

# Understanding the **Philanthropic** **Character** of Communities

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## Insights from Two West Michigan Communities

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# Executive Summary

What does it mean to say that a community has a distinct philanthropic character — a set of common patterns, practices, and cultural norms that distinguish a community's giving? How should the nature of philanthropy at the community level be measured and assessed? How does the philanthropic character of a community shape future giving and the quality of life for residents?

Questions about the common patterns, practices, and cultural norms regarding philanthropy in a community require systematic, sustained, and carefully designed research on philanthropic dynamics at the community level. The exploratory study presented in this report is meant as a first step toward developing a methodology for such research.

We developed a method for assessing philanthropic character and applied it to the West Michigan communities of Grand Rapids and Kalamazoo, two cities that share many attributes but nonetheless seem to exhibit some marked differences in their philanthropic character. In both places, small groups of major donors with local roots have invested heavily to revitalize the urban core, develop a strong arts and culture infrastructure, support education and social services, and generally make their community more appealing. However, the two communities are usually perceived as having very different philanthropic characters. Using our methodology, we are able to identify certain differences in how donors in the two communities give.

The methodology that we developed proved to be useful in identifying the unique philanthropic characters of the two communities where it was applied. In brief, the methodology involves analyzing publicly available quantitative data to identify the key dimensions and patterns of giving in each community, and then asking key informants to respond to and explain the patterns that emerged. In developing and applying our approach, we asked our key informants to explain the differences between the two communities. Further testing of the methodology is needed to assess how well key informants can describe their own community dynamics without having another community as a reference point. Another approach might be to make comparisons to national averages.

The profiles based on the quantitative and qualitative analysis and the appended case studies paint a picture of two communities where local philanthropists have made extraordinary contributions to economic vitality and the quality of life for residents. In both places, philanthropic dollars and leadership have been essential to preserving the health of the two communities and preventing the kind of economic and population declines that have characterized many other cities in the region. Yet while these communities share many fundamental features, our analysis raises some interesting and meaningful differences in their philanthropic character. These differences range from the preferred vehicles for giving and the degree of coordination among major donors to the preferred issues supported by the largest foundations and donors.



One important question that has not been answered here (and may be difficult to answer at all) is whether one type of community philanthropic character or another is more effective at enticing others to give. Answering this sort of question requires having the tools to measure and describe a community's philanthropic character. We aim to provide those tools in this report.

The methodology for describing a community's philanthropic character introduced in this report needs to be tested in diverse communities, including ones with notable differences from the two places explored as test cases here — e.g., larger, smaller, and more rural areas, as well as communities with larger populations of different ethnic groups. Grand Rapids and Kalamazoo are older, manufacturing-based communities. Cities and communities that have developed more recently, with more technology-based economies, would also be important places to test our approach.

What we learned in applying our methodology in these two communities raises many interesting questions for further research. For example, how fixed is a community's philanthropic character? And how is it transmitted over time? How is the culture of giving in a community learned inside families or family foundations, and does this same learning happen if a family gives through a community foundation? Do the next generations have the same issue priorities or opinions about anonymity? We believe that our assessment methodology provides a research tool to help track these generational changes as they may occur.

In addition to scholars of community philanthropy, our approach may be of interest to staff from emerging foundations and fundraisers, helping them to better align their investment and development efforts with the philanthropic character of the community in which they work. Understanding the role of family and community foundations and how elite donors relate — or not — to these institutions will help shape development campaigns and appeals.

More broadly, we believe any member of a community will find it useful and interesting to see how charitable resources are raised and deployed in their community, and how their distinctive giving norms operate. By understanding their philanthropic identity, they can enhance and better coordinate overall giving in their community for the benefit of all.



# Introduction

What does it mean to say that a community has a distinct philanthropic character? What are the common patterns, practices, and cultural norms that make up this character? How should the nature of philanthropy at the community level be measured and assessed? How do philanthropic patterns and norms shape future giving and the quality of life for residents?

Questions like these require systematic, sustained, and carefully designed research on philanthropic dynamics at the community level. The exploratory study presented in this report is meant as a first step toward developing a methodology for such research.

To develop our methods, we applied them to the West Michigan communities of Grand Rapids and Kalamazoo, two cities that share many attributes but nonetheless seem to exhibit some marked differences in their philanthropic character. In both places, small groups of major donors with local roots have invested heavily to revitalize the urban core, develop a strong arts and culture infrastructure, support education and social services, and generally make their community more appealing. However, the two communities are usually perceived as having very different philanthropic characters. Using our methodology, we identified certain differences in how donors in the two communities give. Collectively, these differences give useful insight into the different philanthropic characters of these two communities. While this report does not offer a definitive depiction of philanthropy in these two particular communities, it refines the methods that can be used for further research toward that full picture.

Our methodology and this report draw on two complementary data sources — first, an extensive analysis of existing quantitative data on major donor giving, and, second, qualitative interviews with community leaders who have close knowledge of philanthropy in these two communities. Both sources of information provide an initial sense of what we call the “philanthropic character” — the common patterns, practices, and cultural norms of giving — in each community. We compare

these patterns, practices, and norms throughout this report. Using published reports and public websites, we also explore philanthropic character through three *Philanthropy in Action* case studies included in this report and examine the role that philanthropy has played in arts and culture, downtown development, and K–12 education in each community.

Possible explanations for the different patterns and the reasons behind each community’s character are offered by leaders who know these communities very well. Again, these possible explanations set the stage for additional research and frame a model for researching these dynamics in other communities.

We conclude that our methodology, while in need of further refinement, can be used to carry out a close analysis of the dynamics of community philanthropy and thereby come to a better understanding of a community’s philanthropic character and its significance. We hope to continue to refine this work by conducting these analyses in partnership with other communities.

## Analytical Approach and Methods

In-depth case studies of local communities are not common in the literature on philanthropy. However, there is a vast amount of research into the factors that influence philanthropy, and we drew upon this literature to develop ideas about how to study philanthropy at the local level. Research into individual determinants of giving examines how demographics, beliefs, values, and social capital influence the likelihood and intentions of giving. At the community level, research has revealed how social networks, corporate culture, political ideology, local economic status, and the tendency of organizations to mimic other organizations can all affect community norms and patterns around giving.

Previous research attempted to identify which of the above factors determine whether a community is “generous” or “stingy,” and called for more in-depth case studies to understand these patterns (Wolpert, 1995). A previous comparative study analyzed how two California cities



responded to similar external forces. Over time, each city's distinct approach to community development was reinforced, producing cultures with divergent underlying processes and outcomes (Molotch, Freudenburg, & Paulsen, 2000).

Our methodology includes several components. *Giving USA* has developed a method to analyze the giving patterns in a community by estimating the level of individual, foundation, corporate, and bequest giving. In the fall of 2014, the Dorothy A. Johnson Center for Philanthropy used this method to develop estimates of giving for Kent and Kalamazoo Counties, home to the two cities examined here, using the then-most-recent data from 2012.<sup>1</sup> While the data show that a large proportion of philanthropy in both communities comes from foundations, estimates such as these do not provide any explanation of why certain giving patterns exist or how the funds are dispersed.

Additional data from the Foundation Center and the *Million Dollar List* database of large gifts were analyzed to explore other possibly important differences, such as the comparative roles of different kinds of foundations and the priorities of major donors.<sup>2</sup> We also analyzed published reports and secondary data that compare philanthropic engagement around arts and culture, downtown development, and education — three important spheres for philanthropic activity in both communities. This enabled us to create the *Philanthropy in Action* case studies that highlight the different philanthropic approaches in the two communities. Details of the sources and methodology for the quantitative analysis can be found in Appendix A.

To go beyond the descriptive data and deepen our understanding of community dynamics, we identified twenty-seven individuals to interview from our networks and knowledge of the communities. These interviewees included community and family foundation executives, financial advisors, economic development officials, and major fundraisers. (Interviewees are quoted verbatim

here, but are not identified by name.) Interviewees were given a brief written summary of data about both communities' giving and then participated in a semi-structured interview to solicit their views on the similarities and differences, including their speculations on possible explanations for those patterns. The interviews were analyzed to identify common themes and trends.

Our focus on major donors in our methodology reflects a research-based assumption that elites play a central role in shaping the philanthropic culture in a given community, and that elite giving reflects a community's giving norms and patterns. Not only do major donors account for the lion's share of individual and foundation giving overall, previous studies have shown that many feel indebted to the local environment for their own success and as a result prefer giving locally (Gluckler & Ries, 2012), and may feel empowered to use philanthropy to shape the world in which they and others live (Schervish 1997).

Absent from this report is any analysis of the United Way organizations in the two communities — Heart of West Michigan United Way, based in Grand Rapids and serving Kent County; and United Way of the Battle Creek and Kalamazoo Region, based in Kalamazoo and serving Kalamazoo and Calhoun counties. This decision reflects the authors' intention to focus on the role of major donors in shaping a community's philanthropic character, along with the recognition that United Way campaigns are carried out by donors at all levels of wealth. One drawback to this decision is that large corporations in both communities are significant players in United Way campaigns — an element of major-donor philanthropic activity that is not captured in this analysis.

A critical question is whether our methodology is useful beyond the two communities studied here. Does it make sense to say that many or most cities have a particular philanthropic character? Is there something distinctive about philanthropy in West Michigan, or do the findings of this research have relevance outside this particular geographic area? We argue that the notion of a city having

<sup>1</sup>Grand Rapids is located in Kent County, Kalamazoo in Kalamazoo County. Much of the publicly available data is aggregated at the county level; we note in the report where we are using that level of data. The interviewees were asked questions about their community (i.e., Grand Rapids or Kalamazoo) and in their responses they referenced the cities rather than the counties.

<sup>2</sup>The *Million Dollar List* is a database maintained by the Lilly Family School of Philanthropy at Indiana University (2013a) that provides information on all publicly announced gifts of over \$1 million.



a particular philanthropic character is not unique to the Midwest. Factors similar to those examined here — leading donors with particular values and interests, active community foundations, communication and coordination among donor groups — exist in many places and undoubtedly shape the philanthropic character of those communities. However, it may be more difficult to speak of a very large city having a single, definable philanthropic character, simply because of its scale and complexity and the likelihood that multiple cultures exist. Thus, this approach is probably most relevant to mid-sized or smaller cities. We applied our methods in two different mid-sized communities in order to increase our confidence in its broader utility. Our method is probably also most relevant for those communities that have strong philanthropic sectors and local funders, whether institutional, individual, or both.

The following section presents the findings from the initial giving estimates for each community. In the

remainder of the report, we explore some of the factors that may influence donor decisions and the various structures through which philanthropy is practiced in these two communities.

### Overall Giving in Each Community

In this study we applied our methodology to two philanthropic communities located 50 miles apart. These communities share similar demographics and, it turns out, have similar overall levels of generosity, as Table 1 demonstrates.

Both Grand Rapids and Kalamazoo can be considered highly philanthropic communities. Per capita giving in the two communities is very similar and higher than the national average of \$1,007 in 2012. Both regions are home to well-established community and family foundations and more giving is done through foundations in both counties than is the case nationally.

**TABLE 1: Total and Per Capita Giving in Kent and Kalamazoo County (2012)**

	KENT COUNTY	KALAMAZOO COUNTY
Total Giving (in millions)	\$ 947.2	\$ 383.4
Total Giving Per Capita	\$1,565	\$1,529

Note: Data from *Estimate of Charitable Giving in Kent County, Mich., for 2012* and the *Estimate of Charitable Giving in Kalamazoo County, Mich., for 2012*. Both reports available at <http://johnsoncenter.org/resources/community-philanthropy-research>.



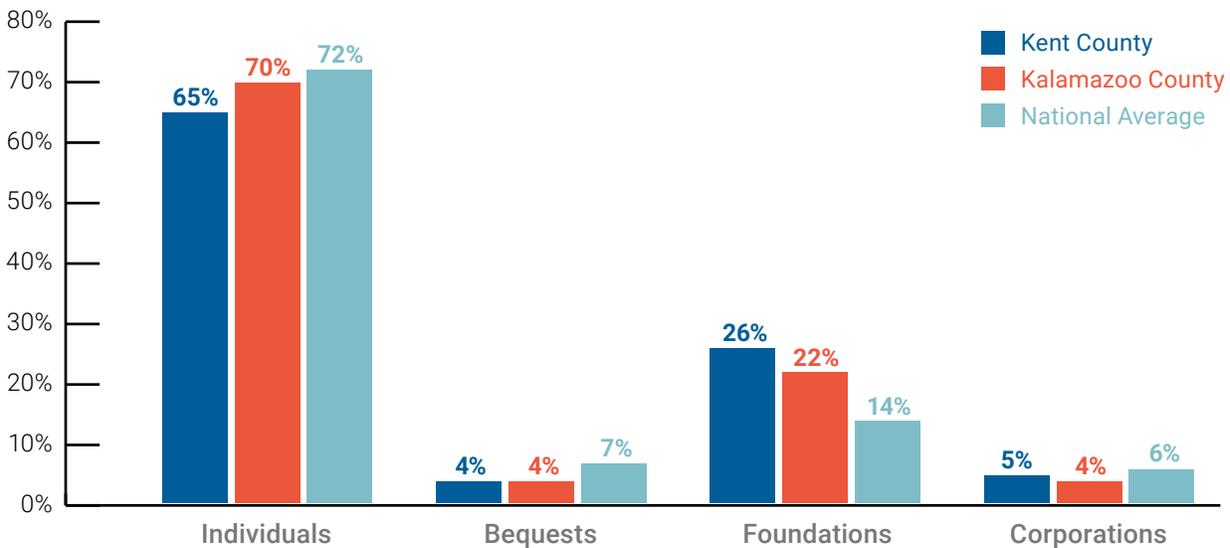
This high level of philanthropy reflects the fact that both communities have a base of major donors who have made or inherited their money in the community and who expressed a clear expectation to give back to that community. Major funders in both communities prioritize giving to the local community at a higher rate than national averages (Indiana University Lilly Family School of Philanthropy, 2013b).

Throughout this report, data are presented in absolute terms and, whenever possible, per capita terms. Kent County and the City of Grand Rapids have more than

twice the population of Kalamazoo County and the City of Kalamazoo, so absolute giving is much larger in Grand Rapids. Once values are adjusted for population, however, total giving per capita is remarkably similar.

Figure 1 compares the sources of giving in Kalamazoo and Kent counties alongside estimated giving from those sources in national estimates. The important role that foundations play in both communities is clear.

**FIGURE 1: Sources of Giving in Kent and Kalamazoo Counties Compared to National Average (2012)**



Note: Data from *Estimate of Charitable Giving in Kent County, Mich., for 2012* and the *Estimate of Charitable Giving in Kalamazoo County, Mich., for 2012*. Both reports available at <http://johnsoncenter.org/resources/community-philanthropy-research>.



# Social Capital

One underlying factor that can influence both the amount and nature of giving in a community is its level of social capital — the networks and norms in which giving is embedded in that community. In this first section, we review available data on social capital in Grand Rapids and Kalamazoo. This information is not presented as a definitive summary of each community or a primary cause of its giving patterns (in part because the latest available social capital data is from 2000); however, insight into the broad social contours of each community can help set the context for the data reviewed in later sections.

Social capital refers to the collective value of social networks (who knows whom) and the inclinations that arise from these networks to do things for each other (norms of reciprocity and trust). A variety of literature suggests that social capital is one determinant of charitable giving (e.g., Wang & Graddy, 2008). Specifically, social capital that increases a person's social networks is correlated with higher giving, in part because having greater social networks increases the opportunities that a person will be asked to give (Brown & Ferris, 2007; Bekkers, 2010). Additionally, higher group involvement and a greater diversity of friendships are correlated with higher giving, possibly because personal and organizational connections help to increase one's knowledge of various causes and, again, increase the chance of being asked to donate (Wang & Graddy, 2008).

In 2000, a Social Capital Benchmark Survey was conducted by the John F. Kennedy School of Government and Harvard University in communities throughout the United States. This Benchmark Survey was conducted for the City of Grand Rapids with the support of the Grand Rapids Community Foundation. The Kalamazoo Community Foundation sponsored the same survey, but focused it on Kalamazoo County rather than the city. Unfortunately, no follow-up studies of social capital have been conducted since 2000, so this data is the most recent available on these crucial aspects of community context. Potential changes in social capital and its effect on giving is clearly a key area for future research. However, we

believe — based partly on what we heard in our interviews — that the general features of social capital in each community described here remain useful indicators of the broad social capital patterns in each place.

The findings from the 2000 Social Capital Surveys in each community show that the two communities are more similar to one another than different, even though there are some differences to note. However, these communities are also distinctive when compared to the country as a whole.

## Engaged Communities

The Social Capital Benchmark Survey revealed that citizens of Kalamazoo County and in the City of Grand Rapids were more engaged in the community, politics, and philanthropy than the average U.S. citizen. Both communities had higher levels of social trust, diversity of friendships, racial group trust, giving and volunteering, formal group involvement, and political participation (electoral and non-electoral) than a national sample.

The qualitative interviews conducted for this study confirmed that in both communities, people feel a palpable expectation to give of one's time or money. Many interviewees noted that giving is strongly encouraged and highly honored. This expectation is conveyed through the influence of peers, as well as a pattern of reciprocity among donors.

## Informal and Formal Social Capital

While community members in both places are highly engaged, the way they go about their philanthropy or community involvement differs. According to the Social Capital Survey, Kalamazoo County had a higher level of *informal social interaction* than the City of Grand Rapids and the national sample. This scale asked participants how often in the past 12 months they had visited with relatives, had friends over to their home, socialized with co-workers outside of work, spent time with friends in a public place, or played card or board games with others.



The City of Grand Rapids had significantly higher *formal group involvement* than the national sample, a scale that measures participant's involvement in organizations such as neighborhood associations, charity organizations, business associations, political groups, and clubs. Kalamazoo County was slightly higher than the national sample on formal group involvements that excluded church membership.

Qualitative interviews mirrored these findings. Interviewees noted that major givers in Kalamazoo seemed to be networked through informal connections, as many grew up together or are related. In Grand Rapids, interviewees suggested that major donors have more formal networks, attend more fundraising events, and engage more publicly through formal structures such as Grand Action, an organization created based on the Grand Vision plan to galvanize private support for downtown revitalization and infrastructure development.

### Social and Racial Trust

According to the Social Capital Survey, Kalamazoo County had a slightly higher level of social and racial group trust than the City of Grand Rapids. The Social Trust variable was based on questions that asked respondents how much they trust neighbors, co-workers, fellow congregants, store employees, and local police. The Composite Racial Group Trust score was based on questions that asked how much respondents trust racial groups other than their own, including Hispanics, Asians, non-Hispanic blacks, and non-Hispanic whites.

We would speculate that these dimensions of social capital are the ones that have changed the most in the intervening years. Qualitative interviews conducted for the current study suggested that both communities have faced challenges around racial trust in the past several

years, and continue to do so. Also, donors and community leaders in both communities — including family and community foundations — have made intentional efforts to increase social and racial trust, and we suspect these have had an effect. This is a prime area for additional research.

### Faith-Based Social Capital

The Faith Based Social Capital score in the Benchmark Survey was based on a mean of standardized responses to six questions that asked respondents whether they were a church/synagogue member, how often they attended religious services, whether they participated in other church activities, whether they participated in an organization affiliated with a religion, how much they contribute to religious causes, and whether they volunteered for a religious organization. Grand Rapids, which has a large Dutch Christian Reformed community as well as a well-organized and tight-knit Catholic community, had significantly more faith-based social capital than Kalamazoo County, and this was one of the most notable differences in the two communities' results from this survey. In fact, Grand Rapids was significantly higher than the national sample on faith-based social capital, making this a notable feature of the community context that deserves close attention.

Our interviewees certainly confirmed that in Grand Rapids religion was a primary factor contributing to high giving overall, including the religious orientations and motivations of some major donors in that community. The ethic of tithing is a part of why some of these donors in Grand Rapids give back to the community, and the amount of giving to religious organizations (noted later) suggests that faith-based social capital guides much giving in Grand Rapids.



# Why Donors Give

The next step in drawing the contours of the philanthropic character of these communities was to shift our attention from broad social and cultural contexts to the philanthropic orientation of donors living in this context. This is particularly important in communities such as these with relatively small, fairly homogeneous groups of major donors who interact with each other often. The values, beliefs, and motivations of these individuals likely shape a community's philanthropic character more in such communities than they would in much larger communities with highly diverse major donors, or in communities where philanthropy is more diffuse.

The reasons for giving summarized below were most commonly offered in our interviews. Note that this list is not meant to provide a comprehensive answer to why every major donor in each community gives. Also, the summary of commonly offered reasons for giving is not meant to suggest that the major donors and philanthropic institutions in Grand Rapids and Kalamazoo are not diverse in meaningful ways. However, our findings from the interviews suggest that the similarities in values and reasons for giving are significant enough that patterns identified here deserve further analysis.

## Religious Motives

The level of religious belief and practice in a community can be a significant factor in the community context for giving. There is a great deal of prior research establishing religion and personal faith as a primary motive for giving (Bekkers & Wiepking, 2011; Brown & Ferris, 2007). As noted above, the level of faith-based social capital was considerably higher in Grand Rapids than in Kalamazoo. Grand Rapids is also known widely for the religiosity of its residents and for the prominence of religious institutions in the community — especially those in the Dutch Christian Reformed and Catholic religious traditions, but also in more evangelical faiths — and the connection of certain major donors to certain religious traditions. Higher education institutions such as Calvin College and Aquinas College provide many examples of large gifts from local religiously motivated donors.

It is not surprising, then, that interviewees often remarked on the influence of religious institutions and personal faith on giving by donors in Grand Rapids. This was much less common as a motive cited for giving in Kalamazoo, although it is certainly important for those select Kalamazoo donors who are highly religious. Interviewees — such as those quoted below — who know both communities well, often remarked on this difference specifically.

*Among the number of givers [in Grand Rapids] I know personally, it's seen by them as part of their Christian belief that when you have that much you give back. It is an expectation that they grew up with.*

*What I experience is that [Grand Rapids donors] are motivated to give out of faith. Whether it's a Catholic faith or a Protestant faith, giving is part of stewardship for people and it's part of our responsibility as stewards.*

*A number of nonprofits in West Michigan have an evangelical component to them. That's true about Grand Rapids, not Kalamazoo — Kalamazoo is not an evangelical town. It does not have nearly the religious influence of Grand Rapids.*

Later in this report, we review evidence from quantitative data that indeed shows higher levels of giving to religious organizations in Grand Rapids.

## Community Expectations and Orientation

While religious motives were identified as very common among some key donors, especially in Grand Rapids, another reason for giving — the clear community expectation that prominent citizens should give — was seen as pervasive in both communities and as a powerful influence on most every major donor in each community. Interviewees consistently highlighted this generalized community expectation, and the related idea that donors were motivated by their love for their community, as key drivers behind giving. Many identified this community



expectation and orientation as the core of each community's "culture" around giving.

*There is an ethic of giving back in both communities, an ethic of 'I've been privileged' so [I should be] of service. I'd like to think it would be taught in schools but I haven't seen that ... it's by example.*

*Grand Rapids does have a culture where generosity is encouraged and honored and respected and almost expected.*

*One of the charming things is that people [in Kalamazoo] are motivated by the cause and the interest in the well-being of the community and of all kinds of people in the community, and not motivated by recognition. There's that quality of just wanting to help.*

## Peer Influence

One way that this community expectation to give is perpetuated and sustained in both Grand Rapids and Kalamazoo appears to be through the influence of peers on major donor giving. Many interviewees pointed to this peer influence as a principal — and highly effective — mechanism through which the ethic and culture of giving is spread and maintained. Interviewees also explained that this went beyond simple peer pressure — or trading of one gift commitment for another. Sometimes donors looked at what their peers were giving to as a way of making their own choices from among many options for giving.

*The capital projects, and even program projects, are seldom funded by a single organization or source. There's usually a lead gift, and then a variety of contributors. It varies with the nature of the project. But there's a lot of 'you scratch my back, I'll scratch yours' that goes on. There's a visibility to it.*

*I'd be more inclined to think [giving is driven by] more peer example or peer pressure. I see people making philanthropic allocation decisions based*

*on what peers are doing, not what advisors are suggesting.*

*If I'm [a donor] thinking about laying down the money, and you've already done so, and I know your values and you thought that was a good project, then I'll take another look at it, and maybe I'll do it. [Donors] trust judgments of peers more than they do their own staff, or at least as much.*

We would speculate that this reason for giving is more prominent in mid-sized communities like Grand Rapids and Kalamazoo where there is a relatively small group of elite donors who see and talk to each other regularly. Testing our approach in other communities is needed to further develop the model. Also, the evidence reviewed later in this report about the dynamics of named versus anonymous giving in each community would seem to be related to this peer influence. The relative prominence of named giving in Grand Rapids — and the high value placed on anonymous giving in Kalamazoo — can perhaps explain why peer influence was so often cited in our Grand Rapids interviews.

## Employer Expectations

Another element related to the general community expectation for elite giving in each community is the expectations from employers that top-level employees engage in the philanthropic culture of the community. We know from prior research (e.g., Galaskiewicz, 1997; Marquis, Glynn, & Davis, 2007) that the extent to which corporations in a region encourage executive giving, and provide avenues for executives to become enmeshed in philanthropic circles in their town, can affect the amount and vibrancy of local giving.

This factor of employer expectations was cited in our interviews in both communities. Interviewees noted how, for example, new executives moving to Grand Rapids were made aware — often in not so subtle ways — that becoming active in local philanthropic work was part of their executive role. But this influence of corporate expectations for giving was particularly notable in Kalamazoo, and many interviewees talked about the



powerful influence of major corporations — especially The (former) Upjohn Company — on the philanthropic culture of that city.

*The Upjohn Company said [to employees], ‘We live and work here. You will be a part of the community.’ If you were an executive at The Upjohn Company you were involved in civic affairs, in nonprofits. It was an expectation.*

*It’s an expectation that I find incredible. It’s one of the things I like most about the community. It can be your time, your commitment, your support emotionally or with physical activity — it doesn’t have to be financial support. [For example] when [firms] hire new lawyers they tell them they’re expected to be on boards.*

Several interviewees pointed to the historical roots of this employer expectation for giving in Kalamazoo. The Upjohn Company played an outsized role in the relatively small community of Kalamazoo, setting the tone for much of the giving there today. United Way campaigns at The Upjohn Company regularly achieved 80–90 percent participation by employees. Local arts and nonprofit boards relied heavily on the participation of and financial support by Upjohn Company employees. The Kalamazoo Community Foundation and a number of other community institutions were created through gifts from Dr. Upjohn and other family members. However, people noted how this leadership role tapered off when The Upjohn Company was acquired by Pfizer, which broadened the donor base, but brought about a higher degree of uncertainty in Kalamazoo. The legacy of The Upjohn Company persists in some of the activities of Kalamazoo foundations that were founded and funded by Upjohn heirs.



# Ways of Giving

Another key to shaping a community's philanthropic character is the formal structure used for giving. The mechanisms and practices that donors use to channel their giving should reveal something about a community's philanthropic character and culture. Whether major donors give as individuals or through community or family foundations, how large corporations choose to engage in the philanthropic scene in a city, and how norms develop in a community around naming gifts versus anonymous gifts — all of these both reflect and contribute to the philanthropic character of a community and all need to be analyzed in any assessment of local giving patterns.

## Foundation Giving

In the case of Kent and Kalamazoo counties, as noted above, foundations account for a much higher proportion of overall giving than is typical nationally; however, the overall similarity in the importance of foundation giving masks some key differences between the two communities.

While independent and family foundations are an important avenue for giving in both communities, these foundations — especially family foundations — play a larger role in major giving in Grand Rapids than in Kalamazoo. Interviewees offered various possible explanations for this difference. For one, as noted above, major donors in Grand Rapids have tended to set up family foundations earlier in their giving careers, and this created a norm or peer example that spread among other donors. Financial advisors in each community may also have played a role in creating a community pattern for the vehicles that wealthy individuals use for their giving. Finally, the greater preference for anonymous giving in Kalamazoo probably contributes to this pattern as well, as giving through a family foundation provides more visibility and giving through a community foundation can more easily be done anonymously.

Community foundations play an important role in both communities. The Grand Rapids Community Foundation was established in 1922 with a gift of \$25, and the

Kalamazoo Community Foundation was established in 1925 with a \$1,000 gift. Both are among the oldest community foundations in Michigan and have grown steadily and substantially since those initial gifts.

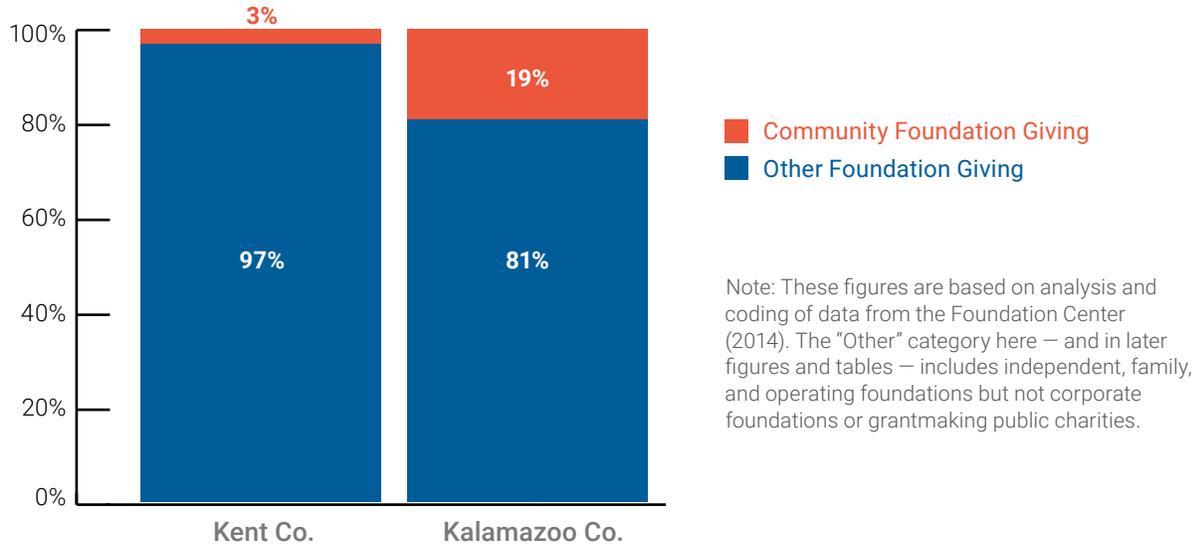
Perhaps because of the large number of family foundations in Grand Rapids, the Kalamazoo Community Foundation plays a relatively larger direct role in local philanthropy than does the Grand Rapids Community Foundation, although the latter is still a sizeable community foundation and has an important role as catalyst and convener of philanthropic gifts from other sources. As shown in Figure 2, in Kalamazoo County gifts from the community foundation make up 19 percent of total foundation giving compared to three percent in Kent County. In 2012, gifts to the Grand Rapids Community Foundation were about \$31 per capita, while gifts to the Kalamazoo Community Foundation were \$46 per capita using county population estimates. By contrast, large family foundations account for a much greater percentage of total giving in Kent County than in Kalamazoo.

Interviewees suggested that part of the reason for the size of the Kalamazoo Community Foundation, especially relative to the community's size, is because of the way it was set up by the community's most prominent leader, W.E. Upjohn. Upjohn encouraged his business colleagues to give to the community foundation, and for many years the major donors in Kalamazoo used the community foundation as their primary vehicle for giving. On the other hand, many major donors in Grand Rapids established family foundations early in their giving careers and use that as their primary vehicle — even though many of them also give through the Grand Rapids Community Foundation and partner closely with it.

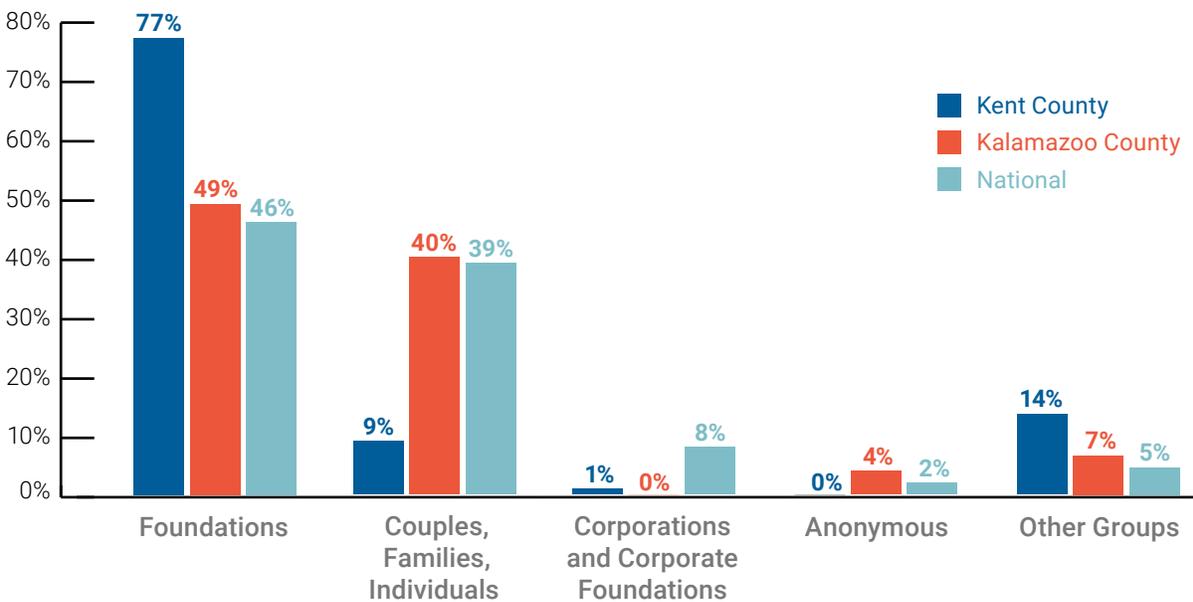
Another source of data analyzed for this report is the *Million Dollar List* of major gifts, described earlier. As shown in Figure 3, in Kent County more of the million dollar gifts made between 2000–2011 came from foundations than in Kalamazoo County or across the nation. Kent County also has a lower percentage of such major gifts coming either from individuals (outside a foundation



**FIGURE 2: Proportion of Foundation Dollars Given From Community Foundations vs. Other Types (2012)**



**FIGURE 3: Million Dollar Giving by Source (2000–2011)**



Note: These categories are based on information given about the source and recipient of each gift reported in each community, using data from Indiana University Lilly Family School of Philanthropy (2013a). Anonymous gifts can only be tracked by recipient.



structure), corporations, or anonymously. Kalamazoo County's patterns of major gifts are closer to the national patterns, except that there are more anonymous gifts over \$1 million, and relatively fewer such gifts from corporations and corporate foundations.

## Corporate Giving

While Kent County does have one corporate foundation that makes million dollar gifts, Figure 3 confirms that both communities currently have fewer of these very large gifts coming from corporations and corporate foundations compared to national averages. In Grand Rapids, the office furniture company Steelcase set up a corporate foundation in 1951. It has been one of the major foundations for several decades. Other corporations that were founded and built in the area, such as Amway and Meijer, started as small family businesses, and the founders preferred to give their large gifts through their family foundations rather than through the corporation — though both corporations do make substantial charitable contributions.

Kalamazoo's corporate history has likely affected corporate giving in the community as well. Interviewees suggest that major corporations in Kalamazoo such as the Stryker Corporation and The Upjohn Company (now subsumed within Pfizer) historically have not had to market to the general public. These institutions have a more internal focus, thus the low level of major corporate gifts in Kalamazoo could be because philanthropy is used mainly as a form of employee engagement, matching the gifts that employees make, rather than making very large gifts to the community. Furthermore, some of the companies that created much of the wealth in Kalamazoo — The Upjohn Company is the best-known example — are no longer locally owned and, therefore, now have less presence in the local philanthropic community. One interviewee stated:

*"It's been a challenge with the corporate headquarters moving. That's been a challenge on the corporate side and with individuals too. We had a lot of donors [in Kalamazoo] who ... worked at Upjohn. That particular evolution of that*

*company has had I think far-reaching effects in the philanthropic community, and definitely the corporate giving. There's just nothing left, really."*

It is important to note that interviewees in Grand Rapids also recognize that the recent decline of local ownership of some businesses has begun to affect local philanthropy. While many new executives move to Grand Rapids and become personally embedded in the community and its philanthropic culture, more companies now have to approve donations through non-local corporate offices. One interviewee said this ownership trend was the "biggest fear" of many local philanthropic leaders.

## Anonymous Giving

A high level of anonymous giving is a distinctive and widely noted feature of how philanthropy is practiced in Kalamazoo. Anonymous giving is a rarity in the philanthropic world, with less than 1 percent of money donated anonymously (Schervish, 1994). Schervish notes that there are both practical and moral reasons for anonymous giving. Among the practical reasons are avoiding feelings of embarrassment for being wealthy; "augmenting one's capacity to influence the lives of others; obtaining a vantage point from which to covertly view philanthropic outcomes; empowering recipients by granting them leeway in how they may use donations; shielding the giver from subsequent requests; and, fulfilling the donor's desire to lead a private life-style" (p. 4).

Of course, it is impossible to ask anonymous donors the precise nature of their motivation for a particular gift. Our interviews, however, included much informed speculation about why anonymous giving is a prevalent form of philanthropy in Kalamazoo. Early leaders such as W.E. Upjohn and Irving S. Gilmore, as well as current holders of wealth related to the Upjohn heirs and the Stryker Corporation, adopted a style that more than one interviewee labeled "quiet giving," and this became a norm that continues today. In this way, people suggest that it is the personality of the donors, a tradition passed down in the family, or a way for donors to protect their children from being in the spotlight. Another common explanation for anonymity that emerged in the interviews is that



many of the donors in Kalamazoo inherited their wealth, so their family names and reputation have already been established:

*[Perhaps] it's Midwestern reticence... or older money. They're established already, they don't need to build their reputation. Their names have been in every symphony program, every annual report as a donor for decades.*

Others suggested that there may be strategic reasons for donors to give anonymously. Depending on the conditions put on the gift, anonymous giving can catalyze broader community engagement in identifying how to best utilize a gift. On the other hand, anonymous gifts may set an agenda that may not have been the community's top priority. The best-known example of anonymous giving in Kalamazoo, the Kalamazoo Promise scholarship program, probably fits into the "strategically anonymous" category, but was structured so that it both engaged the community and allowed the donors to set the priority. The Kalamazoo Promise is all the more remarkable because funding has been committed by a group of donors who have pledged to continue the program in perpetuity. (For more on the Kalamazoo Promise, see the *Philanthropy in Action: K-12 Education* case study below.) The donors needed to agree to preserve not only their own but each other's anonymity, and to do it for decades. One of our respondents recognized that the anonymous nature of the gift has made it possible to invest over the long term:

*Think about the vision they would have had to have and how they would rather it not be muddled up by a lot of people going, "We need results in two years." Those people have that foresight and that's why they could never have been a part of a foundation.*

Furthermore, anonymous giving can protect donors from positive or negative attention, whether that attention comes in the form of being asked for more donations, or being criticized for the nature of the gift.

*There is a culture of not wanting to invite people to come to you. [With] anonymous giving you're*

*more protected than if you have a large foundation that has to be visible. There is a comfort level with giving anonymously versus through your foundation with your name on things.*

*For some, [anonymity exists] to protect against people judging the size of their gift.*

*[A major donor] has said things like, 'my children don't like to see their names everywhere.' It's really hard for them to be normal when everywhere they go there's a building named after them.*

Kalamazoo donors may have figured out how to raise money informally in this culture of quieter giving, but it can present challenges for institutions that find it helpful to use donors' names to obtain gifts from other philanthropists — one of the key motivations for naming.

## Named Giving

Whereas Kalamazoo is known for anonymity in its major giving, Grand Rapids is known for quite a different pattern of putting major donor names onto the buildings or institutions they support. While there is no quantitative data on the prevalence of named giving in both communities, qualitative interviews strongly support this difference in naming patterns. In Kalamazoo, when naming does occur, it is often to honor deceased family members or community leaders. In Grand Rapids, naming that honors living donors is common; it is often one of the first aspects of local philanthropic culture that observers note.

Naming buildings has a long tradition in Grand Rapids, and evidence of this can be seen in numerous locations around downtown — on the facades of museums, arenas, and many other buildings. But according to our interviewees this existing trend accelerated notably with the growing influence of Grand Valley State University (GVSU) and its construction of a downtown campus. (For more details, see the *Philanthropy in Action: Downtown Development* case study below.) As GVSU's downtown presence expanded rapidly in the 1990s and 2000s, naming a building after one donor was used as a way



to encourage other donors to give and have a building named after them. In other downtown building projects, using the name of a prominent local business leader may also have given other donor prospects confidence that a project would be successful, inspiring those others to give. Additional stories cite the belief that naming a building after a newly wealthy individual helps strategically in getting the next generation to step into a leadership role and give. These reasons all point to why recipient organizations might want to put donors' names on buildings. Although there may be some benefits for donors, many interviewees suggested that naming is in fact often driven by the recipient, not the donor.

*I don't think that's a bad thing, but I think it's unfortunate that people assume that it's the donor saying 'my name must be on that,' as opposed to the truth of it, that it's always the nonprofit that says 'we want your name on that.' That has resulted in a backlash against the donor that isn't really fair. Frankly, nonprofits love [naming], because they can come back to the next generation and say 'your family's name is on this'...When something is in the best interest of the nonprofit to draw other donations, to secure generational support (in theory) I feel bad that the public has responded with a backlash against the donors.*

*[A major donor family doesn't] need to put their name on things for people to know who they are. But I think they believe, like an entrepreneur does, if I want to grow my market, donor base, I've got to do something to attract people to this project, if I put my name on it that will help. I think it's a function of this community [Grand Rapids] being more entrepreneurial than Kalamazoo.*

Both communities are homes to universities. GVSU is a relative newcomer, enrolling its first students at its main campus in Allendale, about 12 miles outside Grand Rapids, in 1963.<sup>3</sup> The GVSU campus in downtown Grand Rapids is newer, with the first philanthropic gift directed

toward that campus (ironically, received as an anonymous donation) in 1979. The bulk of the campus itself was built in the 1990s. Western Michigan University (WMU) in Kalamazoo is much older, having been established in 1903 as a teacher's college on land donated by the city, and expanding dramatically in the mid-20<sup>th</sup> century (WMU Campus History, undated).

Private philanthropy has been deeply engaged with GVSU from the beginning. In fact, the state legislature agreed to charter the new institution only after \$1 million in private funding had been raised (GVSU History). As part of the fundraising effort to establish and expand GVSU, and especially with the creation of the Grand Rapids campus, the university's long-serving president encouraged donors to name buildings. Many of our interviewees cite the naming of campus buildings as one of the drivers of the overall tendency to name buildings in Grand Rapids. (Given that a whole new university was being built, there were many opportunities for naming.)

Naming at WMU has tended to be more honorific, with donors naming buildings in honor of someone, rather than after themselves. This may be changing, as WMU's Haworth College of Business, James and Lois Richmond Center for the Visual Arts, and Zhang Legacy Center attest. However, a scan of the list of buildings at WMU reveals far more unnamed or honorific-named buildings than those named for living donors; the university's newest building, for example, is known as "Heritage Hall, the home of the WMU Alumni Center on Prospect Hill," and its new medical school is named in honor of Dr. Homer Stryker, founder of the Stryker Corporation, who passed away in 1980.

## Place-Based Giving

Community foundations, by virtue of their missions, are place-based funders. In both Grand Rapids and Kalamazoo, the community foundations have played a leadership and convening role around place-based investments related to both infrastructure and human capital. The Grand Rapids Community Foundation provided seed money in the 1960s to create GVSU and more recently has played a key role in contributing to

<sup>3</sup>GVSU is the institutional home of the authors of this report, but the analysis and explanations offered here are those of the authors.



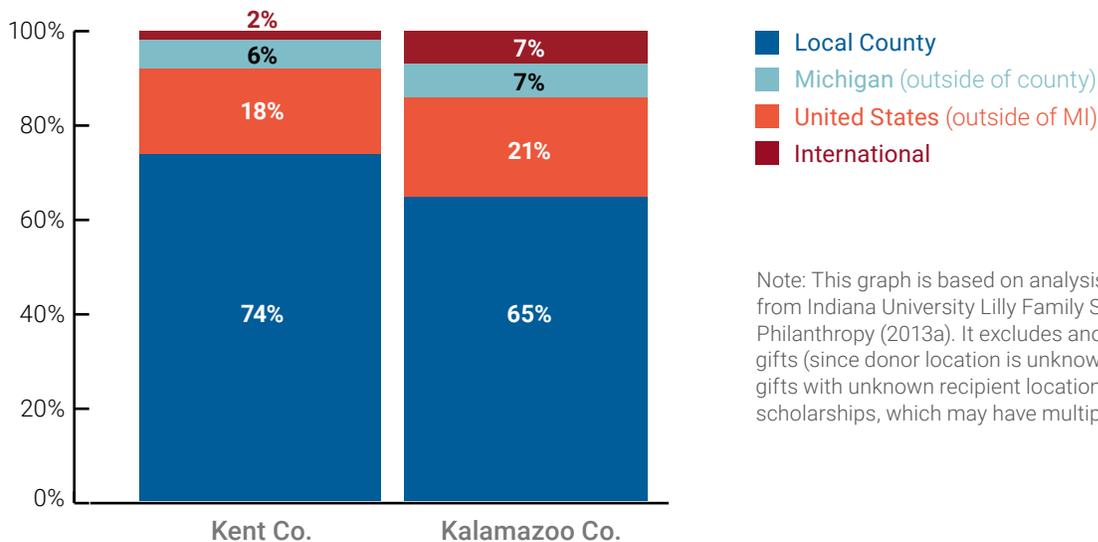
downtown projects, such as the Downtown Market, the Wealthy Street corridor, housing, and neighborhood development. It has also served an important convening function through initiatives such as Perspective 21 that sought to align the community around the prevention of child abuse and neglect. More recently, it launched Challenge Scholars, a place-based scholarship and support program serving children from Harrison Park School and Union High School to increase the number of low-income, first-generation college-goers who successfully earn a degree or vocational certificate. In Kalamazoo, the community foundation has engaged in similar endeavors, providing leadership and funding for the Arcadia Creek Festival Place and a variety of other downtown development projects, and investing heavily in education and equity-related programs such as The Learning Network of Greater Kalamazoo, a collective impact approach to reducing educational inequality in Kalamazoo County.

Beyond the community foundations, the major funders in both communities prioritize giving to the local community at a higher rate than national averages, although they use different giving mechanisms and practices. According to the million-dollar gifts data from the Indiana University Lilly Family School of Philanthropy (2013b), about 52

percent of the dollar amount of such gifts nationally is given within the donor's state. Kent and Kalamazoo County donors, however, give about 80 percent and 72 percent, respectively, of the dollar amount of their million-dollar gifts within the state, as shown in Figure 4. Furthermore, nearly all of those in-state major gifts, in both communities, actually stay within the local county.

Previous research on “embedded funders” — donors who make long-term or open-ended commitments to particular communities — reveals that there are many reasons funders choose to focus their giving in a specific locale (Karlstrom, Brown, Chaskin, & Richman, 2009). Embedded funders may feel an obligation to the community where they made their money. They may believe they can have a greater impact on issue areas locally and that synergy is created between different components of their work at the local level. Furthermore, giving locally creates resources such as knowledge, relationships, and reputation that make it easier to be effective. Embedded funders may also begin with a network of relationships in a community from working or serving on boards, and they can use these informal networks in their philanthropy. Over time, embedded funders can develop good relationships with their grantees that lead to more candid

**FIGURE 4: Geographic Distribution of Million-Dollar Giving**





conversations and an increased ability to adapt to problems. Some of the weaknesses of embedded funding are that it can strain the funder's personal relationships in the community, it can be hard to exit the community, and the locality can become dependent on the funder or fail to seek out other opportunities (Sojourner, Brown, Chaskin, Hamilton, Fiester, & Richman, 2004).

Interviews with leaders in Grand Rapids and Kalamazoo suggest that this emphasis on giving to the local community is similarly due to multiple factors. Respondents note that it may be a Midwestern value to give to the local community, and that the leadership in the community over multiple generations has imparted this value. Additionally, the involvement of local business elites may have been a key to the success of philanthropic efforts in both communities, but especially in Grand Rapids. A recent study found that entrepreneurs bring not only economic capital to their philanthropy but also cultural, social, and symbolic capital (Shaw, Gordon, Harvey, Maclean, 2013). These resources give entrepreneurs the skills, connections, and credibility to be as successful in their philanthropy as they are in business. Business leaders in Grand Rapids may have been motivated to be involved in local philanthropy by their desire to attract prospective employees to the area, hold conferences locally, and create a healthy economy that allows people to spend money at their businesses. One respondent described the approach of Grand Rapids donors this way:

*The entrepreneurialism is huge ... And I can speak as a business owner. People that own businesses and take risks realize that their economic wellbeing is directly connected to the community. And if they are not participants and players in the life of a community their business will suffer. So there's some self-interest there. You want to be engaged in the community because you want those good things, that karma to come back to you.*

Interviewees note that philanthropists in Grand Rapids also believed that they could not save the city on their own and they needed to get others involved in the projects in order to create a vibrant city.

## Collaboration

Apart from the fact that philanthropists in both communities give locally, findings from interviews reveal that there may be differences in how philanthropists go about investing in their local community. In Grand Rapids, the involvement of elite entrepreneurs in philanthropy and public-private partnerships may have contributed to a more overt and sustained coordinated approach to local giving.

*When I talk to my colleagues around the country, there is collaboration in other communities, but what marks it here [in Grand Rapids] is that it has been sustained over a period of time.*

*There has to be this collective work together. And that's what Grand Rapids has been doing. We collectively do things together, the politicians, the people of wealth, the planning people, the educators.*

Collaboration between government and business leaders is a pattern that has existed for many years in Grand Rapids and in recent decades has had a dramatic effect on local philanthropy. A study published by the Metropolitan Policy Program at Brookings looked at the success Grand Rapids has had in creating jobs at a faster rate than national averages from 1980–2005 (Atkins et. al., 2011). They found that collaboration between philanthropists and government to provide the city with amenities benefited the city by removing the burden of local taxes to provide these amenities, and increased the value of wages in the region, thus allowing companies to pay a lower wage while attracting more companies to the region. Confirming this finding, interviewees for this project remarked that the decision for Grand Rapids business leaders to partner with government was a pragmatic decision to utilize government revenue for projects that would benefit the community.

*Grand Rapids gave birth to public/private partnerships before anyone knew they were the thing to do and played politics more sophisticated and strategically here, much sooner than in Kalamazoo.*



*I served on [a board in Grand Rapids] for about 17 years. I saw that all the guys would get together afterwards and talk about what they had to raise money for, and I'd come to the next meeting and they had it done. I don't see that in Kalamazoo... Grand Rapids has a lot to be proud of. They had a network. They had a commitment to their community, and they saw opportunities and they were willing to support one another in those opportunities.*

Kalamazoo gives a comparable proportion of its wealth to the local community, yet interviewees noted that philanthropy in Kalamazoo sometimes lacks the same level of publicly coordinated vision and action as found in Grand Rapids. According to interviewees, the lack of strategic coordination sometimes means that philanthropists duplicate efforts, or pursue their own charitable interests rather than work closely with other donors and community leaders in a collective project. One interviewee noted, in discussing Kalamazoo's major giving:

*[Philanthropy is] less effective because it's more spread out and people are giving to more causes... In a way, it's diffuse and not as targeted... The [family foundations] could use help organizing... People are more independent, and more individualistic, and more private. And so it makes it a little more difficult to coordinate like they do in Grand Rapids.*

While interviewees remarked that there are some organizations in the community that bring people together for action — such as Southwest Michigan First, the Kalamazoo Promise and the Kalamazoo Community Foundation — some interviewees noted that when collaboration happens among major donors in Kalamazoo it happens more informally and privately. One interviewee stated:

*There's a small core of families who have been here a long time. They sort of all know what they're doing, who's doing what.*

If formal collaboration does occur among donors, it may be done anonymously (as in the case of the Kalamazoo Promise) or out of the public eye, as the following comment from a fundraiser who works in both communities makes clear:

*There's no doubt its relational in both communities. Every campaign I run, we start by recruiting the right people — extroverted, connected, willing to make asks. When I work in Kalamazoo, it's the same process as Grand Rapids. I don't do anything differently. The only difference in how it plays out is in Grand Rapids the folks you recruit might be plugged into formal groups that do giving together, whereas in Kalamazoo you don't see as much of that. It's more informal and more individualized, and the number of top-level donors [is] smaller.*



# Giving by Issue Area

A significant part of the philanthropic character of any community is the mix of issue areas that major philanthropists in that community support. The causes they prioritize, and the causes they fund less generously than other communities, fills out the picture of a community's giving and gives it depth and texture.

To determine giving by issue area in Grand Rapids and Kalamazoo, we built a database of the reported giving by the top 10 independent, family, and corporate foundations (ranked by annual giving amount) in each community, over a 10-year period. We then analyzed that data alongside information about issue areas from the *Million Dollar List* data and the community foundation giving data discussed earlier.

## Summary of Priorities

Major donors in both communities have many similar giving priorities. However, they differ in some key ways, especially in terms of giving to advocacy and community development causes. Additionally, while the range of issue areas is similar, there are some subtle differences in the types of organizations and specific causes that donors support within each issue area.

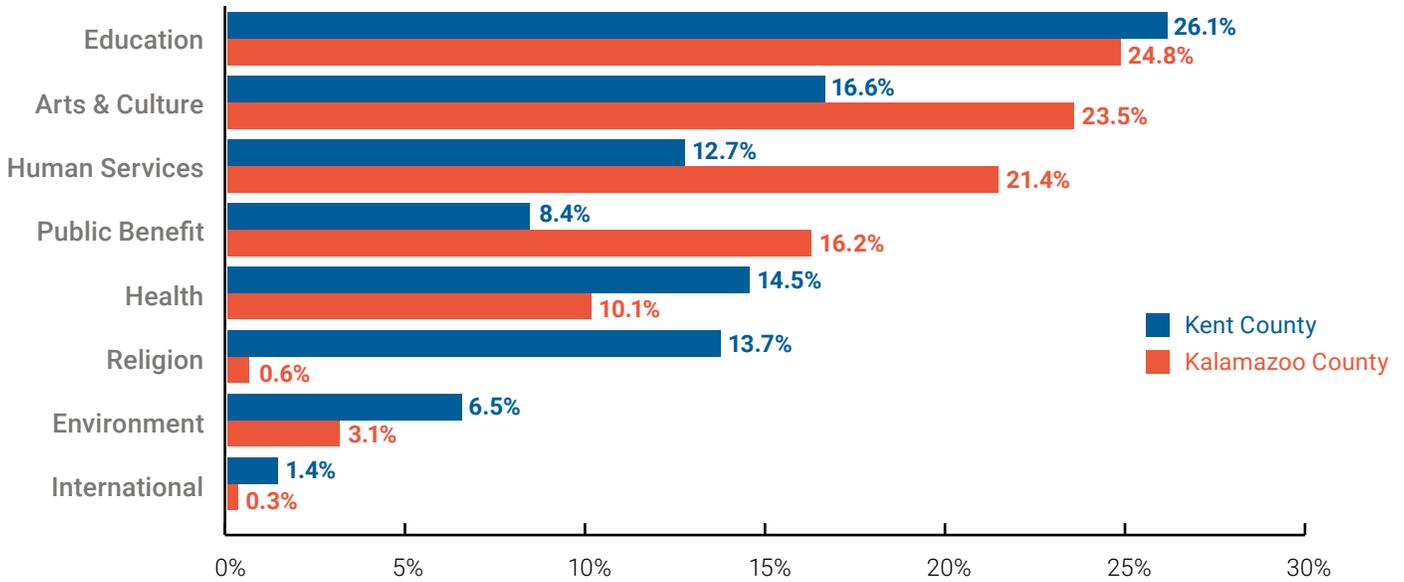
Previous research shows that there are many factors that influence the causes to which philanthropists donate. For example, donors may give to an issue area because they are aware that it is a need, because they receive more requests for donations to give to that issue area, or because of a belief that their donation will make a difference (Bekkers & Wiepking, 2011). Studies have also found that social networks play a role. In one community, an issue area that had the most interconnected boards also received the greatest amount of donations from donors (Gluckler & Ries, 2012).

Our interviews with community leaders, and analysis of available data on giving by issue area reveal some information on community norms around giving priorities in Grand Rapids and Kalamazoo. The following points summarize some of these key patterns:

- The top 10 private foundations (in terms of annual giving, excluding the community foundations — see Appendix B for a full list) in both communities prioritize giving to education and the arts as the top two issue areas. Figure 5 provides the full list of issue area distribution for these top private foundations.
- The top foundations in Kalamazoo County give relatively more to human services and public benefit, while the top foundations in Kent County give more to health, religious causes, and the environment.
- While both communities prioritize giving to education, foundations in each community differ in terms of the types of educational institutions they give to. Top foundations prioritizing education in Kent County give to public higher education but focus quite a bit on giving to private Christian colleges and schools, while top foundations in Kalamazoo County focus primarily on public universities and some private universities such as Spelman College, a historically black women's college. Some interviewees suggest that while giving to education is high in general, Grand Rapids' donors need to address primary and secondary public education more. In Kalamazoo, many observed that the Kalamazoo Promise has prompted community members to address issues such as early childhood education in a more coordinated way.
- Interviewees observed that in Grand Rapids, major donors give to many arts organizations, but tend to become most identified with one major institution. For example, the Richard and Helen DeVos Foundation is closely associated with the Grand Rapids Symphony, the Wege Foundation with the Grand Rapids Art Museum, and the Van Andel Fund with the Public Museum. In Kalamazoo, interviewees emphasized how the commitment to the arts is considerable given the size of the community, but did not identify this same pattern, talking instead about how major donors spread their gifts across diverse arts and organizations. (For more on these patterns,

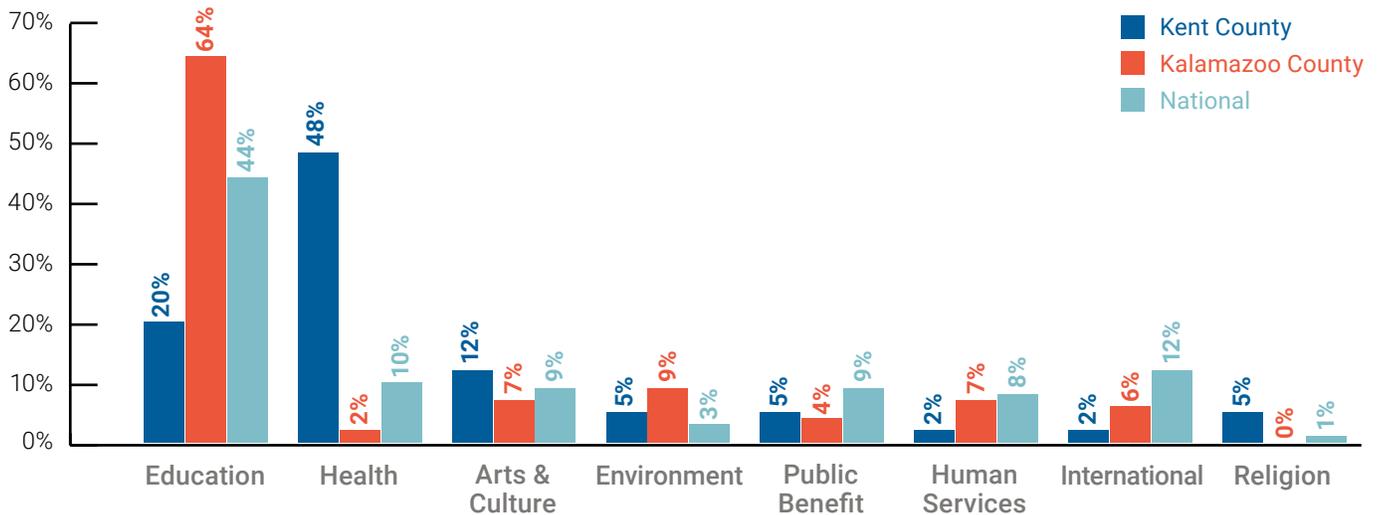


**FIGURE 5: Relative Priorities of Top 10 Private Foundations (2001–2011)**



Note: Based on analysis of Foundation Center (2014) data. Data here is based on the proportion of grant dollars given to each area by each foundation, rather than the total dollar amounts given to each area across all top 10. This means the giving priorities of the 10<sup>th</sup> largest foundation is factored equally here with the priorities of the 1<sup>st</sup> largest.

**FIGURE 6: Million Dollar Giving by Issue Area (2001–2011)**



Note: Figures based on analysis of data from Indiana University Lilly Family School of Philanthropy (2013a). The figures are based on the dollar amount of million dollar gifts (2000–2011) by all donor types (foundation, individual, anonymous, and corporate).



see the *Philanthropy in Action: Arts and Culture* case study below.)

Looking at gifts of at least \$1 million, Figure 6 shows that institutions and individuals in Kalamazoo County gave more of such large gifts to educational organizations in the last decade, while in Kent County major gifts went primarily to health organizations.

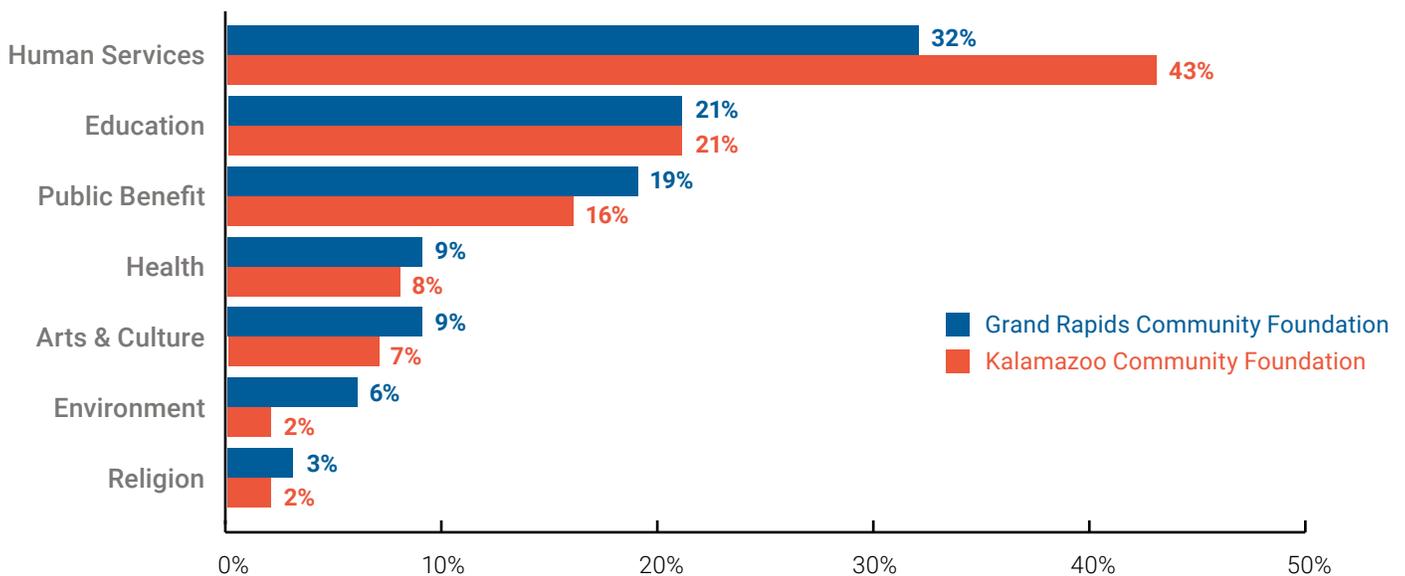
Grants from the two community foundations are similar in terms of the issue areas supported, as shown in Figure 7. However, the Kalamazoo Community Foundation gave a higher percent to human services than the Grand Rapids Community Foundation, while

the latter distributed grants more evenly across all areas. The high percentage of human services giving in Kalamazoo during this period may be due in part to the one-time, \$4 million Lifeline Initiative launched in 2010 by the Kalamazoo Community Foundation and Greater Kalamazoo United Way designed to address basic human needs in the aftermath of the 2008 recession.

### Differences in Public Benefit Giving

Data from the top private foundations and the community foundations also revealed some key differences between the communities in the focus on one specific area: giving and program-related investments for public benefit.

**FIGURE 7: Community Foundation Giving by Issue Area (2005–2011)**



Note: Based on analysis of Foundation Center (2014) data.



Figure 8 shows these differences when the top private foundations data is broken down by public benefit subcategory. The subsections below analyze the patterns in each subcategory of public benefit giving.

### **Civil Rights and Advocacy**

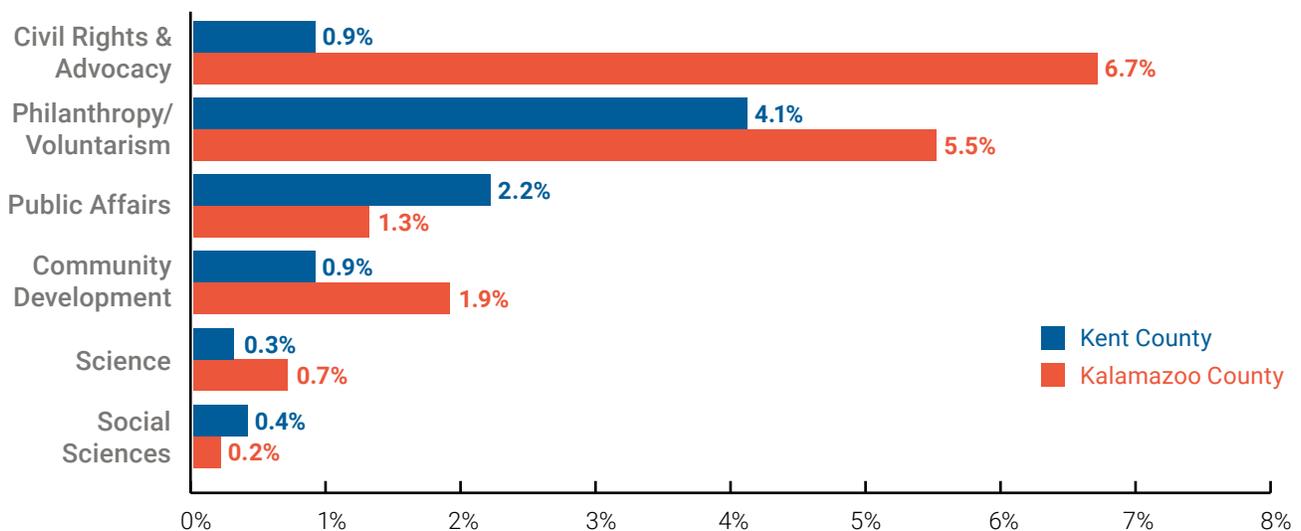
Among the top private foundations in Kalamazoo, there is a considerably higher priority placed on giving to civil rights and advocacy causes. This is largely due to giving by the Arcus Foundation for LGBTQ civil rights causes, and the Ravitz Foundation for advocacy to fight anti-Semitism.<sup>4</sup> The top foundations in Kent County give less to civil rights or advocacy overall, and most of the giving in this area goes toward right-to-life organizations — though there are some prominent LGBTQ-focused donors and funding efforts in Grand Rapids. Qualitative interviews confirmed that major philanthropists in Kalamazoo are particularly concerned with social justice and advocacy issues such as equity in education, LGBTQ rights, and

racial justice. One respondent noted that philanthropists in Kalamazoo have strongly supported the community foundation in becoming increasingly attentive to issues of institutionalized racism, and philanthropists have been thoughtful about trying to make sure that diversity efforts are inclusive. Interviewees in Grand Rapids thought that the comparative lack of support for social justice and civil rights advocacy might be because there are fewer nonprofits in the area with a primary focus on this, or because, unlike in Kalamazoo, the highest-level private donors in Grand Rapids do not have LGBTQ rights as a primary giving priority.

### **Philanthropy and Voluntarism**

Foundations in both communities give to philanthropy and voluntarism mostly through giving to local community foundations or the United Way. However, in Kent County, some giving in this issue area also went to the Grand Action Foundation, a grantmaking public charity

**FIGURE 8: Relative Priorities of Public Benefit Subcategories for Top 10 Private Foundations**



Note: This graph shows the relative percent of money that the top private foundations (excluding the community foundation) in each community give to the public benefit subcategories. Based on analysis of Foundation Center (2014) data.

<sup>4</sup>The Arcus Foundation relocated its headquarters to New York City in 2013.



that supports economic and cultural development in Grand Rapids mostly through large building projects. In Kalamazoo, one major foundation also gives to the Jewish Federation of Metropolitan Detroit.

### **Public Affairs**

Giving to public affairs causes by top private foundations in Kent County goes mainly to public policy organizations, especially conservative policy organizations, whereas public affairs giving by foundations in Kalamazoo County goes more to city agencies; leadership development for minorities, women, and LGBTQ individuals; and citizen participation.

### **Community Development**

Foundations in both communities give to community development; however, philanthropists take a different approach in each city. The data that are available on community development giving might not adequately depict the notable urban revitalization that has occurred in Grand Rapids as a result of philanthropic community leaders partnering with government (see the *Philanthropy in Action: Downtown Development* case study). Interviews revealed that philanthropists in Grand Rapids were very intentional about wanting to build amenities in the city that would prevent urban decline and encourage downtown development. Philanthropists in Kalamazoo seem to be less focused on building infrastructure, yet still interested in community development. In addition to foundations in Kalamazoo providing substantial support for Southwest Michigan First, the economic development organization serving Kalamazoo, interviews suggest that Kalamazoo philanthropists are also concerned with developing attractive neighborhoods and making the school system a magnet to bring

people to the city (see the *Philanthropy in Action: K-12 Education* case study).

A relatively new vehicle for contributing to community development are Program Related Investments (PRIs), which are low-interest loans made with funds that would otherwise be given as grants. PRIs are often used by community foundations although in different ways. Many factors (e.g., what other organizations exist in the community) will influence why and how a community foundation might use PRIs. Further, reporting on PRIs is not yet consistent across foundations so our findings related to their use by the two community foundations in this study should be interpreted with caution.

According to Foundation Center data, from 2005–2011 the Kalamazoo Community Foundation made 15 PRIs totaling about \$42.9 million, mostly for community development. The Grand Rapids Community Foundation made 10 PRIs totaling about \$3.8 million during this same time period. When the PRIs are combined with grants, about 51 percent of Kalamazoo Community Foundation's outlays go to community development, compared to 12 percent for the grants and PRIs combined from the Grand Rapids Community Foundation. Interviews confirmed this community development focus for the Kalamazoo Community Foundation, as respondents noted that the foundation has used PRIs especially for downtown renovation. While our methodology includes PRIs, we did not have the data to examine the use of Mission Related Investments (investments of a foundation's endowment in projects that promote their mission); ideally, that data should also be examined in a study like this and might paint a different picture of community development investments.



# Summary and Conclusions

The methodology that we have developed proved to be useful in identifying the unique philanthropic character — the common patterns, practices, and cultural norms for giving — of the two communities where it was applied in this report. In brief, the methodology involves using publicly available quantitative data to identify the key dimensions and patterns of giving in each community, and then asking key informants to respond to and explain the patterns that emerged. In developing and applying our approach, we asked our key informants to explain the differences between the two communities. Further testing of the methodology is needed to assess how well key informants can describe their own community dynamics without having another community as a reference point. Another approach might be to make comparisons to national averages.

The profiles based on the quantitative and qualitative analysis and the appended case studies paint a picture of two communities where local philanthropists have made extraordinary contributions to economic vitality and the quality of life for residents. These communities share many fundamental features, but our analysis raises interesting and meaningful differences in their philanthropic character. In Grand Rapids, a relatively tight-knit group of wealthy individuals has coordinated their work, at times accessing public resources, to effectively transform the city from a declining industrial center to one of the most dynamic mid-sized cities in the Midwest. In Kalamazoo, equally wealthy individuals have worked more independently to endow their city with institutions and initiatives that provide greater opportunity to disadvantaged citizens and improve economic vitality. (One important exception to this more individualistic approach is the Kalamazoo Promise, where donors coordinated their philanthropic gift but chose to do so anonymously.) In both places, philanthropic dollars and leadership have been essential to preserving the health of the two communities and preventing the kind of economic and population declines that have characterized many other cities in the region.

Some readers might ask: Do these differences in philanthropic character matter? Is it worth assessing such

community differences? Residents of Grand Rapids and Kalamazoo enjoy the benefits of increasingly dynamic downtowns, ample arts and cultural opportunities, varied educational institutions and medical facilities, and a multitude of programs that support the needs of marginalized or disadvantaged populations. Yet it may not be relevant to the residents of these communities *how* these gains were achieved or the different philanthropic paths taken in each place. Does it matter that the winner of ArtPrize is determined by popular vote while the recipient of the Irving S. Gilmore International Keyboard Festival prize is chosen by an anonymous committee? Both events enrich the quality of life and the economy, drawing attention and visitors to town. Does it matter that buildings in Grand Rapids are more likely to bear the name of a living donor while those in Kalamazoo are more likely to carry a descriptive or honorific name? Both communities still enjoy the advantages of diverse medical and educational facilities.

We believe assessing the distinct character and patterns in a community is indeed important, even for the residents who might not be interested in this assessment. The benefits available in any community depend on such philanthropic patterns, and the evolution of a community's charitable character can change whether those benefits persist for all to enjoy.

Certainly people who are engaged in the study or observation of philanthropy will be interested in this approach to studying a community's philanthropic character. Donor coordination in Grand Rapids has served to draw large amounts of public money into the downtown development effort, perhaps representing a more efficient path to community transformation than the more individualized philanthropic efforts in Kalamazoo. The culture of reciprocity among philanthropists in Grand Rapids — “you fund my project, I'll fund yours” — might also yield results with greater efficiency. On the other hand, the looser and more diversified character of philanthropy in Kalamazoo may provide more room for risk-taking and transformative investments, such as the Kalamazoo Promise and the recently announced Foundation for Excellence. So knowing more about these patterns and



their possible effects can help us know more about why some communities thrive and others do not. But to get to this level of analysis, we need more research utilizing methodologies like the one developed here.

One important question that has not been answered here (and may be difficult to answer at all) is whether one community philanthropic character or another is more effective at enticing others to give. Does a more organized philanthropic approach invite others into the process, encouraging them to earn a seat at the table through their own charitable giving? Or does it create a group of insiders and outsiders, making philanthropic participation less attractive to newcomers or the newly wealthy? In both Grand Rapids and Kalamazoo, the philanthropic patterns of how, why, and where people give seem to have persisted over time. How amenable are these patterns to change, and what might that change look like? Answering these sorts of questions requires, first, having the tools to measure and describe a community's philanthropic character. This report provides those tools.

The methodology needs to be tested in more diverse communities, including ones with notable differences from the two places explored as test cases here — e.g., larger, smaller, and more rural areas, as well as communities with larger populations of different ethnic groups. Both Grand Rapids and Kalamazoo are older, manufacturing-based communities. Cities and communities that have developed more recently, with more technology-based economies, would also be important places to test our approach to describing a philanthropic character.

What we learned in analyzing these two communities also raises many other interesting questions for further research. For example, how fixed is a community's

philanthropic character? And how is it transmitted over time? We repeatedly heard concerns in both communities about what would happen to the valued philanthropic traditions in each community as the baton is passed to the next generation of donors — both to those younger members of existing donor families and to new young donors. If the children and grandchildren of these anchor donors move away from the community, what will happen to community giving patterns and the place-based focus of major giving in each area? How is the culture of giving in a community learned inside families or family foundations, and does this same learning happen if a family gives through the community foundation? Do the next generations have the same issue priorities or opinions about anonymity? We believe that our assessment methodology provides a research tool to help track these generational changes as they may occur.

In addition to scholars of community philanthropy, our approach may be of interest to emerging foundations and fundraisers, helping them to better align their investment and development efforts with the philanthropic character of the community in which they work. Understanding the role of family and community foundations and how the elite donors relate — or not — to these institutions will help shape development campaigns and appeals.

More broadly, we believe any member of a community will find it useful and interesting to hold a mirror up to themselves to see their philanthropic identity — to see how charitable resources are raised and deployed in their communities, and how their distinctive giving norms operate. By doing so, they can enhance and better coordinate overall giving in their community for the benefit of all.



## Philanthropy in Action: Arts and Culture

Grand Rapids and Kalamazoo are both known for their impressive arts and cultural landscape. Between them, these mid-sized cities are home to two symphony orchestras; two chamber music societies; companies devoted to ballet, contemporary dance, and opera; eight museums; numerous arts-oriented festivals and events; and some of the largest and most beautiful theaters in the state.

Philanthropy underpins these rich offerings. Wealthy individuals are major donors to arts organizations and often serve as trustees on their boards of directors. Foundations contribute to operating costs, support capital improvements, and make investments in endowments. Local philanthropists support arts institutions not just because they are lovers of music, dance, or theater — although they may be — but also because they understand that a vibrant cultural infrastructure contributes to the quality of life and vitality of their hometown.

The quantitative data examined in this report shows high philanthropic giving to arts and cultural organizations in both Kalamazoo and Grand Rapids, but there are some important differences in how these funds are provided. Our interviewees observed that in Grand Rapids, major donors tend to identify with one or a few arts institutions, sitting on their boards and providing major gifts. In Kalamazoo, giving to the arts is more diffuse, with donors more likely to contribute to multiple institutions, rotating on and off boards, and less likely to become closely identified with a single organization — a story, once again, of two similar philanthropic communities practicing philanthropy in different ways.

Two signature events — ArtPrize in Grand Rapids and The Gilmore in Kalamazoo — provide a window into arts philanthropy in these two communities. While only one element of each city's arts and cultural offerings, these are the highest profile events in each community and are emblematic of some of the contrasts revealed in our quantitative and qualitative research.

Every September since 2009, suburban and city residents, as well as tourists from across the state and even the nation, stream into downtown Grand Rapids for ArtPrize.

Over 19 days, they roam the city's 3-square-mile ArtPrize district viewing works of art installed in all kinds of venues, from retail stores, restaurants, and museums to plazas, bridges, and public buildings. (Several works of art have even been located in the Grand River.) Then they vote, via phone and Internet, for their favorite works of art. The top vote-getters move into a second round, and voting begins again. Over \$500,000 in prize money was awarded in 2015, half decided on by public voting and half by a jury of art experts. (Juried awards were added in 2010 after ArtPrize drew criticism for the caliber of the prize-winning art; prize money is now allocated evenly between works selected by popular vote and those selected by a jury of arts experts.)

ArtPrize has been called “The world's most lucrative and most democratic contemporary art competition (Stryker, 2014).” The barriers to entering the competition are low — artists over 18 years of age can enter if they pay a \$50 application fee and find a venue in the district to display their work. The barriers to attending are even lower — ArtPrize is free. In 2015, 1,550 entries were displayed at 162 venues, more than 35,000 registered voters cast 422,736 votes, and ArtPrize was visited by an estimated 438,000 individuals (ArtPrize). An economic impact study found that in 2013 ArtPrize pumped \$22 million into the local economy (Anderson Economic Group, undated).

ArtPrize is the creation of one of Grand Rapids' wealthiest residents, Rick DeVos, grandson of Amway founder and son of Dick and Betsy DeVos, who are among the city's leading philanthropists. The event was developed with a specific goal in mind. When asked in a 2012 GQ magazine article about how he came up with the idea, Rick DeVos responded, “My overall goal is building a creative culture in Michigan, and it's all a method of trying a different path to get there. I wanted to do something different and weird (Power, 2012).” After looking at other midsized cities considered hubs of culture and innovation — people in both Kalamazoo and Grand Rapids tend to cite Boulder, Colorado and Austin, Texas as models — DeVos thought about how to create a similar kind of energy in Grand Rapids. “I'm more interested in that



challenge. How do you create those sorts of centers? I see ArtPrize as my creative act (Power, 2012).”

For all the controversy ArtPrize has engendered — whether over the quality of art selected through public voting, the “popularity contest” aspect of the public awards, the political activities of the DeVos family, or the rejection of specific works of art — ArtPrize is an undeniable success.<sup>5</sup> It has helped put Grand Rapids on the national map, drawing people to the city while garnering national and international media coverage. While the rules governing ArtPrize and the nature of the controversies that surface regularly may continue to change, ArtPrize appears to have become an enduring feature of the Grand Rapids cultural scene. The dates of future ArtPrize events appear on the organization’s website; it is scheduled to continue at least until 2025.

It is difficult to overstate the contrast between ArtPrize and the Irving S. Gilmore International Keyboard Festival (“The Gilmore”), arguably Kalamazoo’s best-known arts event. Held every two years for three weeks in the spring, The Gilmore brings world-renowned pianists of all genres to Kalamazoo, with forays into surrounding communities, including Grand Rapids. It is a more sedate event than ArtPrize, taking place in theaters and performance spaces and drawing music lovers — especially keyboard aficionados — from around the world. But nowhere is the contrast more evident than in how each competition determines its prizewinners.

The Gilmore Festival was launched in 1991 at the behest of the I.S. Gilmore Foundation following the death of Kalamazoo businessman and philanthropist Irving S. Gilmore in 1986. The Gilmore receives the largest share of its funding from the I.S. Gilmore Foundation, but it also carries out a robust development effort drawing support from corporations, individuals, other foundations, and state and national arts funding organizations. The Gilmore began as an effort to create a prestigious piano award with little thought to how it might benefit the city in any direct way. The Festival, created almost as an afterthought to showcase the award winner, has grown into something much bigger.

The three weeks of events that make up The Gilmore — more than 100 events were held for the 2016 festival — transform Kalamazoo into a required destination for piano lovers from all over. The Gilmore estimates that more than 30,000 people attend the festival every two years (Gilmore Keyboard Festival). But the national and international reputation of the festival still rests on its prizes. The Gilmore Artist Award, granted every four years, is worth \$300,000 and is open to any pianist of any age and nationality who is, in the language of the judges, “worthy of a global career.” The Gilmore also gives several Young Artist Awards every two years to pianists 22 and younger; these are worth \$25,000 each. Even more notable than the prize money is the award selection process. Unlike traditional music prizes, where contestants perform before an audience and a jury, the choice of Gilmore Award recipients is made by an Artistic Advisory Committee of six individuals who operate anonymously, reviewing candidates nominated by a large group of international music professionals, then traveling incognito to hear finalists in performance in multiple settings and under varying conditions. The selection process can take up to four years. The candidates themselves are unaware that they are being considered for a Gilmore award, and are usually stunned when the Gilmore’s director approaches them after a performance to tell them they have won.

The anonymous jury approach was developed by The Gilmore’s founders to ensure that performers who might not be at their best in a competition setting could be identified and recognized, but it is also a reflection of the character of Irving S. Gilmore and a way of honoring his personal philanthropic approach — an approach that helped set the tone of Kalamazoo’s philanthropic culture. Irving Gilmore is a storied figure in Kalamazoo, a successful business owner whose family intermarried with the even more successful Upjohn family. The *New York Times* has written that he practiced philanthropy with “a disarming spontaneity” and that the festival “incorporates his three passions in life: charity, anonymity and the piano (Holland, 1991).” Much of “Uncle Irving’s” generosity related to his passion for music (he was a trained concert pianist); his gifts included band uniforms for a

<sup>5</sup>In 2015, a work by a Syrian-born artist that included burned copies of the holy books of three religions was rejected at the last minute by the city’s Arts Advisory Committee (Kaczmarczyk, 2015).



local high school and a Steinway grand piano purchased for a talented Kalamazoo composer and pianist. Even today, when area nonprofits receive grants from the Irving S. Gilmore Foundation, they are asked to keep the amount of the grant confidential, an unusual practice in the world of philanthropy. Mr. Gilmore's philanthropic style is echoed in many of the patterns of philanthropy seen in Kalamazoo today.

It is difficult to gauge the economic impact of The Gilmore on Kalamazoo. Like ArtPrize, it draws people to the city from surrounding areas and nationwide, but these are people with an interest in keyboard music and they play no role in selecting the prizewinners. The Gilmore has estimated that \$10-\$20 million is pumped into the local economy as a result of the festival. While this number has been questioned there is agreement that the value of The Gilmore to the community transcends any dollar amount. "It's about bragging rights," says George Erickcek, formerly an economist with the W.E. Upjohn Institute in Kalamazoo; "During the keyboard festival, if you're a lover of music, Kalamazoo is the best place in the world, and that says something (Parikh, 2010)."

Two marquee events, each three weeks long. Two pots of award money, each providing among the largest prizes in their respective fields. Two magnets of attention for

the national and international media. Two avenues for attracting tourists and enhancing the local economy. Yet ArtPrize and The Gilmore reflect different approaches that echo the philanthropic character of each community. ArtPrize represents a strategic and high profile move by one of the city's wealthiest philanthropists to make Grand Rapids an arts destination and contribute to the city's economic vitality. The Gilmore began as a quieter affair — a secret competition to honor a modest philanthropist — but has evolved into an event that serves much the same purpose as ArtPrize. The audience participation elements of ArtPrize — free admission, voting, and allocation of much of the prize money itself — are dramatically different from the anonymous jury approach of The Gilmore. And the eclectic, open nature of ArtPrize contrasts with the carefully curated programming of The Gilmore. Here again is a story of how philanthropic strategies can vary even between similar communities and how local assets can be leveraged in different ways for similar ends. Both ArtPrize and The Gilmore represent philanthropic efforts to brand their communities as desirable places to be while bringing national and international attention to what are essentially local arts events. Despite the contrasts, early fall in Grand Rapids and every other spring in Kalamazoo feel much the same — excitement in the air, tourists in the streets, and creative expression everywhere.



## Philanthropy in Action: Downtown Development

The central cities of Grand Rapids and Kalamazoo have followed similar trajectories over the past half-century, from bustling economic hubs in the 1960s, to decline in the 1970s, to revitalization in more recent years. Private philanthropy has played an important role in this transformation in both places, although the character of philanthropic action varies between the two communities.

Grand Rapids is widely seen as a downtown revitalization success story. The second largest city and metro area in Michigan, it has earned awards ranging from the “Best City for Raising a Family” to “Top Travel Destination” to “Best Beer City” (Experience Grand Rapids). It is not so much the vitality of downtown but its transformation that is remarkable — a change driven by donor coordination and an intentional strategy of political action on the part of the city’s business leaders who are also its leading philanthropists.

Like many urban areas in the Northeast and Upper Midwest, downtown Grand Rapids in the 1970s was depopulated and economically depressed. The loss of industry (especially the furniture industry that had underpinned the local economy), growth of the suburbs, and relocation of commercial activity south to 28<sup>th</sup> Street had drawn people and businesses away from the urban core. The urban renewal activities of the 1960s, the impact of which is still being debated, had sped up the demolition of neighborhoods and older commercial buildings. When President Gerald R. Ford, a Grand Rapids native, was defeated by Jimmy Carter in the 1976 presidential election, the community welcomed him home with a parade. “The Secret Service almost cancelled it,” said Peter Secchia, former U.S. Ambassador to Italy and a leading Grand Rapids philanthropist. “We had so many closed buildings and vacant lofts in upper floors that they didn’t have enough security personnel to staff them all (Lieske, 2011).”

In 1980, the construction of the Monroe Avenue Pedestrian Mall was hailed as marking “the rebirth of the central city” (Ellison, 2014). Like many other pedestrian

malls — including the first to be built, in Kalamazoo in 1959 — it failed to reverse the decline of downtown. In 1991, 76 vacant storefronts were counted on one section of the mall; it was reopened as a street a decade later. A more successful initiative, also dating from 1980, was the opening of the Grand Center and DeVos Performance Hall. Philanthropic contributions of \$6 million covered the cost of construction. More importantly, this was the first time in Grand Rapids history that an ambitious fundraising goal had been publicly announced, reached, and surpassed. The center has grown into a thriving convention and performing arts center with a 2400-seat theater, and it is now home to four arts organizations.

The following year (1981), the Amway Grand Plaza Hotel opened downtown. The renovation of the Pantlind Hotel represented a \$60 million investment by two Grand Rapids families — the DeVos and VanAndels, co-founders of the Amway Corporation — who were emerging at that time as leading philanthropists and civic boosters. In this work they now joined other families who had been collaborating on smaller projects and together they kicked off a successful multi-year campaign to marshal philanthropic and public resources for downtown development (Roelofs, 2011). This leadership was formalized in the creation of a new organization, Grand Vision, in 1991 when more than 50 West Michigan leaders assembled to explore the possibility of building an arena and expanding and renovating local convention facilities. In 1993, Grand Vision officially changed its name to Grand Action, and its formal leadership expanded (Grand Action).

Grand Action’s mission is to identify downtown building and revitalization projects, to galvanize public opinion and support for these projects, and to design and implement funding strategies for each project, including securing enough private sector support to guarantee funding from existing public funds (Grand Action website). Its creation and subsequent activities represent an intentional approach of using local philanthropic dollars to leverage public money for downtown development. A 2015 report by The Philanthropic Collaborative highlighted the role of endowed philanthropy in making



this sort of long-term collaboration possible, noting that, “For more than 25 years, a collaboration of charitable foundation and public leaders called Grand Action has accomplished what government alone never could...” (Philanthropic Collaborative, 2015, p. 4).

Table 3 summarizes the key activities of Grand Action, including the amount of public and private funding, illustrating the combined power of local philanthropy and state and county monies. In total, Grand Action estimates that a private (including philanthropic) investment of \$125 million has triggered more than \$420 million in downtown capital investments (Ibid.).

Another critical driver of Grand Rapids’ downtown development has been the growing education and medical, or “Eds and Meds,” sector — that is, the expansion of universities and hospitals into the urban core. Grand Valley State University (GVSU), a 25,000-student public university whose main campus is 12 miles west of downtown, began an intensive process of downtown expansion in the 1980s. Seeded with philanthropic contributions,

GVSU’s downtown campus expanded rapidly in the 1990s and 2000s. As described in this report, several of our respondents consider GVSU’s downtown campus construction one of the drivers — though not the only one — of Grand Rapids’ “naming” culture of philanthropy. For examples, the Grand Rapids campus is home to the Richard DeVos Center, L.V. Eberhard Center, Cook-DeVos Center for Health Sciences, L. William Seidman Center, Beckering Family Carillon Tower, Hauenstein Center for Presidential Studies, Keller Engineering Laboratories, John C. Kennedy Hall of Engineering, Peter F. Secchia Hall, and the Van Andel Global Trade Center, among others. Civic leaders were also successful in enticing Michigan State University to locate its College of Human Medicine downtown, named the Secchia Center in recognition of its lead donor. The medical school joined other hospitals and health facilities along Medical Mile (actually a much larger area), including the VanAndel Institute (for cancer research), established in 1996; Helen DeVos Children’s Hospital; GVSU’s Cook-DeVos Center for Health Sciences; Meijer Heart Center; Lemmen-Holton Cancer Pavilion; Butterworth Hospital; and others.

**TABLE 2: Grand Action Projects**

PROJECT	DATES	TOTAL COST (millions)	PUBLIC FUNDING (millions)	PRIVATE FUNDING (millions)	LEAD PRIVATE DONOR(S)
Van Andel Arena	1994–96	\$77	\$56	\$21	Jay and Betty Van Andel
DeVos Place	2000–05	\$215	\$168	\$33	Richard and Helen DeVos
Meijer Majestic Theater	2005–06	\$10	n/a*	n/a	Fred and Lena Meijer
Secchia Center (Michigan State University’s College of Human Medicine)	2008–10	\$90	\$50	\$40	Peter Secchia
Downtown Market	2013	\$30	\$15	\$12.5	Multiple

\*Grand Action served as fiduciary agent for this project.

Note: Information derived from the Grand Action website and The Philanthropic Collaborative (2015).



Metropolitan Grand Rapids is also home to 14 other colleges and universities, many of them in close range of downtown. Other institutions of higher education located in central Grand Rapids are a satellite campus of Western Michigan University (based in Kalamazoo); Kendall School of Art and Design, a prestigious art school now affiliated with Ferris State University; Grand Rapids Community College; and Davenport University.

The introduction of new buildings and a large student population into the urban core has transformed its culture and quality of life, with condominiums, restaurants, and bars catering to young professionals; new attention being paid to the use of the riverfront; and the introduction of a signature arts event, ArtPrize, that each year brings tourists and residents downtown (see *Philanthropy in Action: Arts and Culture*). While much of this transformation has been commercially driven, it was catalyzed by the unique synergy of private philanthropy and public funding represented by Grand Action and the leadership of key philanthropists. One can see this dynamic at work today, as crews transform the old industrial buildings in the Heartside Neighborhood into upscale apartments and condominiums, a stone's throw from the Downtown Market — just as Grand Action and its partners had intended.

While improvements in the vitality of Kalamazoo's smaller downtown area are under way, they have been slower to reach fruition than in Grand Rapids, and leading philanthropists have played less of a public, although perhaps no less of a leadership role.

Kalamazoo suffered from many of the same negative economic forces at play in Grand Rapids. In the 1970s and 1980s, suburbanization, the development of commercial corridors near the interstates, middle-class flight, and shuttered employers — in this case, paper mills and an auto body plant that had provided much of the area's working-class employment — contributed to population decline in the city while the county's population remained stable. The region's leading employer, The Upjohn Company, remained at the center of economic and philanthropic life until well into the 1990s. In 1995, Upjohn merged with the Swedish-owned pharmaceutical company, Pharmacia, and the merged firm was acquired

by drug giant Pfizer in 2003. The impending loss of the Upjohn headquarters provided a catalyst for concerted action by community leaders. Among the responses were the establishment of a privately funded economic development entity, Southwest Michigan First; the development of a business incubator and industrial park on land owned by Western Michigan University; and the creation of a venture capital fund to retain spin-off businesses in the pharmaceuticals field. These efforts were focused not on downtown but on the retention of the scientific talent and white-collar jobs on their way out with the demise of The Upjohn Company. This strategy was devised and implemented by business leaders rather than philanthropists (although there is some overlap between the two), in partnership with Western Michigan University.

Downtown development was left to “The D’s” — the Downtown Development Authority, Downtown Kalamazoo, Inc., and two other quasi-public entities with tax increment financing authority that oversaw the investment of more than \$500 million in the downtown area in the 1990s and 2000s (Monacelli, 2013). The Kalamazoo Community Foundation played a contributing role through its program-related investments, as the quantitative data presented in this report shows. The city too has been an important actor in downtown revitalization through a robust brownfields redevelopment program and work in the core neighborhoods.

In the 1990s, several independent actions were taken to spur downtown revitalization. In 1998, the pedestrian mall that ran through the center of downtown was converted back to a street. There was also a successful effort to revitalize a several-block area just north of the city center by locating there the downtown campus of Kalamazoo Valley Community College (KVCC, whose main campus is in a neighboring township), along with the Kalamazoo Valley Museum (operated by KVCC) and the Arcadia Commons Festival Place (home to a series of summer festivals and concerts).

While Kalamazoo's downtown is improving by many measures, the pace of development may have been slowed by the absence of the sort of concerted philanthropic coordination and political outreach embodied by Grand Action. Kalamazoo's efforts to build a downtown



arena are illustrative. The city already has an arena — Wings Stadium, home to a minor-league hockey team — but it is situated along the interstate well outside the urban core. Western Michigan University, located a mile west of downtown, also has several arenas as well as one of the largest theaters in Michigan on its campus. Discussion of a downtown convention center or arena goes back as far as 1997, with a feasibility study prepared by a private consulting firm presented to Kalamazoo County officials in 2009 (Russon, 2010). This proposal, advocated for by a group of local business leaders, called for building an arena on a 6.3-acre plot of vacant land on the edge of downtown, land owned by WMU and Downtown Tomorrow Inc. It was expected that the hockey team, along with several WMU teams, would move into the arena once an arena was built; the inclusion of several businessmen who were also on the WMU board lent credence to this assumption. The original plan was to ask the Kalamazoo County Board of Commissioners to fund the \$81.2 million construction cost through a 1 percent food and beverage tax throughout the county, but advocates were unable to get the commissioners to agree to put the proposal on the ballot (Klug, 2012).

The land that might have been home to an arena, as well as the retail, housing, and dining amenities that might have been built around it, still sits vacant (Jones, 2015a). Financial difficulties have led to a curtailed role for “The D’s” in downtown development. Increasingly, downtown revitalization is the purview of WMU, KVCC, Bronson Hospital (which has grown rapidly), and private developers. A big step was taken in 2011 when a \$100 million anonymous donation was received by WMU for the creation of a medical school. Three years later, the anonymous donors were revealed to be William D. (Bill) Johnston (former educator, owner of the local hockey team and a well-known developer) and his wife, Ronda Stryker, the granddaughter of Homer Stryker, founder of the Stryker Corporation. The Homer Stryker M.D. School of Medicine, whose W.E. Upjohn M.D. Campus is located just two blocks from the former downtown mall, enrolled its first class of students in 2014. KVCC, too, has expanded its downtown presence with its \$45 million

Bronson Healthy Living Campus, three buildings located on land donated by Bronson Hospital and housing new programs devoted to culinary arts, food innovation, sustainable brewing (in collaboration with WMU), and health careers. In 2014, Arcadia Brewing Company, a popular brewery based in neighboring Battle Creek, opened a facility and pub on the bank of the Kalamazoo River, and the expanding brewpub chain HopCat added a Kalamazoo location nearby in 2016. They join a thriving local brewery scene focused on downtown (Monacelli, 2012). The city has invested in riverfront development as well, and private developers have recently announced plans to build hundreds of new residential units downtown to accommodate growing demand (Jones 2015b).

While Kalamazoo is clearly rich in philanthropic resources, until recently it has lacked the level of coordinated donor activity seen in Grand Rapids.<sup>6</sup> Perhaps because of their penchant for giving anonymously, perhaps because of their habit of pursuing their individual philanthropic goals, or perhaps because of their lack of interest in organizing politically and claiming public resources, Kalamazoo’s philanthropists have been largely missing from the story of downtown development, except through their private actions as developers or affiliation with local educational institutions. As a result, Kalamazoo’s downtown remains a work in progress.

As this report was going to press, Kalamazoo residents were greeted with news of another major philanthropic investment, this time in the form of a \$70 million donation to the City of Kalamazoo designed to reduce the city’s structural budget deficit, provide property tax relief, and seed a \$500 million private fund that would provide sustainable financing for additional projects (Jones, 2016). The nature of this investment seemed to reflect some of the key findings of this report. The philanthropists behind the initial investment — Bill Johnston and Upjohn heir William U. (Bill) Parfet — had intended their contributions to be anonymous, but because the recipient is a public entity the city decided to make the donors’ names public after receiving a number of Freedom of Information Act requests (Monacelli, 2016). The donation is designed to make the city more attractive not

<sup>6</sup>Two recent exceptions are The Kalamazoo Promise — see *Philanthropy in Action: K–12 Education* — and the new tax relief plan discussed here.



through direct infrastructure funding of the kind that has prevailed in Grand Rapids but through property tax reductions and the funding of quality-of-life amenities that may attract new residents and businesses — in essence, a human capital development strategy like the Kalamazoo Promise. And while the gift is an example of donor coordination, which to date has been fairly rare in Kalamazoo, it lacks the hallmarks of similar coordinated

efforts in Grand Rapids — there is no effort to use private money to leverage public dollars, and the donors have expressed their commitment to leaving all decisions about how the money is spent to the city commission (Jones, 2016). In this sense, too, this recent development bears a resemblance to the Kalamazoo Promise — a large philanthropic investment in the future of the city and its residents that leaves the details to others.

## Philanthropy in Action: K–12 Education

Education is a major focus of philanthropy in both Grand Rapids and Kalamazoo, but here too are similarities and differences between the two communities that shed light on the various ways educational philanthropy can be practiced. Both Kalamazoo and Grand Rapids face the challenge of high poverty in their urban cores, and their largest school districts serve the majority of the regions' low-income and minority children. Both cities are home to higher education institutions that play an important role in economic development. Both cities also have charter, private, and parochial schools that provide families with alternatives to the public school district. All of these educational entities are prime targets for local philanthropists concerned not only with poverty alleviation but also with retaining families and businesses within the city and contributing to employer needs for an educated workforce. Despite the similarities, major philanthropists have gone about their educational giving in different ways in the two communities.

Kalamazoo's best-known philanthropic endeavor is The Kalamazoo Promise, among the most generous college scholarship programs in the nation. Funded by a group of anonymous donors from the community, The Kalamazoo Promise guarantees a full-tuition scholarship

for every graduate who has spent all of his or her K–12 years enrolled in and a resident of the Kalamazoo Public Schools (KPS) district. Those who attend and reside in KPS for four years receive 65 percent of tuition costs, and there is a sliding scale for those in between. The scholarship can be used at one of 59 public and private institutions in Michigan.

The extent of the anonymous donors' open-ended philanthropic commitment can be seen in four provisions of the scholarship that make it unusual in the world of college financial aid:

- 1) Every student is eligible regardless of financial need or academic achievement; the scholarship will cover whatever post-secondary institution, ranging from community college to the state's elite institutions, to which the student can gain admission;<sup>7</sup>
- 2) The scholarship is awarded on a first-dollar basis (before other sources of financial aid), making it possible for low-income students who also receive federal Pell grants to utilize both sources and have virtually all their college costs covered;

<sup>7</sup>Private colleges commit to supplementing the Kalamazoo Promise scholarship, which is capped at the highest public in-state tuition level, ensuring students that the full cost of tuition is covered.



- 3) Students have 10 years after high-school graduation in which to use their scholarship funding; and
- 4) The Kalamazoo Promise is set up to exist in perpetuity, with funding available to cover successive generations of KPS graduates and keep pace with rapidly rising tuition costs over the coming decades.

Because the donors have chosen to remain anonymous it is difficult to know their precise motivation in creating such an initiative. Nonetheless, the structure of The Kalamazoo Promise, with its incentives for long-term attachment to the local school district and strict enforcement of residency requirements, suggest what they had in mind: an open-ended philanthropic commitment that seeks to transform both the educational system and the broader community. KPS is a high-poverty district that serves most of the region's low-income and minority youth; the free and reduced-price lunch rate hovers around 70 percent. While larger than the city, the district includes the urban core — an area that, like Grand Rapids, is marked by the contrast between strong middle-class neighborhoods and a culturally vibrant downtown on the one hand, and neighborhoods of concentrated poverty and social problems ranging from childhood hunger to gang violence to substance abuse on the other.

The anonymous donors are widely believed to include the city's leading philanthropists and, as of spring 2016, the group had spent more than \$80 million to send almost 5,000 students to college. Researchers tracking the impact of the program have found positive effects in K–12 achievement (Bartik et al., 2015) and post-secondary enrollment and completion, with especially strong gains in Bachelor's degree attainment (Bartik and Lachowska, 2012). Community-level impacts include a decline in out-migration, especially among families with children (Bartik and Sotherland, 2015). The rate of return on the donors' investment, based on increased earnings by better-educated scholarship recipients, was estimated in 2015 at 11.3 percent (Bartik et al., 2016).

The Kalamazoo Promise is meant to be a transformative investment, one designed to catalyze action by a broad range of organizations and individuals. The idea was developed at a time when Kalamazoo was grappling with

the loss of its major employer and a long-term increase in poverty in the urban core and the school district serving it. The donors' investment appears to be intended to reverse these negative trends and ensure that Kalamazoo remains an economically vital community with a strong educational system at its core.

Grand Rapids' philanthropists are also interested in education but have taken a different approach than the Kalamazoo Promise donors. Instead of an open-ended investment in public education ultimately intended to promote economic development, philanthropic gifts to K–12 education in Grand Rapids tend to be more directly focused on academic support, designed to close achievement gaps, support student needs, and provide schools with additional resources and programs. Robust philanthropic support for private and charter schools also suggests a goal of providing families with alternatives to public education.

Two major investments characterize very well the current landscape of Grand Rapids philanthropy in the sphere of K–12 public education. The first, Challenge Scholars, is a partnership between Grand Rapids Public Schools and the Grand Rapids Community Foundation that was inspired by the Kalamazoo Promise but differs from it in important ways. The second, Believe 2 Become (B2B), is a partnership between Grand Rapids Public Schools and two foundations that mirrors the cradle-to-career approach pioneered by the Harlem Children's Zone. Both programs use philanthropic dollars to construct systems designed to close achievement gaps and break the cycle of intergenerational poverty.

The philanthropic resources underpinning the Challenge Scholars program come from the Grand Rapids Community Foundation, which has carried out a campaign to raise over \$30 million in an endowment for the program. Donations have come from more than 400 donors, contributing gifts that range in size from \$25 to \$2 million. Contributions from colleges and universities in the form of guaranteed scholarships account for about 40 percent of this total, while funding from individuals, foundations, and corporations accounts for about 60 percent (Weick, 2016).



Challenge Scholars is an early commitment program; announced in 2013, it will award its first college scholarships in 2020. The program provides extensive in-school supports and college scholarships for eligible children who attend one of two middle schools and graduate from the high school they feed into. All three schools are located in a high-poverty neighborhood of Grand Rapids where students struggle with attendance, academic performance, high-school graduation, and post-secondary matriculation. Challenge Scholars is an example of a close partnership between a school district and local philanthropists that seeks to improve student achievement and create a pathway to post-secondary education.

The Challenge Scholars program, while inspired by the Kalamazoo Promise, is quite different. First, in-school and wraparound services are part of the philanthropic commitment to the Challenge Scholars, while in Kalamazoo the donors' investment is purely for scholarships — although many community-based, philanthropically-supported organizations in Kalamazoo, especially Communities in Schools, provide wrap-around services in support of student success. Second, the Challenge Scholars scholarship is more restrictive in its terms than the Kalamazoo Promise scholarship. Challenge Scholars must meet a variety of criteria, including GPA, attendance rates, and others.

A second example of large-scale philanthropy focused on school-age children is Believe 2 Become (B2B), a neighborhood initiative supported by the Doug and Maria DeVos Foundation and the W.K. Kellogg Foundation. B2B also includes in-school work focusing on attendance, professional development for teachers and principals, an early education program, and a summer academy for students at all grade levels. The emphasis of this program is on youth in four low-income neighborhoods as it seeks to surround them and their families with a broad range of community supports. Covering neighborhoods that are home to 15,000 young people, B2B is using data to evaluate the impact of community-based programs, such as Parent University, that seek to break the cycle of intergenerational poverty.

There are many other examples of philanthropic support for education in Grand Rapids and Kalamazoo beyond

the three initiatives mentioned here, including one-time gifts for special programming and support for children's basic needs. But these large-scale programs tell us something about the different approaches of philanthropists in the two communities.

A group of Kalamazoo's wealthiest individuals have chosen to use a long-term, open-ended investment in education as a catalyst for community revitalization. The form of this investment — a deep pool of scholarship resources, guaranteed in perpetuity, for potentially every graduate of the school district serving most of the region's low-income and minority children — is almost certainly intended to create new opportunities for disadvantaged youth. But at its heart it is an economic development strategy that seeks to make Kalamazoo a more attractive community.

Grand Rapids' philanthropists also invest in K–12 education but there is no evidence they see this as a critical element in the city's economic development strategy, which has been pursued largely through brick-and-mortar projects designed to increase the city's appeal and “Eds and Meds” investments supporting higher education and health care institutions (see *Philanthropy in Action: Downtown Development*). In interpreting these differing philanthropic patterns, it is useful to note the commitment of Grand Rapids' wealthiest families to religious education and related political support for school choice and private school vouchers, which aligns with the data reported elsewhere in this report on giving patterns in Grand Rapids (Philanthropy, 2013). In this context, philanthropic support for universal access and open-ended investment in a public school district of the kind we see in Kalamazoo seems less likely in Grand Rapids.

Educational philanthropy takes many forms in Grand Rapids and Kalamazoo, but the investments discussed here provide another example of how local donors may approach issues differently and in a way that aligns with a community's philanthropic character. With the Kalamazoo Promise, anonymous donors have sought to place educational opportunity at the center of an economic development strategy for the city, a transformative approach that is intuitively appealing but hard to measure in terms of short-term impact. The donors in this



case have chosen to stand back from their groundbreaking investment and see how the community responds. In Grand Rapids, the supporters of Challenge Scholars and B2B are investing in children and schools through more focused interventions that echo the coordinated management and planning seen in downtown development

and even ArtPrize. These initiatives are closely monitored for impact through data collection, evaluation, and continuous improvement. Once again, two communities with similar needs have found different paths to addressing them.



# Appendix A:

## Data Sources and Methods

We used the most current data available as of September 2015 to conduct our analysis. Because of variability in how individual foundations report their own data, we used data from sources that have common definitions and reporting formats, such as Foundation Center, in order to ensure comparability. When examining a single community, other sources of data, such as annual reports and other more current data may be appropriate.

### Overall Giving in Each Community

- Data taken from the *Estimate of Charitable Giving in Kent County, Mich., for 2012* and the *Estimate of Charitable Giving in Kalamazoo County, Mich., for 2012*. Both reports available at <http://johnsoncenter.org/resources/community-philanthropy-research/>.

### Social Capital

- The Social Capital data comes from a national study conducted by the John F. Kennedy School of Government and Harvard University (2000). A total of 500 persons were interviewed in Kalamazoo County, Michigan (66 percent from the City of Kalamazoo), and 502 persons were interviewed in the City of Grand Rapids, Michigan. A national sample (N=3,003) was also utilized.
- The composite indexes used were those recommended in the codebook.
- Independent t-tests were conducted using a 95 percent confidence interval to determine differences between the mean scores in Grand Rapids and Kalamazoo County for each index. The same tests were also used to compare each community to the national sample. See Appendix C for more detail on this Social Capital Data.

### Ways of Giving

- The proportion of giving by the community foundation in each county was calculated as a percent of total foundation giving. For this measure, giving by all foundations in each county were included using 2012 Form 990 and 990-PF tax forms.
- Million-dollar giving by source was calculated using the amount of million dollar gifts given by donors in Kent and Kalamazoo counties, using the *Million Dollar List*. This dataset includes gifts over a million dollars that are publicly reported or reported to the Indiana University Lilly Family School of Philanthropy. Since donor location is not available for anonymous gifts, anonymous donations given to each community were not included. National proportions were calculated using data available on the *Million Dollar List* website, and rounding values to millions of dollars. Giving to foundations was eliminated in the giving by issue area graph, as several large gifts made nationally to this issue area were made by individuals to their foundations.



- The geographic distribution of million dollar giving was calculated using the *Million Dollar List* and tracking the location of gifts given by donors within the counties. Anonymous gifts were excluded since the donor location is unknown. Also gifts with unknown recipient locations were excluded, including scholarships with multiple locations.

### **Giving by Issue Area**

- The top 10 private foundations for each community were determined by using available 990-PF tax returns. An average of giving over the years 2001–2011 was used to determine the highest giving foundations. The foundations that were included in the top 10 were independent, family, and corporate foundations, while public charities, operating foundations, and community foundations were excluded. Family foundations that appeared to be coordinating their giving were combined to count as one foundation for the purpose of the top 10 in order to add more diversity to the sample. Thus, the top 10 foundations for Grand Rapids actually consist of 16 independent or corporate foundations. See the Appendix of Top 10 Foundations for a list of foundations included in each community.
- To calculate relative giving priorities by top 10 foundations, data was obtained from the Foundation Directory which categorizes grants based on its purpose using the National Taxonomy of Exempt Entities (NTEE). This data is incomplete, but is the best estimate available. Each foundation's average giving to each issue area was calculated for the years 2005–2011 (years in which the most data was available). Community priorities were determined by averaging the proportion of money that each of the top 10 foundations gave to each issue area. This method ensures that each foundation in the top 10 is represented equally, instead of overemphasizing the giving priorities of the largest foundations in each community.
- Million-dollar giving by issue area was calculated using the dollar amount of million dollar gifts (2000–2011) by all donor types (foundation, individual, anonymous, and corporate). Gifts to foundations were removed as several of the largest national gifts were from individuals to their foundations. Gifts are coded by type of recipient organization instead of purpose of grant. Thus, a gift of \$100 million to Western Michigan University (Kalamazoo) to open up a medical school is coded under education.
- To calculate community foundation giving, Foundation Directory data was used, which included both grants and program-related investments (loans) made by each community foundation. Program-related investments were identified using the Foundation Directory data, as well as looking at annual reports. The program-related investments were then subtracted out of the Foundation Directory data in order to display giving by issue area through grants for each community foundation.



# Appendix B: Top 10 Private Foundations (2001–2011)

## Kent County

1. The Richard and Helen DeVos Foundation  
Douglas and Maria DeVos Foundation  
Dick and Betsy Family DeVos Foundation  
VanderWeide Family Foundation  
Daniel and Pamella DeVos Foundation
2. Wege Foundation
3. The Meijer Foundation
4. Van Andel Fund, Inc.  
David and Carol Van Andel Foundation  
Steve Van Andel Foundation
5. Steelcase Foundation
6. Frey Foundation
7. G. II Charities
8. Silverwing Foundation
9. Jerry L. and Marcia D. Tubergen Foundation
10. Sebastian Foundation

## Kalamazoo County

1. Arcus Foundation
2. Irving S. Gilmore Foundation
3. The Ronda E. Stryker and William D. Johnston Foundation
4. John E. Fetzer Memorial Trust Fund
5. Dorothy U. Dalton Foundation, Inc.
6. The Ravitz Foundation
7. Suzanne Upjohn Delano Parish Foundation
8. Monroe-Brown Foundation
9. The John and Rosemary Brown Family Foundation
10. Harold and Grace Upjohn Foundation

Note: The private foundations in each community are ordered by highest average giving (2001–2011) using available 990 data. The foundations that are grouped together are foundations from the same family that appear to coordinate some of their giving. Public charities, operating foundations, and the community foundations are excluded from this list.



# Appendix C: Social Capital Data

**TABLE 3: Means of Social Capital Variables**

Variable	Grand Rapids City	Kalamazoo County	National Sample	Significance of Difference between Grand Rapids and Kalamazoo	Range of Scores
Social Trust	0.06 (n=502)	0.13 (n=498)	-0.05 (n=2993)	*p= 0.072	-2.5 to 1.0
Informal Social Interaction	0.03 (n=502)	0.14 (n=500)	-0.01 (n=3000)	**p= 0.008	-.9 to 2.2
Diversity of Friendships	6.43 (n=502)	6.62 (n=500)	6.08 (n=3003)	p= 0.243	0 to 11
Composite Racial Group Trust	2.1 (n=453)	2.18 (n=426)	2.01 (n=2402)	*p= 0.07	0 to 3
Number of formal group involvements (excludes church)	3.4 (n=502)	3.34 (n=500)	3.1 (n=3003)	p= 0.74	0 to 18
Number of formal group involvements (includes church)	4.02 (n=502)	3.88 (n=500)	3.68 (n=3003)	p= 0.49	0 to 19
Faith-Based Social Capital	0.09 (n=500)	-0.05 (n=496)	-0.01 (n=2985)	**p= 0.005	-1 to 1.5
Giving and Volunteering	5.62 (n=502)	5.65 (n=498)	5.17 (n=2997)	p= 0.891	0 to 21
Non-electoral political participation	1.2789 (n=502)	1.2896 (n=499)	1.06 (n=3002)	p= 0.905	0 to 7
Electoral Politics	3.03 (n=502)	3.14 (n=500)	2.87 (n=3002)	p= 0.153	0 to 5
Organizational Activism	0.09 (n=502)	0.11 (n=498)	0.04 (n=2985)	p= 0.709	-.9 to 5.3

\*\* Significant at the level of  $p < .01$

\*Significant at the level of  $p < .1$

Note: Data are taken from the Social Capital Benchmark Survey (2000). Analysis was also done to compare each community to the national sample; these p-values are not shown in the above table.



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