WHAT WE WILL EXPLORE TODAY

- What is Passing Gear Philanthropy?
- Why do the South and Mississippi need more of it?
- What does it involve?
- How can we put it to work in Mississippi?
In the 2007 State of the South report, MDC called for “more philanthropy and different philanthropy” to address the region’s profound challenges and extend the possibility of shared wellbeing to people and places on the margins.
UPWARD MOBILITY IS STALLED IN THE SOUTH

The chance a child raised in the bottom fifth rose to the top fifth

- 20.6% - 35.7%
- 14.1% - 20.5%
- 9.9% - 14%
- 6.5% - 9.8%
- 0% - 6.4%
- Not Available

Source: Equality of Opportunity Project
EDUCATIONAL ATTAINMENT BY RACE, 1970-2015
Percentage of Population with Bachelor’s degree or more

EDUCATIONAL ATTAINMENT GAPS

Associate’s Degree or Higher, White Compared to Black or Hispanic/Latino

Source: American Community Survey. 2015
PERCENT OF SOUTHERNERS BELOW THE POVERTY LINE 1974-2015

PERCENTAGE OF HOUSEHOLDS IN ASSET POVERTY

Black and Latino households are vulnerable to financial crisis

Source: American Community Survey, 2015
LIFE EXPECTANCY AT BIRTH

The South Trails the U.S.

“Harvests will dwindle, summer energy costs will soar, rising seas will erase real-estate holdings, and heatwaves will set off epidemics of cardiac and pulmonary disease.”

– The Atlantic (June 29, 2017)

Problems that arise when our ideals are challenged by the reality of current circumstances and that test the limits of “current technological know-how or routine behavior.”

-Ron Heifetz, Harvard Professor
North Carolina Fund
"...the fund made it possible for minorities to participate in decisions and programs [that] speeded the adoption and experimentation of a rich variety of solutions to the state’s long-festering social problems."

Paul Ylvisaker first coined the phrase “passing gear” philanthropy in his 1989 essay, “Small Can Be Effective”:

“Social action is usually a slow process. Foundations by stepping in can speed up the process, acting as ‘society’s passing gear.’"
We need MORE + DIFFERENT philanthropy to address the South’s adaptive challenges.
CHANGES IN ASSETS, GRANTMAKING, + NUMBER OF SOUTHERN FOUNDATIONS (2004-2014)

**Assets**
- **VA**: 67%
- **TN**: 75%
- **SC**: 56%
- **NC**: 78%
- **MS**: 55%
- **LA**: 80%
- **KY**: 103%
- **GA**: 83%
- **FL**: 72%
- **AR**: 108%
- **AL**: 62%

**Grantmaking**
- **VA**: 59%
- **TN**: 59%
- **SC**: 76%
- **NC**: 85%
- **MS**: 80%
- **LA**: 108%
- **KY**: 114%
- **GA**: 62%
- **FL**: 86%
- **AR**: 142%
- **AL**: 59%

**Number**
- **VA**: 24%
- **TN**: 19%
- **SC**: 28%
- **NC**: 33%
- **MS**: 12%
- **LA**: 18%
- **KY**: 39%
- **GA**: 18%
- **FL**: 51%
- **AR**: -15%
- **AL**: 40%

Source: Foundation Center. 2017
Patterns of Investment by Southern Funders

Source: Foundation Center
2017. Analysis by MDC
PRIORITIES OF PASSING GEAR INVESTMENTS IN MS

Source: Foundation Center. 2017. Analysis by MDC
PEAKS, VALLEYS, AND DESERTS OF PHILANTHROPIC INVESTMENTS IN MISSISSIPPI

30% of the state’s poor population lives in a county without any direct Passing Gear investments (ALL funders)

46% of the state’s poor population lives in a county without any direct Passing Gear investments (MS-based funders)

Source: Foundation Center. 2017. Analysis by MDC
TACKLING PERSISTENT POVERTY IN THE SOUTH

Percentage of Grant Funding Allocated to Organizations Based in a Persistently Poor County

Source: Foundation Center. 2017. Analysis by MDC
SUPPORT FOR ADVOCACY

Share of philanthropic investments by subject area, with explicit advocacy support, by region

<table>
<thead>
<tr>
<th>Subject Area</th>
<th>Non-South</th>
<th>South</th>
</tr>
</thead>
<tbody>
<tr>
<td>Youth Development</td>
<td>1%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Public Health / Health Access</td>
<td>16%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Multi-category grant</td>
<td>5%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Legal Services</td>
<td>16%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Leadership / Civic Participation</td>
<td>17%</td>
<td>0.7%</td>
</tr>
<tr>
<td>Human Rights</td>
<td>13%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Financial Services</td>
<td>7%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Equal Oppor. in Educ.</td>
<td>28%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Environmental Justice</td>
<td>29%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Education Services</td>
<td>6%</td>
<td>2.3%</td>
</tr>
<tr>
<td>Community and Econ. Dev</td>
<td>16%</td>
<td>0.7%</td>
</tr>
</tbody>
</table>

Source: Foundation Center. 2017. Analysis by MDC
Programs or policy initiatives intended to insure equal access to educational opportunities regardless of potential barriers such as race, ethnicity, age, ability or disability, gender, religion, social class, citizenship and sexual orientation.

Source: Foundation Center. 2017. Analysis by MDC
We need **MORE** + **DIFFERENT** philanthropy to address the South’s adaptive challenges.
PASSING GEAR PHILANTHROPY REQUIRES

“Reading Reality Truthfully” and “Taking Action Responsibly”

- Craig Dykstra
PASSING GEAR PHILANTHROPY REQUIRES

READ REALITY TRUTHFULLY

- Imaginative inquiry
- Clear analysis of the context:
  - Hindsight
  - Foresight
  - Depth perception
- Focused attention on “upstream” factors of unacceptable social conditions

TAKE ACTION RESPONSIBLY

- Creative, disciplined deployment of multiple forms of philanthropic capital
- Leverages knowledge and expertise – internally and externally – to replicate or innovate effective strategies
- Accountability to operating values and community stakeholders

= Advancement Toward the “North Star”
### Taking Action Responsibly Working Upstream

<table>
<thead>
<tr>
<th>Tradition</th>
<th>Impulse</th>
<th>Philosophy</th>
<th>Limits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philanthropy as relief</td>
<td>Address immediate need</td>
<td>“Love thy neighbor”</td>
<td>Need is limitless</td>
</tr>
<tr>
<td>Philanthropy as improvement</td>
<td>Maximize human potential</td>
<td>“Teach a man to fish”</td>
<td>What if the pond is empty and the rod is broken?</td>
</tr>
<tr>
<td>Philanthropy as social reform</td>
<td>Dismantle structures that perpetuate problems</td>
<td>“Change not charity”</td>
<td>Who decides what must be reformed?</td>
</tr>
<tr>
<td>Philanthropy as civic engagement</td>
<td>Build community</td>
<td>“Only connect”</td>
<td>Relationships may not lead to action</td>
</tr>
</tbody>
</table>

**YOUR FOUNDATION?**

Credit: Susan Wisley, Elizabeth Lynn
## Taking Action Responsibly by Deploying All Our Capital

<table>
<thead>
<tr>
<th><strong>Social</strong></th>
<th>Utilize networks and relationships to foster change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Moral</strong></td>
<td>Takes courageous, sometimes counter-cultural positions on important issues</td>
</tr>
<tr>
<td><strong>Intellectual</strong></td>
<td>Disseminates data and meaningful information to community partners and grantees</td>
</tr>
<tr>
<td><strong>Reputational</strong></td>
<td>Changes the civic conversation about the future direction of the community</td>
</tr>
<tr>
<td><strong>Financial</strong></td>
<td>Makes grants and program/mission-related investments</td>
</tr>
</tbody>
</table>
Passing Gear Philanthropy in the South Today

Pre-K in Alabama:
A coalition of funders under the banner name of ‘Alabama Giving’ spurred policy change that expanded the number of children receiving high-quality pre-K from 2 to 28 percent.

Health Equity in Central Louisiana:
The Rapides Foundation took a grantmaking hiatus to focus on the social determinants of health, with an emphasis on education.

Community Development Finance Infrastructure across the South:
The Mary Reynolds Babcock Foundation committed $10 million to make Program Related Investments, boosting the capacity of community loan funds and credit unions in Georgia and South Carolina.
Reflection Questions

That Your Foundation is Working on

- What PGP Habits of Mind do you regularly practice? Which are central to your foundation’s internal culture?

- Which Habits of Mind are new? Underutilized? Intriguing?

- Which Forms of Capital do you NOT deploy consistently or often enough?

- What could you do differently to strengthen your Passing Gear Practice?
PASSING GEAR PRACTICES: A Reminder

- **Read Reality Truthfully to Build an Analysis:** What do history and data tell us about why structural challenges persist?

- **Set a bold and achievable North Star:** What aspirational outcomes do our ideals demand?

- **Work Upstream:** Reach beyond simple charity to address root causes

- **Apply SMIRF** (Social, Moral, Intellectual, Reputational, and Financial capital) with imagination
Passing Gear philanthropy seeks to engage society’s inventiveness and focus its capabilities on situations where current performance is missing the mark. It cultivates the will, imagination, and know-how to enable caring and concerned people to address contradictions between the ideals we hold and the disappointing realities we confront daily.
THINK ABOUT A BAFFLING PROBLEM
That Your Foundation is Working on

- Think about an adaptive challenge facing Mississippi that concerns your foundation.
- How might you employ Passing Gear principles to address it and accelerate progress toward a new North Star for Mississippi?
Passing Gear philanthropy seeks to engage society’s inventiveness and focus its capabilities on situations where current performance is missing the mark. It cultivates the will, imagination, and know-how to enable caring and concerned people to address contradictions between the ideals we hold and the disappointing realities we confront daily.