

Inside Philanthropy

Think Tank Leaders Don't Lack for Ideas, But Fundraising Can Still Be Brutal

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A lot of money is sloshing around in the nonprofit world these days, but there are distinct differences in how donors from the right and left approach philanthropy — especially when it comes to trying to change public policy.

Consider the giving records of two donor-advised funds, the progressive Tides Foundation and the conservative DonorsTrust.

DonorsTrust gives funders the option to support nonprofits “that promote liberty,” according to its federal tax filing for 2020. The fund, which reported \$607 million in assets that year, made \$186 million in grants to 816 nonprofits; the average grant was \$75,300. Well-known conservative think tanks were among the recipients, including the American Enterprise Institute, the Cato Institute, the Heritage Foundation, the Competitive Enterprise Institute, the Hoover Institution and the Manhattan Institute.

About 60% of DonorsTrust contributions went to policy groups that year, which the group’s president, Lawson Bader, defines as “organizations that are somehow ideas-based,” as opposed to organizations working in causes like literacy, arts or social services. “Anything that falls into idea generation” is grouped in the fund’s policy category, Bader said.

In contrast, the Tides Foundation is a more sprawling operation, with a far more diffuse set of priorities. In 2020, it reported \$1.2 billion in assets and managed 287 donor-advised funds. Tides gave \$458 million in global and domestic grants to about 3,000 nonprofits, most of them in the United States. Candid reports that over the most recent five years, the average size of a Tides Foundation grant was \$10,000.

Tides does give some big grants — in 2020, for example, it gave \$3 million each to the Natural Resources Defense Council, Earth Justice and the Sierra Club Foundation. But during that same year, it appears that Tides gave few, if any, grants to think tanks. For example, according to Candid, the Tides Foundation appears to have given no grants that year to the Center for American Progress, the Roosevelt Institute or the Economic Policy Institute.

A tale of two funding strategies

These distinctions between Tides and DonorsTrust aren’t surprising. Philanthropy experts have long spotlighted the way that conservative funders invest heavily in think tanks, legal groups,

media and leadership training — producing an impressive record of impact that goes back to the 1980s, when the incoming Reagan administration turned to the Heritage Foundation for ideas.

In 1997, the National Committee for Responsive Philanthropy analyzed conservatives' funding strategies in a widely read report, “Moving a Policy Agenda: The Strategic Philanthropy of Conservative Foundations.” That study helped spur the work of Rob Stein, a Democratic operative who developed a much-talked-about slide presentation on the growth and reach of the right's policy and media infrastructure. Stein went on to co-found the Democracy Alliance, which has funded several progressive think tanks, most notably the Center for American Progress (CAP).

A new infusion of funding from the Democracy Alliance and other backers over the past decade has given a major boost to the left's policy infrastructure. For example, while the Heritage Foundation and its advocacy arm reported contributions of \$81 million in 2020, CAP and its advocacy arm raised nearly as much — \$77 million. Likewise, in 2020, the Center on Budget and Policy Priorities received contributions totaling more than \$44 million.

But these large progressive think tanks are the exceptions. Demos, Roosevelt and EPI all have annual budgets under \$15 million — compared to AEI and Cato, both of which receive contributions over \$40 million annually. The Federalist Society, which has played an outsized role in shaping federal courts over recent years, has been raising around \$20 million annually — more than three times the typical yearly revenue of its counterpart on the left, the American Constitution Society.

To be sure, some well-known progressive organizations raise buckets of money, with the ACLU, Planned Parenthood and the Sierra Club often topping the list. But the left's most well-funded groups tend to be narrowly focused on specific causes. The right has done a much better job of scaling up public policy and law organizations that seek to shape a broader political and cultural narrative. For example, recent influential conservative work on critical race theory has been housed at the Manhattan Institute, which has a long history of shifting public debates in key areas, starting with its support for welfare critic Charles Murray in the 1980s.

Contrasting approaches

Bader and DonorsTrust Vice President Peter Lipsett aren't surprised that progressive think tanks might have a harder time raising funds.

Lipsett speculates that conservatives “were in the wilderness for so long” that they learned patience — Democrats held the majority in the House of Representatives for 40 years until Newt Gingrich led Republican candidates to victory in 1994. Some conservative donors interested in gradual cultural change think in a “30-40-50-year” horizon, Bader added. That kind of aspiration is about shaping a worldview rather than striving to achieve short-term goals.

And since the conservatives and libertarians who give to DonorsTrust want less government assistance, more self-sufficiency and less regulation, their priorities tend to be more limited: higher education, religious liberty, law groups that fight government restrictions, and institutes that address social problems by encouraging more personal responsibility and less government help.

Progressives, by contrast, dedicate themselves to a nearly limitless array of causes, many of them requiring government to do something — either by providing resources or protecting the public.

Progressive funders still also often operate with shorter timelines than their conservative counterparts and place more restrictions on how funds can be used. Many grants last only a year, or up to three years, and take the form of project support, which remains the norm for foundations. Despite decades of complaints from nonprofits, general operating support is still hard to come by for many organizations.

The Ford Foundation, perhaps the most important philanthropic funder on the left, has worked to change this practice in recent years. It has been a pioneer with its Building Institutions and Networks (BUILD) grants, which offered more than 340 grantees a source of flexible funding for five years. But even so, a nonprofit that has received one BUILD grant isn't guaranteed another one. And Ford's approach still seems a lot more restrictive than that of many conservative funders.

The same is true of other top liberal foundations. Gary Bass, who ran OMB Watch before serving as executive director of the Bauman Foundation, recalls a funders' meeting at the Open Society Foundations that involved much discussion about whether to offer grantees general support, and how to evaluate them. The leader of the meeting noticed that a conservative funder, William Schambra, had been silent throughout the lengthy discussion. He turned to him. "Bill, you haven't said anything for the last... 90 minutes. How do conservative funders approach this?"

Schambra, who then directed programs at the Bradley Foundation, paused a moment, then replied. "I don't know what any of you are talking about... We support a group for many years. If they start screwing up, and we can tell if they are, we stop funding them. But we give them general support ongoing so they can do this work."

Little time to think

When I repeated that anecdote to Felicia Wong, who heads the Roosevelt Institute, she was floored. "That is fascinating," she said. Under her leadership over the past 10 years, the Roosevelt Institute has quadrupled in size. Nevertheless, she says that progressive leaders, no matter how accomplished, feel the constant pressure of meeting payroll and making ends meet every year.

When Wong first became president of Roosevelt in 2012, fundraising took up "120% of my time," she said. In her quest for anchor funders, Wong wore out her good dress shoes walking many blocks from her Manhattan office to the offices of a major foundation. It took 22 meetings to seal the deal. She used her contacts from her work at the Democracy Alliance to seek out other funders. "You do whatever it takes," she said.

Over the years, Wong has grown to appreciate fundraising. The funders and donors she deals with are "really smart," she said. "They have good ideas. But it's also a complicated relationship." Fundraising in all its facets — including meetings with donors and foundations, and thinking about programs that might appeal to them — still takes up a little more than half her work day.

And was there time for her to think at her think tank? There was when Wong took a sabbatical for several months. “That’s when I had time to think,” she says, laughing. During her leave, she developed Roosevelt’s exhaustive landscape analysis of what it calls a “new progressivism.”

New heads of progressive think tanks feel the financial pressure most intensely, Wong said. The Economic Policy Institute’s Heidi Shierholz is one of those leaders, and she agrees. “It feels limitless,” she said of fundraising.

Unstable funding

Shierholz and other think tank leaders also point to another challenge: the uncertainty that often surrounds foundation priorities. Many progressive funders, after all, frequently engage in strategic planning and shift their priorities based on what they believe to be the most urgent current needs.

When that happens, Bass said, some nonprofits will “bend their missions into a pretzel” to hang on to funding. Others will “stick to their guns and stick to what they are doing,” hoping to find other sources of support, and hoping that former funders will resume support in a few years. “It’s a cycle,” Bass said.

This pattern of giving can make it difficult for think tanks to achieve lasting goals. “It’s the uncertainty,” Shierholz said. Not having a stable source of sufficient support that will last for years makes progressive leaders wary of dreaming big. “It makes it harder to think ambitiously.”

Bass said that sometimes, nonprofit leaders are wary even when they’re offered generous grants that would double their budgets. They are worried about sustaining those budgets when the grants run out.

Wong said that if she was assured that Roosevelt would have an annual budget of \$20 million to \$25 million over the next 20 years, “it would literally change my life. It would change the way I manage the organization.” She could invest more in people earlier in their careers, giving them time to find an issue where they “could make the most difference.” She could also experiment with ways to use digital media more effectively, noting that the economist Robert Reich has become something of a star on TikTok.

Or she could afford to explore emerging issues that might not pan out. Wong says she’s fascinated by cryptocurrency and its potential impact on the power elites wield over the economy. With more stable and flexible funding, she would hire one staffer to investigate cryptocurrency and “hang out with us for a couple of years” to report on what he or she has learned, so that the Roosevelt Institute could figure out “whether there’s a there, there.”

Are individual donors more loyal?

Most progressive think tanks receive the majority of their support — more than half — from foundations. That’s not the case for leading conservative think tanks. In 2020, for example, the Heritage Foundation reported that more than three-quarters of its operating contributions came from individual donors, with foundations supplying only about 20% of its support, and corporations about 2%.

The Cato Institute reported that individual donations accounted for 72% of its \$48 million in operating revenue in 2020, with foundations giving just 12% and corporations 3%. The American Enterprise Institute has long benefited from support from multiple billionaire donors, including Daniel A. D’Aniello and Bruce Kovner, as IP has previously reported.

In recent years, progressive think tanks have made gains in raising money from wealthy individuals. That shift has come as more such donors have been drawn to causes on the left, often as a reaction to Trumpism. CAP has been especially successful on this front, with a board that includes Donald Sussman and Hansjörg Wyss, two top donors to liberal causes and the Democratic Party. The Roosevelt Institute has received support from the Omidyar Network, the philanthropy of eBay co-founder Pierre Omidyar and his wife Pam. Wealthy real estate developer Wayne Jordan is among the board members of the Center on Budget and Policy Priorities. And Demos’ board now includes a number of individual donors, including the co-founder of Men’s Wearhouse, Richard E. Goldman.

Searching for the right funding mix

Some progressive nonprofit leaders believe that individual donors are more likely to be faithful and undemanding, offering general support over the long haul. That may be true, but donor behavior is hard to predict. Individual donors, Bass believes, are more apt to give to the think tanks with the biggest national reputations, not necessarily to smaller nonprofits.

And individual donors are not necessarily more loyal or less demanding than institutional funders. A former development director for a progressive nonprofit observed that in this “politically fraught” moment, individual donors may, in fact, be more challenging to deal with, and more volatile. The fundraiser, who talked to Inside Philanthropy on the condition that their name not be disclosed, observed that “white men” were the most likely to come to a nonprofit with specific ideas about how to use the money and to withdraw money without any warning.

A wealthy donor “could read an article in the *New Yorker* or hear a podcast and decide, actually, this is the thing I want to be focusing on. And then, from that moment forward, just change everything,” the fundraiser said.

For years, progressive nonprofits of all types have been asking foundations for general support that is not time-limited. While acknowledging that there is an ongoing trend toward more multiyear, general support among some foundations, the former development director suggested another area where there is room for improvement by foundations: engaging in “transparent communication and clarity” with their grantees.

Nonprofits can adjust when a foundation shifts priorities or has staff changes and may decide to withdraw support altogether. What’s crucial is advance notice. Giving grantees time to prepare helps them find other opportunities and meet their budgets for yet another year.

Meanwhile, as the nation struggles to preserve the rule of law and its democratic institutions, reduce income inequality and address climate change, many funders are prioritizing grassroots groups working on the front lines of those battles.

At the Roosevelt Institute, Wong agrees that such work is important. But she wishes more funders would realize the value of progressive think tanks to propel these grassroots efforts. “I think we are weaker when we don’t have ideas” to organize around, Wong said. “Without that sense of a coherent vision, our movements can’t connect to each other.”