Community Ties in Perspective: The Link Between Grantmakers and Grantees

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Abstract

Community foundations occupy a unique position within the philanthropic landscape of many regions, with a general purpose of guiding philanthropic funds to areas that will best support the needs of individuals and organizations within that community. Trustees of community foundations are generally drawn from among the local business, civic and personal leaders within a locality. However, given their prominent position within the region, these trustees often serve multiple non-profits through board service, business relationship or personal relationship, raising questions about the degree to which community foundation trustees are able to direct funds to organizations with which they have other affiliations. In a study of more than 50 community foundations located throughout Michigan, a series of interlocking relationships between foundation trustees and their grantees was examined, with the results of this research having numerous potential implications for concepts of philanthropic independence and governance. More than 12% of the grants made by Michigan community foundations in 2010 to 501c3 organizations were given to grantees that shared at least one trustee in common with the granting agency. In addition, the researchers noted some unique findings about the incidence of grants to religious institutions, schools and government agencies.