing strategy, of building their own membership and chapters into increasingly powerful vehicles for change. They are leary of involvement in coalitions with other organizations which either are potential rivals or do not have an "organizing agenda" (and thus are not sensitive to the need to pursue strategies which systematically build leadership and power over time).

While this stance is understandable, it further complicates the task of fighting and winning immediate policy battles on issues which are extraordinary importance to poor and working people. The implementation of welfare reform, the shift to managed care and cuts in Medicaid, the threat to assisted and public housing, the elimination of federal safeguards on a host of vital programs -- all these are vivid illustrations of the need for joint action at the state, county, and city level, and of the need for that action to involve the broadest possible alliances.

4. Special Challenges for CDCs as Advocates:

In many cities and states, CDCs have been in the forefront in convincing their governments to create Housing Trust Funds. These entirely new, growing sources of funds now provide over half a billion dollars a year in subsidies for low-income housing in several dozen jurisdictions. In Washington State, for example, community

groups formed the Washington Housing Trust Fund Coalition. Through the Coalition, they joined together with housing activists, progressives in a number of cities and towns, and others and succeeded in convincing the legislature to create and gradually expand a Trust Fund which now provides millions of dollars each year for low-income housing.

The reluctance of CDCs to take on policy issues seems to be receding gradually, in part because of their increasing desperation for resources and broader change in their communities. As CDCs become more involved on policy questions, they follow a number of different strategies.

Some CDCs have found coalitions to be crucial vehicles for policy work. In addition to the obvious reason for working in coalition -- the strength which comes from numbers -- CDCs gravitate towards coalitions because they feel less visible and vulnerable to retaliation when they are among many groups working on an issue. CDCs in New York City, for example, created the Association of Neighborhood Housing Developers as a vehicle for confronting city government on a series of housing issues while member CDCs continued to depend heavily on contracts with city agencies.

CDCs have also found it useful to coalesce with groups which are not so enmeshed in partnerships. Community leaders free from the fear of losing contracts or other support often emerge as the most vocal leaders on tough issues, providing CDCs with "cover" and forceful allies. It is noteworthy that, after lengthy discussion, New York's Association opened up its membership to non-CDCs and renamed itself the Association for Neighborhood Housing and Development in order to gain this additional constituency and strength.

These examples demonstrate that CDCs often can strengthen their access to resources by being tough, perhaps controversial advocates as well as skilled developers. They thus demonstrate that CDCs may have been overly cautious when they have avoided advocating policy issues which they fear would offend major institutions.

Nevertheless, it would be simplistic to say there is no cost to engaging in direct advocacy. There are a good many examples of where local governments or others have, in fact, retaliated when community groups have raised issues, just as there are many cases in which advocacy has led to closer, rather than more strained,

relationships. It is therefore essential that any CDC or neighborhood organization carefully analyze the institutional and political situation it faces as it considers how to be most effective in obtaining resources and cooperation for improving its neighborhood.

In other locations, CDCs which have been reticent to take a public position on a controversial issue have quietly encouraged community organizing groups or other organizations to do so. Sometimes this encouragement is substantial and carefully planned to ensure that the advocacy serves the CDCs' purposes and has sufficient resources to be effective. In such situations the Development Corporations may channel funds to the advocates or encourage funders to support them. They may meet frequently with the activists to discuss the kinds of policy changes which would be most useful for their communities and development projects. And, while playing no public role on the issue, they may discretely mobilize their own supporters in the private and public sectors to back those changes.

More often CDCs step back farther from the advocacy and play a more passive role, counting on others to promote their interests. This approach is natural for groups which shy away from advocacy generally and are burdened with many other immediate responsibilities.

However, it may leave too much to chance. For example, organizing groups and advocates addressing an issue like lending practices may be concerned about consumer credit needs or fair lending practices rather than about the particular credit needs CDCs face as they try to finance development projects. Furthermore, even if activists are concerned about development finance, they may well not have sufficient knowledge of development projects to know what changes in bank lending practices would, in fact, meet the CDCs' needs.

The same risks occur on other issues. On CDBG, for example, organizing groups may be more concerned about funding for social services than about increasing operating or project support for CDCs. Housing activists mobilized to influence the HOME program may neglect to push their local government to set aside 5% of their HOME funds for operating support for CDCs. To protect their own interests, CDCs must be close enough to the advocacy to influence its goals and negotiating stance.

Finally, such a "backseat" role increases the risk that organizing groups and activist coalitions, which have an especially difficult time raising funds, will continue

to lack the resources and staffing they need to have maximum influence. CDCs recognizing their self-interest in promoting advocacy but choosing to avoid direct involvement must weigh what they could gain by approaching advocacy as they approach development projects -- with a thorough plan for making sure the resources, knowledge, and organizational strength are in place to achieve success.

Advocacy coalitions can be effective and powerful even without much money. But that makes their task immeasurably more difficult and, unless they have extraordinary leadership, often impossible.

In Texas, for example, the Texas Low Income Housing Coalition has had a major impact on state housing and development policies despite its tiny budget. Operating on a shoe-string, often with a staff of one or two people, the Texas Coalition has functioned remarkably well. Skillful organizing, a willingness to live on sacrificial salaries, and strong volunteer leadership have kept the group together and enabled it to have a massive impact on statewide housing policy.

The Texas Coalition was especially effective during the Administration of Governor Ann Richards. It succeeded in gaining passage of a state Housing Trust Fund to provide more than \$25 million a year for low-income housing. Ten percent of these funds were dedicated to capacity-building -- core operating support for fledgling groups along the Rio Grande Valley and elsewhere in Texas. The Coalition also was a major force in convincing the state to:

- o junk its unsuccessful state housing finance agency;
- o create a new Department of Housing and Community Affairs with low-income and CDC representatives constituting a majority on the Board;
- o select a director who was sympathetic to grassroots housing efforts; and
- o give priority to supporting community-controlled nonprofits.

SHAC in Illinois and other state housing and CDC coalitions have also had a significant impact despite their severe shortage of resources. SHAC, for example, took the lead in a successful campaign to win passage of a state housing trust fund. It later won significant expansion and improvements in the initial fund and a number of other statewide issues.

These local and statewide associations and coalitions are all of immense value to CDCs and others committed to neighborhood revitalization. At low cost, with small staffs, they often have a remarkable impact in increasing the resources available for low-income development projects.

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Their impact is equally extraordinary in creating other essential policy reforms, such as major changes in zoning policies, linking strong "first source" hiring requirements or affirmative action to government, changing tax foreclosure and property disposition policies, or convincing financial institutions to change their underwriting criteria or establish special reinvestment programs.

To have an impact on community development, there is no better investment than in the policy work of these organizing groups and support organizations. A relatively small grant can lead to a major shift in the flow of public or private resources or other essential reforms, with an extraordinary multiplier effect that makes many other gains possible.

Strategies for Increasing Policy Work:

1. Strategies for Expanding Funding for Coalitions:

Raising core funding is even more difficult for local and state coalitions than it is for grassroots organizations. Many funders find it difficult to understand what a coalition does and how it differs from the work of its member groups. Few understand how important it is that there be vehicles which bring many actors together to work on issues which are too big for any one group. Few understand how difficult and time-consuming the process of coalition-building is, and how much staff-time, travel money, and support it takes to be successful. They thus underestimate the value of coalitions.

Another principal obstacle to funding is that many funders are nervous about supporting any organization which is trying to influence public policy. Sometimes

this reflects their funding guidelines or the conservatism of their leadership; at other times it is based on an overreaction to the limitations imposed by the Internal Revenue Code or to the political tenor of the times.

These obstacles add to the already formidable constraints which are posed when any nonprofit seeks operating support, which are discussed above. These include some funders' lack of understanding of the need for this flexible, capacity-building money, and their uncertainty about how to evaluate results. This unsureness about evaluation is amplified when the donee is a coalition, not a single organization, as it sometimes is difficult to distinguish between the impact of a coalition and that of its individual member groups.

Therefore, a key building block of any strategy for strengthening existing coalitions must be to expand their access to core funding. In particular, it is essential that national funders play a leadership role in providing grant support to coalitions, and in challenging local and regional foundations and corporations to do likewise.

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There have been relatively few national initiatives over the years which have had this impact. One of the earliest was the development of the state hunger coalitions as a fundamental component of a broad strategy to increase poor people's access to food stamps, school lunches, and other safety net programs.

Through the Food Research Action Center, or FRAC, a number of foundations and church groups joined together to support the development of staffed coalitions in several states, especially in the South. Each then brought together existing groups and organized new ones to ensure that people knew of their rights under the federal programs, were treated fairly in administration of the programs, and had a strong voice on future policies, funding levels, and other issues which were important to their well-being.

Other initiatives to strengthen state and local coalitions have included --

- o funding by the Rockefeller and Edna McConnell Clark foundations of local coalitions on General Revenue Sharing through a national project involving four national organizations;

- o funding in the 1980's by the Field Foundation and others of the Coalition on Block Grants and Human Needs to enable the Coalition to provide operating support and technical assistance to state coalitions which were mobilizing people to work together as the Reagan block grants were implemented;
- o funding by Ford and others of the National Congress for Community Economic Development to support the development of new state CDC coalitions; and
- o funding of state housing coalitions through the Low Income Housing Information Service, to strengthen those coalitions' ability to intervene in changing housing and planning policies.

There have also been rare examples of the federal government providing operating support for citywide and state coalitions working on policies of importance to poor people. One of the most ambitious of these was the National Citizens' Monitoring Project on Community Development Block Grants (CDBG). That project funded coalitions in more than eighty jurisdictions to enable them to hire staff to monitor and analyze how local governments were implementing that important federal program, which is the largest flexible source of federal funds for community development and neighborhood improvement.

With funding from the national citizens monitoring project, community groups formed coalitions to press for CDBG policies benefitting their neighborhoods and providing resources for community-controlled nonprofits. For example, Philadelphia still follows policies pressed upon the city in the 1970's by a coalition formed by the Tenant Action Group and supported by the national Working Group for Community Development Reform: almost twenty years later, it still allocates a minimum of 50% of its CD funds for housing.

In many states and cities there currently are no effective coalitions of grassroots groups and their allies. This is particularly common at the state level.

Community groups have been far more accustomed to dealing with the federal government (which has provided direct funding of various types) and the local government (which controls such critical resources as CDBG and is near at hand) than with the states. State capitals have been geographically distant and frequently unresponsive to inner city concerns. Furthermore, historically they have been relatively unimportant on the issues which have most preoccupied community

organizing groups, CDCs, and other low-income organizations. That, however, is changing dramatically with the latest wave of block grants and devolution to the state level.

There is, therefore, a great need for support for building new coalitions to fill in the gaps and take on the issues which will now be decided at the state and local levels. This will require a substantial infusion of new funding for staff and basic operating expenses for a whole new set of coalitions -- a major challenge for foundations, corporations, and other funders, but an urgent necessity for low-income people and their communities.

2. Strategies for Providing Organizing Help, Training, and Other Assistance:

Local and state coalitions usually need more than funding. They need training and technical assistance from people who have experience in coalition-building and in the substance of the coalition's principal issues. They need linkages to coalitions and other peers elsewhere from which they can learn and gain a sense of support and involvement on a broader stage.

In facing these issues, community groups can greatly benefit from having access to advice and assistance from people who have dealt with similar challenges. The practical experience of people who have built coalitions before, as leaders or organizers or technical assistance providers, can be invaluable for groups for which this is new and unfamiliar.

The new challenges are of both process and substance.

The process of building alliances across neighborhood, racial, and economic boundaries, among groups with widely varying priorities and styles is extremely challenging. It requires strong organizing and coalition-building skills -- in consulting and listening, analyzing each group's self-interest as background for determining their mutual interests, assessing the relative power of the coalition and the groups it seeks to influence, surfacing and developing common leadership, keeping disparate groups working together, and identifying unifying, achievable goals. Community groups wrestling with these issues or deciding how directly they should be involved in advocacy or how they might quietly support advocacy need access to people with coalition-building and organizing experience who can help them resolve these issues.

Groups also require access to knowledge of the substantive issues on which they are working. They obviously greatly benefit from advice from specialists who can help them identify and consider the pros and cons of alternative changes in current policy. On housing trust funds, for example, CDCs and others can be far more effective if they have advice from someone who can review the more than three dozen alternative sources of revenue which groups elsewhere have tapped for their trust funds, or analyze the comparative advantages of alternative approaches to using trust funds to provide operating support to nonprofit developers.

Some national technical assistance providers and organizing networks have great expertise on these process and substance questions. Having observed many groups in different locales facing these tough questions, they can provide a great deal of practical advice to grassroots groups and coalitions. National People's Action's expertise on housing, community reinvestment, and anticrime program has been built up over more than twenty-five years. ACORN's strengths include its growing experience on living wage and jobs issues, as well as its knowledge of insurance, banking and lending, housing, and other community issues. CTAC's extensive work on education reform, the Eisenhower Foundation's concentration on crime and safety issues, PICO's experience with school to work and charter schools, CTWO's work on youth, school, gender, and racial issues, and the deep substantive knowledge of many other support organizations are all assets to groups with which they work. But like the grassroots groups they serve, each of these organizations is severely constrained in its ability to provide help to large numbers of organizations throughout the country.

One approach which has proven to be especially effective in addressing a particular substantive issue has been to create a national project with sufficient funding to provide both the operating funds and the training and technical assistance which people need as they move to create a new coalition or to strengthen an existing one.

The National Citizens' Monitoring Project on CDBG furnishes a prototype of this approach. Federal funding enabled the sponsoring national coalition to assemble a highly skilled national staff, develop a research design to guide local groups in monitoring and understanding the CD program, and select, fund, train, and assist local groups to carry out the research. At the local level this gave organizations the ability to hire staff, analyze whether the program was being administered in accordance with the law and meeting community needs, and develop broad coalitions to address any policy issues which emerged from the monitoring.

The Monitoring Project pursued its local coalition-building in phases. In its first year it focussed on funding and strengthening coalitions which were already in existence. This allowed Project staff the opportunity to build a network of relatively strong groups and learn lessons from their experience which could be applied in cities without coalitions. It also gave them more lead time to figure out the most effective ways to stimulate the creation of new coalitions.

A local TA center or an ongoing, staffed, multipurpose coalition can greatly increase the number and effectiveness of campaigns on policy issues which are central to low income communities and the groups which represent them.

In the second and subsequent years, the Project took a very proactive stance toward coalition-building. It

searched out and then funded local catalysts for joint action, sometimes a key grassroots group, or local TA provider, or even an individual who had the organizing skills, credibility, and contacts needed to bring people together to form a new alliance.

This work of catalyzing new policy work is difficult from a distance. It can be greatly facilitated if the stimulus and skills of a national project are supplemented by a local group which can provide continuing advice on organizing, coalition-building, and negotiating. Advocacy campaigns often founder on the tough issues of strategy, tactics, and conflicts in personality and priorities which surface daily. Coalition leaders and individual groups which are part of this process benefit from being able to turn to people who are nearby, accessible, and intimately familiar with the local scene as they grapple with these problems. A local TA center or an ongoing, staffed, multipurpose coalition with this expertise can greatly increase the number and effectiveness of campaigns on policy issues which are central to low income communities and the groups which represent them.

3. Strategies for Linking National with State and Local Action:

There are many examples of the results community groups can gain by focussing their advocacy on the national as well as the local level. In fact, some of the greatest successes have come from efforts which carefully combined national and local strategies.

There would probably be no substantial reinvestment movement without the key federal tools which groups use in their research and advocacy with particular financial institutions -- the Home Mortgage Disclosure and Community Reinvestment Acts. CDBG struggles at the local and state level would be crippled without the federal protections won over the years by coalitions of local and national groups.

Some of the greatest successes have come from efforts which carefully combined national and local strategies.

A current example of the advantages of a local/national strategy is related to the new federal HOME program of housing subsidies. CDCs would have substantially less access to HOME funds if community groups and their national allies had not banded together to influence housing policy. Together they developed plans for a "Community-based Housing Supply Program", which, with major changes, was eventually incorporated into the HOME legislation. As a result, sections of the HOME program set aside a portion of the funds for CDC projects and target technical assistance, core operating funds, predevelopment funds, and other aid to community-controlled nonprofits.

Local groups thus were in on the design of the new federal program. While Congress reshaped the design substantially, the "CHDO set-aside" requirement that 15% of home funds go to "Community Housing Development Organizations" has given CDCs access to funds for much-needed housing in their communities.

The CDBG project was designed specifically to help local groups address issues at the national as well as the local level. When local groups tracked how CDBG money had been spent locally and how decisions had been made, they provided this information to the national staff, which assembled annual reports aggregating the data from the many sites. Local leaders succeeded representatives of national organizations as the leadership of the national Working Group. They became the architects of the national policy work, the key spokespeople.

Advocacy at the national level resulted in many federal policy changes. These included a federal requirement that 70% of these funds be spent on projects which benefit low- and moderate-income people. Stronger citizen participation, civil rights, reporting, and other important safeguards also resulted from this struggle.

Conclusion:

If there are to be substantial gains in the fight to save and improve low-income neighborhoods, private philanthropy and, indeed, government should focus on promoting positive policy change at the local as well as the national level.

In their local work funders should channel far more support to organizing groups, coalitions, alliances, and the technical assistance organizations which advise and assist them.

If there are to be substantial gains in the fight to save and improve low-income neighborhoods, private philanthropy and, indeed, government should focus on promoting positive policy change at the local as well as the national level.

It is especially important that they assess each city, state or region which concerns them to understand the extent to which there is a support system for policy work. They should identify key coalitions, alliances, organizing groups and other actors, learn what issues they are working on and how effective they are, ascertain how they interrelate and what their resource needs are, and then target their funds to strengthen this

network. This would give CDCs and community groups a greatly enhanced ability to monitor and influence the policies of key public and private sector institutions, and then to move forward on practical projects to improve their neighborhoods.

VI. BUILDING SUPPORT SYSTEMATICALLY

After more than three decades of growing accomplishment, grassroots community groups have proven they can play a critical role in solving many of the nation's most desperate problems.

Financial support for these organizations has been relatively small. Advice, assistance, and training have been limited and hard to find. Grassroots groups have faced strong resistance from many public agencies and others. And they have tackled seemingly intractable issues of poverty and powerlessness, of housing, jobs, crime, schools, and inadequate services.

Despite these obstacles, community groups have grown exponentially in number, sophistication, and accomplishment. It is truly extraordinary that -- over a short period of time -- literally thousands of neighborhoods and rural communities have created their own organizations, won increasingly important victories, and launched so many successful social service programs and community development projects.

Now that grassroots groups have proven themselves, it is time to concentrate on building much more substantial systems of support for their efforts. Low-income communities need and deserve access to new sources of financial and other support. New levels of support are required so that underorganized communities can create the new organizations they need, and so that existing grassroots groups can strengthen and sustain themselves and increase their impact through policy work and efforts of increasing scale.

This will require concentrated work at two levels.

First, it will require that funders, technical assistance and training organizations, coalitions, and other supporters of community organizing and development concentrate heavily on **building holistic systems of support for grassroots efforts at the local and regional levels.**

This paper provides dozens of illustrations of the kinds of systems which have proven to be effective in helping low-income people gain access to assistance as they take on self-help responsibilities in their own communities. However, these prototypes are scattered and isolated. The result? While groups in one area or region

advantage of the remarkable potential of grassroots community organizations, there must be major new investments of money and time in building the local and regional systems of support which community groups need to grow and flourish.

Second, supporters of community organizing and development must concentrate heavily on an even more ambitious agenda. Local community groups and their supporters at all levels must focus a portion of their time and attention on pursuing major policy changes so that the public and private sector make far more serious commitments to grassroots community organizations and the support systems which help them grow.

The task of rejuvenating thousands of communities is herculean. Each of those communities faces great difficulties as poverty worsens and public and private sector neglect take their toll. Now that grassroots organizations have proven their potential, it is time for the community leaders, funders, and others who have been the pioneers in community organizing and development to band together to develop a joint strategy for calling the nation's attention to their success and to the extraordinary ways in which everyone in the country would benefit from focussing massive new support behind helping these grassroots efforts grow in power, capacity, and impact.