Introduction
In November 2005, the Commission approved new Programmatic and Fiscal Policies. In addition to outlining the guiding principles, priorities and criteria to guide its investments during the final three years of the Next Five Strategic Plan (2004 – 2009), the Commission approved the remaining allocation of funds under the Next Five. The Open Grantmaking Investment Area was created as a result of this process. In the Policies approved at that time, Open Grantmaking was described as follows:

**Within the priorities and criteria outlined in the Programmatic and Fiscal Policies Paper, Open Grantmaking can be viewed as unrestricted dollars available to respond to changing social trends and to address a wide range of issues facing children and families in Los Angeles County. This fund would provide the Commission with flexibility to consider innovative, timely, and crosscutting projects worthy of attention that demonstrate significant potential to positively impact outcomes.**

A total of $49 million was allocated to the Open Grantmaking Investment Area. Of this, it was stipulated that a minimum of $24 million would be used for Open Grantmaking activities and a maximum of $25 million would be used for sunsetting initiatives (specifically for the School Readiness Initiative). It was agreed that any funds not used for sunsetting initiatives would become part of the overall Open Grantmaking activities.

The purpose of this concept paper is to propose goals for this investment area and a potential design for achieving these goals. The process of how Open Grantmaking could be implemented will be proposed after goals are agreed upon. A number of pieces of information have influenced the design proposed herein, including input from First 5 LA Commissioners and Directors and the presentation by Judy Langford from Strengthening Families through Early Care and Education at the April 2006 Commission Meeting. This document begins with an overview of the work staff have conducted to date in researching the field of responsive grantmaking. In addition to highlighting applicable trends at foundations, it examines First 5 LA’s lessons learned from six years of grantmaking, particularly looking at Community-Developed Initiatives (CDI). First 5 LA’s guiding documents and this research informs the design of Open Grantmaking proposed herein.

Overview of Findings
Upon approval of the Open Grantmaking Investment Area in November 2005, staff moved forward to examine trends in the field of responsive grantmaking. Responsive grantmaking is a mechanism frequently used by foundations to balance its more prescriptive grantmaking (i.e. initiatives) with a more responsive approach. In First 5 LA’s context, this mechanism can allow organizations working in communities to propose ideas for funding that will enable them to fulfill their mission to improve the lives of children prenatal through five and their families. A responsive grantmaking mechanism can define interests and priorities, but is intentionally designed to have a simpler structure that allows for more flexibility and innovation in what is ultimately funded.
Staff research has included an overview of responsive grantmaking within a wide range of both local and national foundations, a literature review, and interviews with staff at four local foundations that engage in this type of grantmaking (The California Endowment, the California Wellness Foundation, the California Community Foundation, and the W.M. Keck Foundation). Analysis of the research has identified important trends which have been incorporated into the Open Grantmaking design.

Types of Funding
In interviews with four local foundations, staff overwhelmingly heard that funders have shifted their thinking in regards to the types of programs they fund. These foundations have moved away from funding programs that provide direct services towards those that build capacity, effect systems change, or influence policy. This shift has occurred as funders recognize that, while direct services are the crucial component of an effective service delivery system, they do not address the systemic causes of social problems. Foundations have identified that funding designed for capacity building, systems improvement and policy change can more effectively achieve long-term outcomes and create long-term change in a family, neighborhood, or community. Successfully achieving outcomes can free up resources and allow a funder to direct them to other areas.

Sustainable Outcomes
The elusive goal that every foundation strives to achieve is the sustainability of positive outcomes after their funding ends. As stated above, the major strategy foundations are using to sustain their outcomes is to move away from funding direct services that require ongoing support year after year. In addition, foundations are conducting stronger due diligence of potential grantees and developing a more intimate knowledge of their mission and history prior to offering funding. Specifically, foundation leaders are considering the following factors:

- Does the project fit the overall mission of the agency?
- Does the agency have a strong history of being able to sustain other projects?
- Does the agency have a strong track record with other funders and effectiveness in implementing other projects of similar size and scope?
- Does the agency have strong financial statements, a yearly audit report, and a proven ability to fundraise?

Some foundations have a provision that allows small or new organizations the opportunity to compete by offering core operating support or planning grants with fewer restrictions to these small organizations.

First 5 LA Lessons Learned
Under its second strategic plan, First 5 LA funded fifty-four organizations under its Community-Developed Initiatives (CDI – Large). CDI was open ended by design to complement the more prescriptive Commission-Developed Initiatives in First 5 LA’s second strategic plan. CDI was predicated on the belief that organizations and leaders
in LA County could design and implement projects to effectively meet the needs of children 0-5 and achieve desired outcomes for child well-being. These projects were based on applicants’ intimate knowledge of conditions in their own communities and their expertise and creativity in working effectively in those communities. A number of lessons have been learned from this project, which have been applied to the development of this Open Grantmaking concept. They include the following points:

- **Community Needs:** A flexible funding approach has the potential to meet needs within communities that have not been addressed by First 5 LA’s large initiatives. CDI demonstrated that community organizations have innovative program ideas that are based on an intimate knowledge of their target population or community and are successful in meeting their defined outcomes.

- **Broad Outcomes:** Because CDI was specifically developed to be open to creative community ideas, the outcomes it was designed to address were intentionally broad. The benefit of this approach is that it allowed First 5 LA to fund a wide range of organizations and programs designed to improve a variety of outcomes for children prenatal through five. The challenges are twofold: 1) it made it difficult to rank proposals presenting two equally valid programs against each other; 2) the outcomes impacted cannot be aggregated in any significant sense.

- **Sustainability:** A large percentage of CDI grantees are providing direct supports to children and families that will be a challenge to continue once CDI funding ends. In addition, some small agencies received a huge influx of dollars through CDI that will be difficult for them to replace from other sources. It remains to be seen whether there will be a sustainable impact from CDI once First 5 LA funding concludes. CDI did not have a capacity building and sustainability plan from the outset to assist grantees in sustaining their outcomes beyond CDI.

**Guiding Documents**

In developing the Open Grantmaking concept, staff have taken into account the two major documents that the Commission has approved to guide its decision making: the *Next Five Strategic Plan* (2004 – 2009) and the Programmatic and Fiscal Policies approved in November 2005. These two documents provide the guidelines within which Open Grantmaking has been designed.

The *Next Five Strategic Plan* (2004 – 2009)
The Strategic Plan outlines three major goal areas (early learning, health, and safety). Within each goal area are the following priority areas:

**Early Learning:**
- Access to Early Learning Resources
- Quality Early Learning Resources
- Parent’s Ability to Support their Child’s Learning

**Health:**
- Access to Health Care
Promoting Healthy Development
Healthy Births
Good Nutrition and Physical Activity

Safety:
Prevention of Child Maltreatment
Prevention of Unintentional Injuries

In determining the grantmaking interests of Open Grantmaking, staff have identified the priority areas from the Strategic Plan that are either unfunded or that demonstrate a continued high level of need that could be strategically met by additional funding from First 5 LA.

Programmatic and Fiscal Policies
The Programmatic and Fiscal Policies contain four priorities that staff have incorporated into the Open Grantmaking concept. These priorities are:

Priority #1: Develop efforts that can most effectively impact the nine key objectives of the Next Five. This priority specifically states that, “Given the guiding principle that First 5 LA will work to address all priorities outlined in the Next Five, investments will be balanced to ensure that the unfunded areas are acknowledged in future planning efforts.”

Priority #2: Prioritize the prenatal through three population, their parents, caregivers and families, the communities where they live and their systems of care and support.

Priority #3: Encourage innovation and provide flexibility for the Commission to consider timely, crosscutting projects worthy of attention and demonstrating significant potential to impact outcomes.

Priority #4: Focus activities via “place-based” strategies in select communities to improve coordination and integration of activities.

Open Grantmaking Concept
The guiding documents listed above, the information gathered from other foundations, lessons learned from First 5 LA’s own experiences, input from Commissioners, and conversations between the public and Commissioners at the Joint Planning Committee Meeting have all been taken into account in developing the proposed Open Grantmaking concept.

Grantmaking Interests
Grantmaking Interests are the broad focus areas through which First 5 LA could provide funding. Staff are proposing three grantmaking interests for Open Grantmaking that align with our three goal areas (Early Learning, Health, Safety): 1) Parent’s Ability to Support their Child’s Learning; 2) Good Nutrition and Physical Activity; and 3) Prevention of Unintentional Injuries. Parent’s Ability to Support their Child’s Learning was chosen as a grantmaking interest because Commissioners have repeatedly
identified the need to direct additional funding to build protective factors around parents (a point reinforced by Judy Langford's invitation to speak at the April 2006 Commission Meeting). Good Nutrition and Physical Activity and Prevention of Unintentional Injuries were selected as grantmaking interests because they are the two remaining unfunded areas under the Next Five.

The outcomes proposed for each grantmaking interest area are intentionally broad to allow opportunities for creative and innovative ideas to be generated from community members. It is understood that some program designs may address outcomes across more than one grantmaking interest. For each grantmaking interest, the following outcomes are proposed:

1. Early Learning: Parent’s Ability to Support their Child’s Learning
   - Parents/caregivers have strong networks of informal social supports
   - Parents/caregivers have knowledge of parenting and child development
   - Parents/caregivers have access to and utilization of concrete support in times of need

The Early Learning outcomes have been developed based on the five protective factors from the Strengthening Families through Early Care and Education work by Judy Langford. Specifically, three of the five factors (Social Connections, Knowledge of Parenting and Child Development, and Concrete Support in Times of Need) have been developed into outcomes for Open Grantmaking. Development of social connections, knowledge of parenting and child development, and concrete support in times of need are the key factors in parents being the best parents they can be for their young children. These outcomes recognize that parents and in-home caregivers are the single most important determinant on whether children are ready for school.

2. Health: Good Nutrition and Physical Activity
   - Children have adequate access to and consumption of fruits and vegetables
   - Children and families have adequate access to and participation in physical activities
   - Lower rate of overweight children

The Health outcomes were approved in the Next Five Strategic Plan and were developed following a significant community engagement process. This process identified good nutrition and physical activity as important determinants of a child’s physical growth, cognitive development, health, and well-being, yet to date the Commission has only indirectly addressed them. These outcomes have been revised to reflect that environmental factors present in communities and neighborhoods also influence the proper nutrition and physical activity of children living in these neighborhoods.

3. Safety: Prevention of Unintentional Injuries
   - Fewer children receive an unintentional injury
• Communities and families provide physically and emotionally safe environments for children

The Safety outcomes have also been derived from the Next Five Strategic Plan and were developed following a lengthy community engagement process. Although preventable, unintentional injuries continue to be one of the leading causes of injury and death for young children in Los Angeles County, particularly for children under the age of four, the Commission has not yet invested money in this priority area. These outcomes recognize that for children to be safe from unintentional injuries, their communities must also be safe.

Priority Areas
In addition to these grantmaking interests, staff are proposing priority areas that cut across each grantmaking interest. These priority areas are derived from the priorities within the Programmatic and Fiscal Policies. Programs and proposals that target the priority population and one of the priority geographic areas outlined below will be given a higher ranking during the proposal review process. The priority areas are:

Priority Population: Prenatal through three: The Commission has repeatedly confirmed the importance of the first three years of life to a child’s optimal development. Within the grantmaking interests, research shows that during the first three years of life a child is at greatest risk of sustaining an unintentional injury. In addition, children’s healthy eating habits and good physical activity are developed during this time period and set the groundwork for a healthy lifestyle as an adult. Finally, the development of the parent-child bond during early childhood is crucial to the social and emotional well-being of children.

Priority Geographic Areas: Targeted Communities: In the Programmatic and Fiscal Policies, the Commission identified twelve “targeted” communities (Baldwin Park, Bell, El Monte, Hawthorne, Huntington Park, Lancaster, La Puente, Lynwood, Panorama City, South Gate, areas of South Los Angles, and areas of Long Beach). These are communities that have been identified for funding by a minimum of three Commission initiatives. Staff are proposing that Open Grantmaking prioritize programs that work in at least one of these communities, particularly those that build upon other Commission investments.

Priority Geographic Areas: Countywide: Certain types of programs, particularly policy and advocacy, are focused on working across communities for the benefit of all. Therefore, staff are proposing that programs that have a focus countywide or across a number of communities in LA County (i.e. SPA 1, San Fernando Valley, Inland Empire, etc.) should also be prioritized.

This targeted and universal approach is in line with the Community-based Funding Policy approved by the Commission in September 2004. This policy states that the Commission will seek to balance universal efforts (strategies intended to have a
widespread impact) and targeted efforts (focused efforts on a priority group of targeted communities).

Types of Activities
As stated earlier, a major lesson learned by First 5 LA and confirmed by various foundations is that offering direct service grants through a responsive grantmaking process is problematic because it is difficult for grantees to sustain services when funding ends. In addition, funding in this way does not address the systemic causes of social needs. Therefore, staff are proposing that Open Grantmaking fund the following three types of activities:

Capacity Building: Capacity building activities are those that strengthen a group of residents, an organization, or a coalition of organizations to support the healthy growth and development of children prenatal through five and their families. The outcome of capacity building activities is improved functioning that leads to the improved ability of the group, organization, or coalition to address community needs. Examples of these types of activities could include strategic planning; board, staff or volunteer development; advocacy training; or coalition building.

Policy and Advocacy: Policy and advocacy activities are those that build public support for policies and programs that promote the healthy growth and development of children prenatal through five and their families. Policy and advocacy presents the opportunity for a potentially high return on investment. These activities could range from informing and mobilizing community residents to advocate for change on a local level to activities influencing legislation impacting children and families on a county or state level.

Promising and Scalable: Promising and scalable activities are those that have proven effectiveness on a small scale to support the healthy growth and development of children prenatal through five and their families. These programs could potentially provide direct services to participants, but in such a way that is new and unique. These programs should have proven effectiveness on a local level or for a specific population with the potential to be taken to scale. These programs would require a strong evaluation component to measure their effectiveness and inform the Commission’s learning.

From Concept to Implementation
The Open Grantmaking concept presented herein has intentionally not delved into the realm of process. It does not propose the mechanism by which First 5 LA will distribute funds to the community. Several options exist which staff will explore upon approval of this concept. These mechanisms include:

- **Traditional RFP**: Organizations with an innovative and effective idea that aligns with First 5 LA’s grantmaking interests, priority areas, and types of grants can apply for funding through a traditional RFP process.
• “High-engagement” philanthropy: First 5 LA can partner with grassroots organizations that have a strong potential to effectively address our grantmaking interests and priority areas. In this form of grantmaking, staff would work closely with a grantee in all aspects of the design and implementation of a project.

• Commission-identified projects: In their course of work, Commissioners may identify worthy projects that could effectively address the grantmaking interests and priorities of First 5 LA. These projects could be approved by the Commission for funding through Open Grantmaking.

Next Steps: Staff will explore the advantages and disadvantages of these various mechanisms to determine which are most appropriate for the context at First 5 LA and would most effectively address the goals of Open Grantmaking. One important factor to consider is that Open Grantmaking has considerably fewer funds than CDI or other Commission initiatives. Therefore, staff will conduct a higher degree of due diligence at the outset to ensure that a project truly meets our goals as a funder, that it complements and is not duplicative of other Commission investments, and that the agency has a strong potential for sustaining outcomes from the project at the conclusion of First 5 LA funding. All of these factors will be taken into account in the development of an implementation plan to be presented to Commissioners for approval.

Conclusion
Open Grantmaking provides the Commission with a funding mechanism that is unique under the Next Five Strategic Plan. Development of a clear, comprehensive Open Grantmaking concept that incorporates the lessons learned from previous strategic plans can inform the development of the next strategic plan beginning in 2009. It may be helpful to view the Open Grantmaking concept proposed herein as a potential pilot that will inform whether the Commission should continue or expand a more community-driven process of funding under its fourth strategic plan.