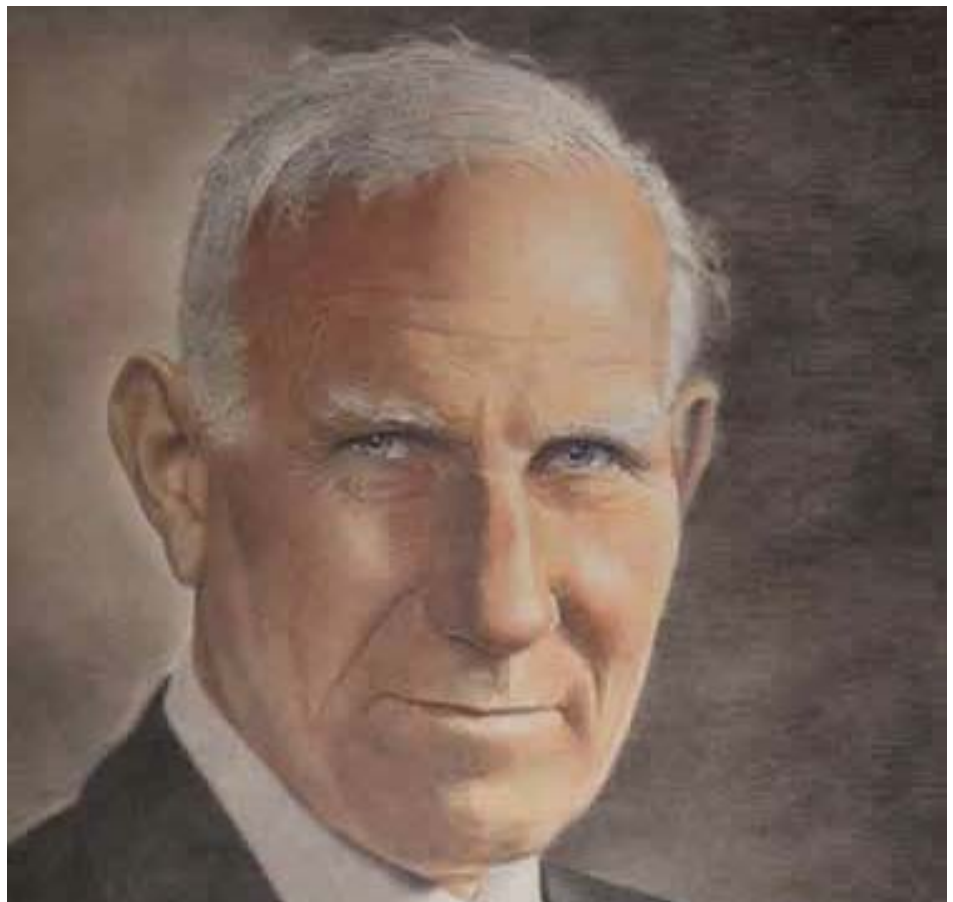


Annie E. Casey Foundation Helping Children Becomes Advocacy for the Welfare State

By David Hogberg

Summary: *With over \$2.8 billion in assets the Baltimore-based Annie E. Casey Foundation has become a major force in foundation philanthropy aimed at children and families. The Casey Foundation was established by United Parcel Service founder James E. Casey (1888-1983), who wanted to help children and families in need. In recent years, however, the Casey Foundation has moved in a new direction, one all too familiar to those who watch trends in charitable giving. In 2010 the Casey Foundation disbursed over \$194 million in grants for “initiatives in the United States that have significant potential to demonstrate innovative policy, service delivery, and community supports for disadvantaged children and families.” What’s the difference? The groups receiving Casey grants all say they want to help families with children. But what they most have in common is the desire to advocate for more government-sponsored welfare entitlement programs.*



United Parcel Service founder James E. Casey (1888-1983)

While few people today recognize the name James E. Casey, most recognize the company he founded in 1913: United Parcel Service (UPS), whose brown trucks and brown-clothed employees deliver boxes and packages everywhere. Casey turned a small Seattle company into the world’s largest package delivery service at the time of his death in 1983. He attributed his great success to hard work, determination, and innovation.

Born in Seattle in 1888, young James went to work at age 11 to help his family make

ends meet when his father became deathly ill. Henry Casey died in 1902, leaving four children and his wife Annie. James always credited his mother for keeping the family together. In 1948 James and his siblings George, Harry, and Marguerite founded the Annie E. Casey Foundation, which they named in her honor.

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FoundationWatch

James Casey would also establish the UPS Foundation, Casey Family Programs, and Casey Family Services. Combined with the Annie E. Casey Foundation they served “children, youth, and families,” according to Greg Niemann’s book *Big Brown: The Untold Story of UPS* (Jossey-Bass, 2007). “The charities focus first on the boys and girls who most need help, as referred by schools, hospitals, the courts, and state agencies. Once selected for care by the Casey charities, these kids receive a wide breadth of services to help them become happy, healthy, productive adults.”

Casey Family Programs, created in 1966, and Casey Family Services still provide services for foster care and adoption. But the Annie E. Casey Foundation has taken a new direction during the nearly three decades since James Casey’s death. According to its website, “the primary mission of the Foundation is to foster public policies, human-service reforms, and community supports that more effectively meet the needs of today’s vulnerable children and families.”

The Annie E. Casey Foundation has gone from directly helping children in need to promoting government programs. It now

uses its grant dollars to support organizations that believe the best way to help children and families is to advocate for welfare assistance, job-training programs, public education, and other policies that make use of government mandates and tax dollars. (The foundation was previously profiled by Patrick Reilly in the September 1997 edition of *Foundation Watch*, “Capitalism on Strike: The United Parcel Service Sends a Mixed Message.”)

A second family foundation, the Seattle-based Marguerite Casey Foundation, created by Casey Family Programs in 2001, has a related purpose. It focuses on “help[ing] low income families strengthen their voice and mobilize their communities in order to achieve a more just and equitable society for all.” In practice, this foundation makes grants that help create leadership cadres of community organizers who make demands on public officials.

It is questionable whether advocacy for policies such as these helps families and children. More likely, it makes low-income families increasingly dependent on government programs and puts their fate in the hands of management consultants, academic experts and militant community organizers.

A second question needs to be asked: Would James Casey support his philanthropy’s current practice of supporting nonprofit groups that promote radical “community organizing” and advocate for more government programs?

What Would Casey Do?

In *Big Brown*, Niemann called Casey “conservative and far from radical.” Yet Niemann also notes that while most of the founders of UPS “were primarily political conservatives, they adopted what could be considered today rather radical pro-labor ideas.” He further states that

The Pacific Northwest of Jim’s early years had a robust social movement, and Seattle, where the Casey family settled, was already known across the country as a haven for left-wing politics. Activists called for the

emancipation of the working class from the “slave bondage” of capitalism. They wanted the working class in possession of economic power, to control business enterprise without regard to capitalist masters. This is the atmosphere in which Jim Casey matured. Remember, he was always watching. He couldn’t have helped but notice the unrest and reasons underlying the working-class argument.

It’s an open question whether James Casey would support the current direction of the Foundation he established. What is clear is that the Annie E. Casey Foundation’s approach to giving is considerably different than when Casey was alive.

Organization and Grantmaking: The Casey Way

Like most “progressive” foundations, the Annie E. Casey Foundation is run by managers and is governed by board members who could more easily work as administrators in a university system or executives at a major corporation than be labor union bosses or left-wing radicals in a social movement. Casey president and CEO Patrick McCarthy is a foundation veteran with a Bryn Mawr Ph.D. in social work and social research. Various Casey vice presidents have a Cornell Ph.D. in city and regional planning (Bob Giloth), a master’s degree in public administration from Princeton’s Woodrow Wilson School (Steve Cohen), and an MBA from NYU’s Stern School of Business (Ryan Chao). Risk-taking radicals they are not.

The fourteen-member board of trustees includes nine current or former senior executives of UPS, including the current chairman and CEO, D. Scott Davis (compensation: \$13 million, according to Business Week/Bloomberg) and his predecessor, Michael Eskew. John Engler, the former three-term GOP governor of Michigan and current president of the Business Roundtable, is also a member of the Foundation Board of Trustees.

The Annie E. Casey Foundation does not

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accept unsolicited grant applications. Needy charities appealing for assistance are advised to look elsewhere. Casey's website gives them the brush-off: "Try the websites of the Foundation Center or Guidestar!"

Rather, Casey makes multi-year, multi-site "investments" in "strategies and partnerships" and collaborates with public schools, juvenile justice agencies, and child welfare agencies. It provides "strategic consulting" and funds demonstration projects, devises "best practices" models and funds research into new methods for evaluating "effectiveness."

Half in Ten

The Annie E. Casey Foundation's advocacy strategy is clearly evident in its grantmaking. Consider, for instance, the "Half in Ten" Poverty Reduction Campaign. In 2010 Casey gave \$218,000 to the George Soros-funded Center for American Progress Action Fund, which (in collaboration with the Leadership Conference on Civil Rights and the Coalition on Human Needs) "challenges" America to cut poverty by 50 percent by the year 2020. Hence: "Half in Ten."

The Campaign's guiding document is a 2007 Center for American Progress report called "From Poverty to Prosperity: A National Strategy to Cut Poverty in Half," which is the result of a task force co-chaired by Peter B. Edelman. Edelman, you may recall, was the U.S. Department of Health and Human Services official who resigned in protest after President Bill Clinton signed welfare reform legislation into law in 1996. His wife is Marian Wright Edelman, president of the Children's Defense Fund, a longtime advocate for welfare entitlements. Members of the task force range from former national ACORN president Maude Hurd and AFL-CIO official Linda Chavez-Thompson to Brookings Institution economist Alice Rivlin and former George H.W. Bush domestic policy advisor Charles Kolb, the current president of the big business-led Committee for Economic Development.

The report calls for a raise and indexation of the minimum wage to half the average

hourly wage, expansion of the Earned Income Tax Credit (EITC) and Child Tax Credit, enactment of the pro-union Employee Free Choice Act, guaranteed child care assistance to low-income families, and reestablishment of federal Youth Opportunity Grants.

Half In Ten endorses the Edelman task force recommendations overall. It praises President Obama's expansion of the Food Stamp program, supports the extension of unemployment insurance benefits, and seeks to prevent state and local government layoffs. It has denounced the budget plan offered by House Budget Chairman Paul Ryan (R-Wisc.), which would "harm our most vulnerable citizens."

When Rep. Charles Boustany (R-La.) sponsored a bill to prevent welfare dollars from being spent in strip clubs, casinos and liquor stores, Melissa Boteach, director of Half In Ten, called it "yet another instance in the creeping trend of conservatives to demonize the poor."

The grant to Half In Ten illustrates how the Casey Foundation works: it promotes public policy research, cultivates grassroots and elite coalition-building, and develops an effective public relations program: groups and elected officials are urged to "sign a pledge" committing themselves to the effort. The announced aim is to help the poor, but the practical effect is to fund nonprofit advocacy groups to build support for more government programs.

Alliance for Children & Families

Since 2000 the Annie E. Casey Foundation has given over \$3.3 million in grants to the Alliance for Children & Families. This group, which bills itself as a "membership organization," provides services to child-centered nonprofits in the U.S. and Canada. The services include grants, web-based seminars ("webinars") and teleconferences, and professional development assistance.

The Alliance has a public policy office in Washington, D.C. Its "2011 Public Policy Agenda," called for universal health coverage of adults and children, would require

states to set Medicaid payment rates at the same level as Medicare, and urged tuition subsidies for students who choose to major in the field of child and adolescent mental health.

One of the Alliance's major endeavors is "Promise Neighborhoods," a grant program run by the U.S. Department of Education to boost student achievement in poor areas. The effort, inspired by the Harlem Children's Zone, a pioneering nonprofit, proposes to link together programs such as Head Start, after-school programs, and merit-pay for teachers. The program will support community organizations that build "a complete continuum of cradle-to-career solutions of both educational programs and family and community supports, with great schools at the center."

In 2010 the Obama administration established the Promise Neighborhoods program to replicate the Harlem Children's Zone. A blog post on the U.S. Department of Education website applauds Promise Neighborhoods as "the realization of President Obama's vision for the creation of high-quality, comprehensive projects that transform whole neighborhoods and improve educational outcomes for the children in those neighborhoods." Promise Neighborhoods proposes to expand the Harlem Children's Zone concept to 20 U.S. cities. (While the Harlem Children's Zone has enjoyed early and tentative successes, recent research suggests it has had little impact on subsequent student achievement.)

Using Casey Foundation funding the Alliance for Children and Families aims to spur its local members to identify potential Promise Neighborhoods, build coalitions for support, and get more government funding. It remains to be seen whether this helps disadvantaged children.

Local Initiatives Support Corporation

Since 2000, the Annie E. Casey Foundation has given over \$6.8 million to the Local Initiatives Support Corporation (LISC).

New York City-headquartered LISC ("helping neighbors build communities") has thirty

offices in distressed urban areas and a staff of 350. Established by the Ford Foundation in 1979, LISC (2010 assets: \$484 million) taps the capital markets, collaborating with banks, businesses, philanthropies and government agencies to make loans, grants and equity investments in housing, school and childcare facilities, and other real estate. In 2011 it claims to have leveraged \$1.1 billion into \$2.6 billion in community development projects.

But LISC also pushes pork-barrel federal programs. An LISC report “Building Sustainable Communities: The 2011 Federal Policy Agenda” calls on Congress to “fully fund the Community Development Block Grant Program” (CDBG), the notorious \$4 billion pork barrel that lets politicians reward their favored nonprofits, donors and special interests. The Heritage Foundation reports that in 2005 CDBG funds were earmarked for the Salvador Dali Museum, the Mark Twain House and Museum, the Helen Keller Birthplace Foundation, the Finger Lakes Open Lands Conservation project, the Lost River Cave Improvement project, and the B.B. King Museum.

In 1984 the federal government changed the formula for awarding grants to allow affluent communities with “pockets of poverty” to apply for grants. The result, according to a 2000 Government Accountability Office (GAO) report, is that wealthy Greenwich, Connecticut received five times more funding per poor person than did destitute Camden, New Jersey.

National League of Cities Institute

The Annie E. Casey Foundation has given \$4.7 million to the National League of Cities Institute (2010 revenue: \$5 million) since 2000. The Institute is the 501(c)(3) education and research affiliate of the National League of Cities (2010 revenue: \$16 million), a 501(c)(4) lobbying organization.

The National League of Cities (NLC) has a membership of over 19,000 cities, towns and villages. It litigates and lobbies legislatures and regulatory agencies over federal policymaking and provides training programs

for local leaders to give them “the tools and knowledge to better serve their communities” (i.e. help them learn to lobby).

In common with LISC, the NLC website says “Congress and the Administration must maintain funding for programs like the Community Development Block Grant.” Without irony it claims CDBG programs are “smart, long-term investments in our communities,” and that cuts “will severely hamper local efforts to put people to work and spur local, regional, and national recovery.”

Like LISC, NLC also supports the Workforce Investment Act and calls on Congress to “reform and sufficiently fund” the Act, which is supposed to consolidate the federal government’s myriad job-training programs. Many studies show that federal job training programs have little impact on improving employment and wages. Moreover, a 2011 GAO report notes that under the Act only a few employment and training programs have been “consolidated.”

Promoting State-Based Advocacy Groups

If Casey grants to LISC and NLC assist the lobbying process, Casey grants to the Center on Budget and Policy Priorities (CBPP) and the Urban Institute fuel left-leaning think tank research and advocacy “initiatives.” Money spent on these organizations will probably not find its way directly to disadvantaged children. Since 2000, the Annie E. Casey Foundation has given over \$6.8 million to the CPBB and over \$39 million to the Urban Institute.

About \$5.4 million of Casey’s grants to CBPP have supported “technical assistance to state-based organizations to increase their capacity to analyze and respond to emerging state budget and fiscal issues affecting the well-being of disadvantaged families.” CBPP’s “State Fiscal Analysis Initiative” supports think tanks in 31 states.

It would appear to complement another initiative—a new Casey-funded State Policy Advocacy and Reform Center (SPARC) that

promises to fund advocacy groups that “sell” these policies to state governments.

In January 2012 Casey announced its support for the State Policy Advocacy and Reform Center (SPARC). Rather like the free market-oriented State Policy Network (SPN) SPARC aims to provide start-up groups with technical assistance, communications know-how and coalition-building advice. Unlike SPN it advises state-based child welfare activists. The group First Focus will organize SPARC, which has identified groups in 25 states that it will assist. They have such names as Action for Children North Carolina, Children’s Alliance (Washington), Colorado Children’s Campaign, Wisconsin Council for Children and Families, and The Children’s Partnership (California).

First Focus is led by Bruce Lesley, who is a former health policy advisor to Sen. Jeff Bingaman (D-NM). The First Focus advisory board is bipartisan, with former lawmakers such as Sen. Bill Brock (R-TN) and Rep. John Porter (R-IL) complementing Sen. Harris Wofford (D-PA). SPARC says its goal is to achieve a few “big wins” in targeted states that can become models for further government child health, education, and welfare funding programs.

Urban Institute

Since 2000, the Foundation has given \$17.5 million to the Urban Institute’s “Assessing the New Federalism Project.” The project appears to respond to the welfare reforms signed into law by President Bill Clinton in 1996 that devolved far more control over welfare policy to state governments. The Urban Institute project followed over 100,000 people in 40,000 low-income families and examined their experiences with the new policy which replaced dependency with work incentives.

According to a recent review the project’s research has “examined child welfare, immigrant families, and such policies as child care that help families integrate work with child rearing.” Not surprisingly, the project is calling for a “new social safety net” that

weaves together public programs and private efforts.

ACORN

Few things better demonstrate the Annie E. Casey Foundation's commitment to left-wing advocacy and policymaking than its support of the radical Association of Community Organizations for Reform Now. Casey funded ACORN for the better part of this decade.

In his book *Subversion Inc., How Obama's ACORN Red Shirts are Still Terrorizing and Ripping Off American Taxpayers* (WND Books, May 2011), CRC writer Matthew Vadum discloses that at least \$685,500 of Casey funds went to ACORN Housing Corp. Vadum also reports that since 2001 more than \$1.7 million of the Foundation's money found its way into ACORN coffers.

The Foundation apparently stopped giving grants to ACORN some time early in 2009.

It's not clear why Casey stopped funding ACORN at that time. It could not have been a response to the now-famous undercover video sting by James O'Keefe and Hannah Giles. The video did not surface until September 2009. In the video O'Keefe and Giles consult with ACORN staff while pretending to be a pimp and prostitute planning to open a brothel specializing in providing customers with underage girls.

A Casey Foundation spokeswoman has said the philanthropy had been giving ACORN grants for years without difficulties arising. The Casey Foundation "saw good results from the grants and believes the funding was used appropriately."

But the public record tells a very different story. While the Casey Foundation funded ACORN, the radical activist group was stirring up controversy and using questionable tactics to advance its issues:

* O'Keefe and Giles's surreptitious videos of various ACORN Housing Corporation offices across the country show ACORN staff members helping a make-believe prostitute

lie on a tax return in order to appear to be a legitimate business person.

* In 2001 ACORN activists demonstrated outside the home of the chairman of San Diego Gas & Electricity. Because the protesters were so disruptive, San Diego Gas & Electricity won a court order requiring them to stay 1,000 yards away from company employees' homes.

* That same year, ACORN protested outside the home of Robert T. Wooten, a board member of the Southeastern Pennsylvania Transportation Authority (SEPTA). Wooten's transgression? Supporting a fare hike. An ACORN spokesman said demonstrators went to Wooten's home after two protests at SEPTA offices failed to undo the increase.

* In 2002, members of ACORN's Baltimore chapter demonstrated in front of then-Mayor Martin O'Malley's house protesting what they considered inadequate services in low-income neighborhoods. According to O'Malley, who is now the governor of Maryland, "They unloaded a busload of people shouting pretty ugly things and scared the daylights out of my wife and kids. I thought it was a pretty cruddy thing to do." As part of the protest, ACORN demonstrators also dumped garbage in front of City Hall.

These incidents hardly seem like the "good results" and "appropriate" behavior the Annie E. Casey Foundation commends. Nonetheless, the foundation continued to fund ACORN until 2009.

Casey Foundation officials could hardly have been unaware of ACORN's actions in Baltimore. The Annie E. Casey Foundation is headquartered in Baltimore.

Conclusion

The track record of the Annie E. Casey Foundation is yet another disappointing example of how charitable giving has been transformed—for the worse—by large philanthropic foundations. Foundations were once not unlike charity-minded individuals. In fact, they were set up by charity-minded individuals like James E. Casey, who felt an

obligation to provide direct help to people in need. Philanthropists like Casey and the foundation he created funded bona fide charitable organizations—schools and churches, hospitals, shelters and meal providers—that could offer assistance.

But leading foundations such as the Ford Foundation, the Pew Charitable Trusts, the Surdna Foundation, and many others decided there was a better way to assist the disadvantaged. Although successful entrepreneurs—many of whom were quite hostile to government social programs and mandates—created their own foundations, professional managers and academic experts replaced them in time, and they distributed the foundations' wealth according to new and what they once considered to be more enlightened standards and values.

Instead of so-called "band-aid" charity, the foundation professionals promoted support for social change, institutional reform, and government action to help the needy. This has been the hallmark of foundation philanthropy for at least the past half century—and it has a poor track record of success.

It's unfortunate that the board of trustees of the Annie E. Casey Foundation—successful business people and proponents of business success—are ratifying the decisions of Casey grantmakers. They are making a big mistake.

David Hogberg is a Washington, D.C.-based journalist. He is also a former executive director of Capital Research Center's Green-Watch project.

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Many thanks.

Terrence Scanlon
President

PhilanthropyNotes

Ah, wishful, impatient thinking. Unable to wait for the Supreme Court's ruling on Obamacare, left-wing grant makers and nonprofits anticipate that it will uphold the law and are planning to help states implement it, the *Chronicle of Philanthropy* reports. **Nathan Cummings Foundation** official **Sara Kay** said she's been "obsessing" recently about the Supreme Court. That New York-based charity has pledged to spend \$1.5 million to help the administration promote the unpopular program. Bermuda-based **Atlantic Philanthropies**, which spent more than \$26 million to get the health care legislation passed, has committed a similar amount. "We realized right up front that because this was going to be such a huge undertaking, we couldn't afford to waste a dollar or be unstrategic about how we do the work," said Atlantic official **Stephen McConnell**.

Warren Buffett's next Thanksgiving dinner may be a little uncomfortable. Buffett's grown-up son, Howard, head of the \$150 million **Howard G. Buffett Foundation**, thinks President Obama goofed up. "I think it was a big mistake for him to put so much political capital in trying to push through the health care bill the way he did," the younger Buffett said. "One of the things we try to do at our foundation is really try to get health care for our staff and our employees, and it had a negative effect on—in terms of what it cost us to provide health care ... —because we provide 100 percent cost-coverage—it almost kicked us into a bracket where the employee was going to get penalized significantly for that."

Bill McMorris of the Washington Free Beacon website explains how the \$3 billion **Kresge Foundation** took a hard left turn in recent years. Of the \$9 million the Detroit-based philanthropy handed to Washington, D.C.-based causes from 2003 to 2006, almost half of the money went to the **American Red Cross**. But after **Rip Rapson** left the Minneapolis-based **McKnight Foundation** to become Kresge's president, nearly all of the foundation's \$52 million in grants between 2007 and 2011 to D.C.-based groups went to left-wing causes such as **John Podesta's Center for American Progress**, the **George Soros-funded Tides Foundation**, **Sierra Club**, and **Progressive America Fund**. "We're proud of those and many other grantees," said Kresge spokeswoman **Judy McGovern**. "I would be hard-pressed to look at those grants and call them political."

Goldman Sachs[™] WATCH

Despite pressure from Goldman Sachs Group Inc. and J.P. Morgan Chase & Co. Sen. David Vitter (R-La.) is refusing to lift the block he placed on President Obama's two nominees to the Federal Reserve Board. The two individuals are Harvard University economics professor Jeremy Stein, a Democrat, and former private equity executive Jerome Powell, a Republican. "Nothing is more telling to me than seeing the megabanks coming to the defense of these nominees, but I will continue my opposition," Vitter said in a statement, adding that he has "serious concerns with the Fed's activist, easy-money policies."