

## New Progressive Coalition: A New Way to Help Small (Leftist) Donors

By Fred Lucas

*Summary: Liberal philanthropists Andy and Deborah Rappaport are bringing a mutual funds approach to “investing” in left-wing political causes. Their pass-through vehicle, the New Progressive Coalition, gives truly committed liberal donors access to under-the-radar local and grassroots activists groups. Its goal: bring donors and activists together to produce big results from small contributions.*

Nowadays when the Left spends other people’s money on big government projects it says that it’s making a public *investment*. Activists have learned that the way to cloak their goals is to use the language of finance and markets to disguise their use of political power. Hence, left-wing activists identify themselves as business “stakeholders” who will conduct a “social audit” of a corporation. Nonprofits have also discovered market-based terminology: Philanthropists call themselves “social venture partners” and the charities they support are said to engage in “social entrepreneurship.” When nonprofits promote nonprofit networking they claim their interactions increase “social capital.”

Fundraisers are also getting in on the act. For the past three years liberal political activists have been building a fundraising group that caters to small-scale donors. The organizers of the New Progressive Coalition (NPC) hope to rake in big bucks by appealing to the donors’ investor mentality by offering a way to invest in “political mutual funds.”

The NPC calls itself the “Charles Schwab of politics.” It advises donors about the diversity of worthy charities, collects their money



“The political status quo isn’t working,” says Kirstin Falk, chief executive officer of New Progressive Coalition LLC. (video grab from MTV.com)

and distributes it—to causes that help elect liberals, push universal health care, and promote stricter environmental regulation. NPC encourages small-scale donors to allocate their contributions to diverse issue-oriented leftist activist groups in the same way that mutual funds urge investors to maximize profits while minimizing risk by diversifying share ownership.

According to its website, the NPC “acts as a political giving advisor by providing you with products and services to target your political and charitable time and money more effectively. ... You may be overloaded with requests for donations or not sure how to start out giving strategically. NPC can help you cut through the clutter and make the most of

your limited time and resources.”

### A New Kind of Political Giving

It’s hard to think of a time when things have looked better for the Left. Democrats thumped Republicans in 2008 by electing Barack Obama to the White House and strengthening their grip on Congress. But

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# FoundationWatch

recall that just four years ago liberals were steeped in gloom and imagined that they faced oblivion.

The NPC was conceived at that time by Silicon Valley venture capitalist Andrew Rappaport and his wife, Deborah, a political activist and philanthropist. After John Kerry lost the 2004 presidential election the couple decided that contributing to Democratic Party candidates was not the way to move America to the left. Deborah Rappaport recalled, "Friends would say to us, 'We used to just write a big check to the party and we can't do that anymore. So what should we do?'"

By 2005 Andrew and Deborah Rappaport had an answer for their friends. The Rappaports and many other wealthy liberal donors were disillusioned by political parties, candidates and election year fundraising. They began to look for new ways to channel their activist energies and political giving. The Democratic Party had once run a well-oiled political machine in the days before Ronald Reagan was elected president. The party was closely allied to powerful labor unions, maintained a tight grip on Congress, and dispensed pork barrel funding to states and big city mayors. But after 1976 the Left found it could not depend on Democratic electoral victories as Republicans won five of the next seven

presidential elections and in 1994 recaptured both houses of Congress. The Rappaports were losing faith in the electoral process. Disillusioned by political parties, candidates and election year fundraising, they began to look for new ways to channel their activist energies and political giving.

George Soros felt the same way. After Kerry's 2004 defeat Soros encouraged his friends to redirect their giving to the Democracy Alliance, a fundraising organization that invests in the long-term success of the so-called progressive movement. Soros, Peter B. Lewis, Herb and Marion Sandler and other wealthy Democrats recalled the reaction of conservative donors to Republican Party failures in the 1960s and 1970s. They observed that conservative donors reacted to the 1964 defeat of Barry Goldwater, along with their disappointment with the Nixon administration and the Watergate scandal by changing their funding priorities. Rather than focus exclusively on elections and candidates, conservatives decided to build an infrastructure of public policy think tanks, issue advocacy organizations, leadership schools and media operations. By providing seed funding for what Hillary Clinton called "the vast right-wing conspiracy," conservative donors created a movement that starting in the 1980s became the dominant force in American politics for two decades.

Soros and company decided that the Left needed the same sort of organized movement. The Democracy Alliance has become a mechanism for getting large amounts of money to leftist issue and advocacy groups. (See "The Democracy Alliance Does America: The Soros-Founded Plutocrats' Club Forms State Chapters," by Matthew Vadum and James Dellinger, *Foundation Watch*, December 2008.)

The Rappaports, however, do not favor the kind of big and expensive projects that seem to attract donors to the Democracy Alliance. Believing that the Alliance lacks clear direction, they established NPC in 2005 in—where else?—San Francisco, the political base of House Speaker Nancy Pelosi, Sen. Dianne Feinstein and Mayor Gavin Newsom. And true to their Silicon Valley roots, the Rappaports also set up a political venture capital firm called Skyline Public Works. They knew that venture capital firms provide seed money

for start-up businesses with the expectation that investors will profit when a business grows big enough to be publicly traded on a stock exchange or is purchased by a larger corporation. Their political venture capital firm works somewhat differently. The only reward the Rappaports want is for their financial investment to nurture small grassroots organizations to achieve eventual political clout.

The Rappaports want to scrap the idea that the only way donors can make a difference is by making large political contributions during election cycles. Instead, they want to set up a fundraising system making small targeted contributions to train potential candidates, mobilize likely voters and pull together grassroots activists who have the passion and commitment to carry on whether in victory or defeat. That sort of system does not take anywhere near as much money as is necessary to run a national campaign or California ballot initiative. In 2008, the NPC contributed all of \$111,442 to liberal organizations.

The NPC's Web site says political giving "is much more than just giving to candidates. Giving to issues and causes outside the election cycle is also 'political,' like to those that are keeping elected officials accountable, encouraging new policies, or helping us govern. To create the change you want to see, you need to have a strategic, yet diversified investment strategy; one that includes charitable organizations as well as candidates."

For a \$100 fee, anyone can become a member of NPC and invest in its "political mutual funds." These funds are divided into three categories. The "Victory in 2008 and Beyond" fund raised \$48,798. Then there is the Affordable Health Care fund, which garnered \$32,844 in contributions for left-wing nonprofits pushing socialized medicine. The Environment and Energy Independence Fund directed \$29,800 to grassroots environmental organizations.

NPC assures its donors that it monitors the effectiveness of the nonprofit groups that receive its grants. Just as financial investors can measure the effectiveness of their holdings by calculating a return on investment, or ROI, NPC tells its investors it measures

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the PROI, or political return on investment, for each nonprofit receiving NPC contributions. Unlike other donor-advised funds, NPC claims that its methodology “captures the political value of an organization.”

“Whether you want to be like an individual ‘stock picker’ and search the progressive directory to find innovative and effective organizations, or have an NPC advisor customize a progressive giving plan for you, NPC can help you translate your beliefs into action,” the NPC site says.

And the NPC doesn’t just throw its money at any organization with a good mission statement. Kirstin Falk, the coalition’s chief executive officer told the Associated Press that while 129 organizations asked to be part of NPC, only 37 were approved.

“Individuals are searching for a way to make an impact that is more strategic than just responding to an email asking for money,” Falk said in a news release. “People want to see how their contributions translate into action and our ‘Political Mutual Funds’ do just that.”

### Get Out the (Liberal) Vote

Last year the Victory in 2008 and Beyond fund raised and then distributed \$48,798 to 18 political groups whose sole objective is electing liberal Democrats to public office at the national, state and local levels. The groups that got NPC grants included ProgressiveU.org (3%), which targets college-aged voters; ActBlue (5%), a group that “enables individuals to be fundraisers” for the left; and the Ballot Initiative Strategy Center (8%), a union-funded group pushing liberal state ballot measures like “living wage” laws, which are state or municipal minimum wage laws applied to public sector employees and employees of private sector firms that do business with state or city governments covered by the law.

Other organizations funded through Victory 2008 and Beyond are Faithful Democrats (3%), a group of Democrats reaching out to the faith community; Wellstone Action (8%), named for the late liberal Sen. Paul Wellstone (D-Minnesota), it trains young people to become political candidates; Netroots Nation (5%), a group of bloggers and online activists; and Main Street Moms

(8%), which claims to mobilize mothers to stop global warming, register voters, and end the war in Iraq.

In keeping with its Wall Street theme, the NPC refers to its funds as “portfolios.” Some of the funded groups are overtly partisan, while the 501(c)(3) groups find nonpartisan ways to achieve their ends. Of the Victory in 2008 and Beyond fund, NPC boasts: “This diverse portfolio trains candidates at all levels, registers and mobilizes voters, advances progressive agendas, creates solutions for election-challenges, and advocates for transparency and accountability.”



**Andrew Rappaport, the socialist venture capitalist**

### State-based Socialized Medicine

A second fund, the Affordable Health Care fund, raised \$32,844 for eight issue advocacy groups working mainly at the state level to achieve universal health care. Funding for the eight organizations in this fund ranges from 5% to 20%.

“Experts agree that reform must happen first at the state-level, and will require the support of the medical community and small businesses, the latter of which provides 65 percent of all coverage,” the NPC site says. “This ‘plan agnostic’ investment strategy emphasizes the advocacy and idea generation sectors and focuses on bolstering state-based reform, building coalitions among key stakeholders, and developing political will.”

“This pragmatic portfolio advocates for more accessible and affordable health care policies, promotes improvements of current health care systems like Medicare and S-Chip, and fosters political will among business, labor, and the public,” the site continues.

Groups in the fund portfolio include Universal Health Care Action Network and the Herndon Alliance. Both groups, which each take in 20% of the total fund, try to coordinate health care reform work among state-based groups.

Other groups that each take in 10% to 15% of the fund include the Progressive States Network (15%), a health care resource center for state legislators; the Campaign for America’s Future (15%), the coalition brainchild of left-wing strategists Robert Borosage and Roger Hickey which has launched a national forum to discuss liberal health policy; and America’s Agenda Health Care Education Fund (15%), which gives “technical assistance” to state-based groups that back the government-run health care agenda.

### Green Agenda

The third fund, the Energy Independence and Environment fund, distributed \$29,800 to 11 environmentalist groups in 2008. The most extreme, the shakedown operation known as Rainforest Action Network (RAN), got the largest amount—15% of the total.

All other organizations received between 5% and 10% of the total pie. These groups include Green Corps (10%), which trains environmental activists; the relatively mainstream League of Conservation Voters (10%), which endorses candidates (occasionally moderate to liberal Republicans) based on their environmental stances; Energize America (10%), which concentrates on creating new policies; and the Energy Action Coalition (10%), which boasts one million student members dedicated to a grassroots effort to fight global warming.

“Our strategy emphasizes the advocacy and idea generation sectors and prioritizes three objectives: electing environmentally-friendly candidates, developing innovative green policies, and engaging the corporate community in climate change solutions,” the website says.



## **NPC Founders Andrew & Deborah Rappaport**

Andrew Rappaport made his reputation in Silicon Valley as a spotter of under-the-radar investments. A venture capitalist who searches for “ideas that change the world,” he puts his money into firms specializing in information technology and business services. For instance, he put \$2.5 million into a start-up radio company called Atheros Communications in the late 1990s, when almost every other investor was focused exclusively on high-tech investments. Atheros focused on building low-cost radios with common chip technology. The investment paid off. When the company went public in 2004, Rappaport’s initial investment ballooned to \$60 million.

A Princeton graduate, Rappaport has served on the boards of more than 40 public and private companies. He has been involved in the growth of such firms as Actel, Sequence Design Automation, Silicon Architects (acquired by Synopsys), Transmeta, and Viewlogic (acquired by Synopsys). In 1996 he became a partner in August Capital, a venture capital firm to which he brings his knowledge of semiconductors, broadband communications, computer systems, and software.

Rappaport began his career as the founder and owner of a consumer electronics firm. In 1984, he founded the Technology Research Group, a Boston-based consulting firm for such companies as Alcatel, AT&T, IBM and Intel. He also founded the Massachusetts Center for Technology Growth, a private economic development organization and was the director of the Massachusetts Microelectronics Center.

When he hasn’t been making money, Rappaport and his wife Deborah throw their money into political causes. From 1999 through 2008, Rappaport contributed \$340,139 to national politics, according to the Center for Responsive Politics, which tracks campaign donations at the federal level. Deborah Rappaport gave \$213,600 to Democratic candidates and liberal organizations at the same time.

Deborah Rappaport is president and Andrew Rappaport is secretary of the Rappaport Family Foundation, established in 2002 as the couple’s charitable giving arm (2006 assets:

\$7.6 million). The foundation has given to People for the American Way and its foundation (\$850,000 since 2004), the liberal think tank Center for American Progress (\$700,000 since 2004), and the anti-war group Project Billboard (\$323,037 since 2004).

Other large gifts went to the Participatory Culture Foundation (\$232,500 in 2006), which aims to break corporate control of broadcast and cable TV by fostering an “open-source desktop video application”—i.e., free TV produced over the Internet. A 2006 gift of \$100,000 went through the Tides Center to AMP—Allied Media Projects, another anti-corporate community media outfit whose directors include Wade Rathke, the deposed founder of ACORN.

Deborah Rappaport is a civic leader in Silicon Valley—she is vice president of the board of the San Jose Museum of Art and a member of the Portola Valley, California School Board—but she also takes on national political issues. She battled media giants Viacom and Clear Channel Communications so that her group, Project Billboard, could run billboard ads against the war in Iraq in the middle of New York City’s Times Square during the 2004 Republican National Convention.

During the 2004 election, the couple contributed at least \$5 million to the groups Music for America and Punkvoter.com, which targeted younger voters. The couple also helped fund the 2004 Yearly Kos convention.

### **What It Takes to ‘Buy the Country’**

Deborah Rappaport was depressed on the day after the 2004 elections: “I would be lying if I said it didn’t take me a long time to get out of bed in the morning,” she told a reporter for *Worth* magazine. Rappaport and her husband decided it was time to re-think their strategy of political giving: “The best lesson that people can learn in any endeavor is how to fail smart, and that’s what we’re really trying to do.”

Andrew Rappaport recalled a 2004 visit from Simon Rosenberg, president of the New Democrat Network, a 501(c)(4) political lobbying and advocacy group to which he and his wife had contributed \$10,000. In the

wake of the Democrats’ disaster, Rosenberg wanted the Rappaports to meet with Democratic political operative Rob Stein.

The Rappaports eventually were in the audience to hear Stein’s now famous PowerPoint presentation, which explained how to create a left-wing “message machine” to rebuild the liberal movement. Stein claimed that conservatives were spending \$300 million annually on think tanks, advocacy groups and media organizations to sway public opinion. Andrew Rappaport’s response, reported in the *New York Times*, was, “Man, that’s all it took to buy the country.”

The Rappaports became converts to the views of Stein and Rosenberg, who believed donors must stop looking at politics as a succession of elections and start creating a long-term movement. While George Soros was creating the Democracy Alliance, the Rappaports were convening their own group of Democratic donors who called themselves the “Band of Progressives,” the *Times* reported. (The name was a takeoff of the “Band of Angels,” a successful venture capital group.) It was the forerunner to what became the New Progressive Coalition.

### **NPC: Not Like the Democracy Alliance for Small Donors**

The Rappaports have also set up their own limited liability company, Skyline Public Works, based in Redwood, California. It is the funding vehicle they used to launch the New Progressive Coalition with about \$1 million of their own money. Deborah Rappaport refers to the policy and advocacy organizations that NPC funds as action-oriented “do tanks,” as opposed to think tanks. Skyline Public Works serves as their incubator. Like the Silicon Valley venture capital firms that nourish budding infant hi-tech businesses, Skyline performs a similar function for new left-wing nonprofits and even for-profit groups pushing a progressive agenda. Besides seed money, Skyline also helps new groups by providing office space and financial advice.

An example of a Skyline-supported group is the Progressive States Network. Initially

called the Progressive Legislative Action Network and then the Progressive Legislative Analysis Network (PLAN), the Progressive States Network is dedicated to providing research on legislative proposals for liberal state lawmakers, many whom lack access to large professional legislative and research staffs. The Network is the brainchild of activist David Sirota, who had been a staff assistant to former Vermont representative (now U.S. senator) Bernie Sanders and Wisconsin Democratic representative David Obey, the current chairman of the powerful House Appropriations Committee. The Network aims to counter the conservative American Legislative Exchange Council (ALEC) in offering policy advice and making contacts for liberal state legislators.

The Rappaports are focusing their giving on local, grassroots organizations. While they emphasize that the New Progressive Coalition provides one-stop resources for the liberal donor, they are not inclined to support the Democracy Alliance's "top-down" approach.

"We are looking at this as something that is compatible" with the Alliance, Deborah Rappaport told Salon.com. "We're looking to build from the bottom-up model and my hope is that we meet in the middle."

Nonetheless, the Nation magazine reported that the Rappaports and other liberal philanthropists felt the Democracy Alliance was not as effective as it could be, was unwilling to take risks, and lacked clear direction.

"The inability to move quickly and take risks in areas like media has persuaded a number of progressive donors to stay out of the Alliance, most notably Silicon Valley venture capitalists Andy and Deborah Rappaport, whose New Progressive Coalition is specifically aimed at finding and funding under-the-radar policy entrepreneurs and down-ballot candidates at the state and local levels. Joining the Alliance, Deborah Rappaport says, 'would have constrained our ability to jump on new things as they appear,'" the Nation reported.

Perhaps sensing that the mega-donors to the Democracy Alliance have big egos and react cautiously to new ideas, NPC makes a point of underlining its own outlook toward

giving: "Founded in the culture of Silicon Valley, NPC fosters calculated and positive risk-taking. Many individuals do not take risks on new ideas or people, which stifles political innovation." Further, the group says "NPC does not reinvent the wheel. We take a network approach to leverage ideas, resources, and relationships and to synthesize best practices from the private, political, and nonprofit sectors."

The New Progressive Coalition bills itself as an online political giving advisor promoting strategic grant-making to a portfolio of pre-screened activist groups. Its three 'Political Mutual Funds' addressing voter mobilization, health care, and energy independence and the environment promise to assist harried liberals who feel their political and charitable giving is "random, reactive, or confusing." "NPC researches, evaluates, and selects organizations for each of its funds so that its customers don't have to."

Is it accomplishing its mission? That's hard to say. Some of the early recipients of NPC money were a hodge-podge of groups: BlogPAC, a political action committee for liberal bloggers; Cross Left, a liberal Christian group; Hollywood Hill, an entertainment industry group supporting Democratic candidates; the Roosevelt Institute, a student think tank at Stanford University; and Drinking Liberally, which is billed as "an informal, inclusive Democratic drinking club."

Nonetheless, the organization has been embraced by the far-left Daily Kos crowd. Daily Kos is the online website that has become a force for left-wing political organization. In their book, *Crashing the Gate: Netroots, Grassroots and People-Powered Politics* (2006), commentator Jerome Armstrong and DailyKos.com founder Markos Moulitsas praise NPC for its ability to attract political investors. The feeling is mutual. NPC CEO Kirstin Falk writes, "The political status quo isn't working, and Markos and Jerome finally tell it like it is. More importantly they offer every frustrated citizen a way out. Calling on 'regular people' to become the financial backbone of the Democratic Party, 'Crashing the Gate,' offers both the historical perspective needed to recognize that each of us must rise to this challenge to build a political future we can live with and the path to do it."

Agushing 2007 post on Daily Kos takes pains to praise the variety of choices in the NPC "portfolio." But it assures activists that NPC offers no financial benefits to its donors.

"This diverse portfolio trains candidates at all levels, registers and mobilizes voters, advances progressive agendas, creates solutions for election-challenges, and advocates for transparency and accountability. Some of these groups also work to elect progressive candidates," the Kos posting said.

Yet the NPC donor base is not all Kos crowd crazies suffering from Bush Derangement Syndrome. NPC is still a comparatively small player in liberal fundraising, and it does not tap exclusively into the shrill emotionalism of the far left. That may pose a fundraising challenge.

Can NPC find small-size donors who support liberal political activism of a more moderate variety or does advocacy for the environment and more government-run health care guarantee a rigid ideology and uncompromising politics? We may soon learn the answer if the far Left is not completely satisfied with how an Obama administration deals with its demands in the months ahead.

*Fred Lucas is White House correspondent for Cybercast News Service (CNSNews.com).*

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# PhilanthropyNotes

Four left-wing think tanks organized a recent conference in Washington, D.C., that drew 800 scholars, organizers and activists to strategize about how to use the current economic crisis to revive the idea of big government. Attendees at the event sponsored by the **Institute for America's Future**, **American Prospect** magazine, the **Economic Policy Institute**, and **Demos** think that almost every economic activity is a public good that requires public investment and public oversight. They denounced the past 30 years as a period of neglect and ridiculed suggestions that massive proposed government expenditures will "turn America into western Europe." ("Of course it will," said one speaker, "And it should.")

Two left-wing foundations are helping the grantees of a third foundation that was victimized by **Bernard Madoff**. **George Soros's Open Society Institute (OSI)** and the **Atlantic Philanthropies** will come up with an extra \$20 million to fill the gap caused by the closure of the **JEHT Foundation**, a victim of the Madoff Ponzi scheme. The Financial Times reports that the grantees, which include **Human Rights Watch** and the **Center for Constitutional Rights**, previously received funds from all three foundations.

Meanwhile, adding insult to injury, private foundations that have lost millions of dollars investing through Madoff could be subject to a 10% IRS penalty for failing to exercise due diligence and fiduciary responsibility, the New York Times reports. Among the biggest losers: The **Picower Foundation**, thought to have invested \$958 million with Madoff; the **Carl and Ruth Shapiro Family Foundation** (\$199 million); the **Betty and Norman F. Levy Foundation** (\$244 million); and the **Chais Family Foundation** (\$178 million). The **Southern Poverty Law Center** received \$495,000 from Picower for "intelligence project research and investigation."

A married couple with extensive ties to the left-wing nonprofit world and Democratic lawmakers have tried to increase their influence in Washington even while under scrutiny by the IRS, the Wall Street Journal reports. **Catherine** and **Wayne Reynolds**, who founded education lender **EduCap** and the **Academy of Achievement**, have given more than \$400,000 in campaign contributions, mostly to Democrats. EduCap and the Academy have given at least \$50,000 to the **Leon & Sylvia Panetta Institute**, named after President Obama's choice to head the CIA.

## Goldman Sachs WATCH

Treasury Secretary Timothy Geithner made former Goldman Sachs lobbyist Mark Patterson his chief of staff. It is "at least the third high-profile exception to a policy by President Barack Obama that says no one who has lobbied on a set of issues within the past two years can take a role in his administration that deals with the same subject matter," the Washington Examiner reports. Goldman has received \$10 billion in government bailout money from the U.S. government during the current recession.

Goldman CEO Lloyd Blankfein said the financial industry should not dump "mark-to-market" accounting rules which have given his bank a competitive advantage. The rules, which force banks to book profits or losses when asset values fluctuate, should be even tougher, he wrote in a Financial Times op-ed. Following the rules "was a key contributor to our decision to reduce risk relatively early" in the credit crisis, he claims. However, experts such as the Competitive Enterprise Institute's John Berlau argue that the rules helped make Wall Street's problems more severe. Forced write-downs "jeopardize balance sheets and solvency — much like a spreading contagion," Berlau says.