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Katrina and the Philanthropic Landscape in New Orleans

Ludovico Feoli

This article explores the impact of Hurricane Katrina on the philanthropic landscape in New Orleans, drawing on the perspective of participants in the field—staff and board members of community, local, and national foundations and key nonprofits—who were surveyed or interviewed for this purpose. It does not offer a definitive statement about the disaster as it pertains to philanthropy; nor does it consider the crucial leadership role of the many individuals involved in the recovery process, even though that role often intersected with the philanthropic sector. Instead, it seeks to identify general trends that emerge from a qualitative assessment of the collected data. Katrina was in many ways an unprecedented disaster: over a million people fled Louisiana, more than two hundred thousand dwellings in New Orleans were destroyed, 80 percent of the city was at some point under water, and two thousand lives were lost. Taking into account the scope of the impact of Katrina and the role typically played by philanthropy in such circumstances, this article inquires whether and how philanthropic activity was itself transformed by the storm, as interpreted by philanthropic participants.

The narrative that emerges from the analysis is one of significant transformation. Extraordinary circumstances called for extraordinary measures, and members of the philanthropic community responded, deeply transforming the philanthropic landscape in the process. These changes occurred at the local level but also percolated upward to national funders. The most salient examples the participants cited are presented here and are followed by a brief discussion of potentially missed opportunities and lessons learned.

The Philanthropic Field before Katrina

Before Katrina, the philanthropic field in New Orleans was significantly constrained. A very small group of committed donors were asked to support everything. Yet, grantors were not coordinated and, for the most part, not impact-driven. Much of the giving went to established institutions with traditional missions or was otherwise diffused in small amounts to many organizations. Grant making was not innovative or forward-thinking; it was mainly reactive. Partly because of this limitation, and partly because of the deficiencies of local government, there was no single player capable of bringing together the vision, resources, and leadership necessary to significantly impact the central social and economic problems in the community. National funders were mostly disengaged from the city, citing its lack of capacity and legendary levels of public-sector corruption.

On the grantee side the field was fragmented, with many small organizations pursuing similar objectives but not communicating, much less collaborating, among themselves, and with their collective needs exceeding the existent giving capacity. The sector was disjointed. Critical areas such as public education were inaccessible because of the absence of viable conduits through

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which funders could reach them. On one hand, while well-meaning, nonprofits often had low capability levels in administrative, financial, and governance matters. On the other hand, innovative but unproven start-ups, such as the Youth Empowerment Project in juvenile justice, had limited access to funding.

A Changed Landscape

The plight generated by Katrina and the failure of the New Orleans levee system played out live on a twenty-four-hour news cycle. This continuous reporting greatly increased the national visibility of the city, casting it in an entirely new and terrible light. By showing the incongruity of widespread poverty and exclusion in a major American city known and beloved by millions of visitors, the reporting galvanized major national philanthropic actors into action. The city was catapulted from having barely any interaction with external philanthropists to facing hundreds of philanthropies wanting to play a role. New Orleans became a case for impactful interventions in the areas of disaster recovery, rebuilding, urban renewal, education reform, and social services. The response from national funders was enormous as they engaged immediately and flocked to the city without prompting. So did thousands of volunteers who gave their time and labor for a variety of purposes, from gutting and building houses to teaching. Donations from multiple other sources also flowed to the state and led to the creation of the Louisiana Disaster Recovery Foundation, which is today the Foundation for Louisiana.

This influx of funding, directed to both established organizations and startups, changed the philanthropic landscape by increasing the number of nonprofits, encouraging competition and innovation but also collaboration, and driving institutional reform. The haphazard and uneven response by all levels of government—federal, state, and municipal—forced the nonprofit sector to assume much of the immediate responsibility for rebuilding and human services. In 2015, ten years after the storm, the Urban Institute reported that growth in the nonprofit sector in New Orleans had far outpaced national growth, in terms of revenue and the number of organizations.¹ In 2012, there were 950 registered nonprofits in New Orleans, not including religious congregations and other groups that did not submit tax documents to the IRS. This figure was 40 percent higher than what it was in 2000.²

This growth led to increased competition for funding, which itself focused the efforts of grantors and grantees on impact and outcomes. Many local foundations and individual donors started to target their philanthropy to specific priorities, particularly in those areas of greater need in the city, such as housing, public health, public education, and social and criminal justice. Baptist Community Ministries, for example, turned to a renewed focus on invitation-only strategic grants. United Way of Southeast Louisiana became a single-issue organization focused on poverty and its root causes, the RosaMary Foundation decided that it would prioritize public charter schools and related entities over private schools and related entities, and the Booth Bricker Fund went from giving almost nothing to public education to making grants for nothing else. The Greater New Orleans Foundation (GNOF) rebranded its grant-making program as the Impact Grants, consolidating it into six key areas where it could channel larger grants.³ It also engaged in advocacy to compound that impact, by developing the advocacy capacity of its grantees and exercising a more active voice itself. This refocusing on impact was also translated to the fundraising side. GNOF, for example, started emphasizing giving outcomes with donors rather than appealing to charitable impulse.

The increased focus on key sectors accompanied by the flow of funding spurred innovation in the nonprofit sector. This innovation took form in the emergence of new organizations but also in

the provision of new services by existent organizations to confront the challenges created or aggravated by the storm. Among many examples of the first type of innovation are the emergence of new fundraising/grant-making organizations (Pro Bono Publico Foundation, Emerging Philanthropists of New Orleans); new advocacy organizations to assign responsibility for the levee failures (Levees.org), raise the salience of recovery issues (Women of the Storm), promote institutional reforms (Citizens for 1 Greater New Orleans), and build cross-sectoral consensus for reforms (Common Good); new organizations to provide funding, leadership, staff development, and other assistance to public schools (New Schools for New Orleans, Orleans Public Education Network); and new organizations to promote social innovation and entrepreneurship (Propeller, Tulane). The willingness of funders to take risks in supporting these (and many other) start-ups and in recognizing the need to endorse the changes they were advocating reflects the significant transformation that was occurring in the philanthropic sector.

An example of the second type of innovation—new services provided by existent organizations—is GNOF’s introduction of capacity building for nonprofits in what it called Organizational Effectiveness, a program that leveraged national funding to help nonprofit organizations adopt best practices and develop leadership, management, and governance skills. The program enabled them to deal with the more stringent grant-making processes emerging in the city, while boosting their strength and resilience. In the aggregate, this process increased the effectiveness of the nonprofit sector and strengthened it as a whole. Other notable innovations at GNOF were its adoption of the promotion of philanthropy as one of its missions and the introduction of GiveNOLA Day. This initiative, a twenty-four-hour event focused on giving to nonprofits, introduced philanthropy to thousands of individual donors, increasing the number of people in the community who are involved with philanthropy. In its latest iteration (2019) more than fifty thousand donors made contributions to 752 nonprofits, reaching almost six million dollars in a single day. Paired with Organizational Effectiveness programs, GiveNOLA Day has also contributed to the development of fund-raising capabilities in the nonprofit sector.

In this context, philanthropic entities started to collaborate, coordinating funding and other efforts. For example, a small group of local funders, coordinated by GNOF, provided the original funding that seeded New Schools for New Orleans and Common Good. At a larger scale, the Community Revitalization Fund was a collaborative effort through which nine local foundations combined resources with eleven national foundations after Katrina to create a \$25 million housing fund. The Greater New Orleans Funders Network emerged later to facilitate funder coordination and collaboration toward the advancement of lasting and comprehensive change in equity and justice goals. Its members are a collection of national and local foundations. More recently, but in the same vein, the Mobilization Fund has combined resources from national and local funders to promote the development of disadvantaged business enterprises through a network that also incorporates business and local government agencies.

A greater emphasis on partnering and collaboration also emerged among nonprofits with aligned missions. For example, the Greater New Orleans Housing Alliance organized after the storm as a collaborative of nonprofit housing builders and community development corporations advocating for the preservation and production of affordable housing. Under the auspices of GNOF’s Organizational Effectiveness program and with the support of national funders, Communities of Practice emerged as a mechanism to increase partnerships among organizations and foster peer-to-peer learning in areas such as youth services, workforce development, and advocacy and civic action for children. Also important was the adoption of a service-learning requirement by Tulane University and its launching of the Center for Public Service. The Center

highlighted the relevance of nonprofits in the recovery process and the importance of creating opportunities for engagement with the sector, placing it front and center in the minds and experiences of students and academics, while also providing a conduit for their own civic engagement.

This changed philanthropic landscape, where national funders had a stronger imprint, local funders became more purposeful, innovation flourished, and collaboration improved, contributed to the advancement of key institutional reforms in the city. Notable among them were the establishment of an Ethics Review Board and the Office of Inspector General to increase accountability and reduce waste and corruption in city government; the conversion and consolidation of levee boards to focus them on their key purpose and reduce their use as sources of patronage; the consolidation of city assessors into a single office to eliminate inconsistencies and favoritism in property valuations; the overhaul of a failing K–12 public education system into a charter system that, while controversial and still unproven, initiated a sustained trajectory of positive change in test scores, graduation rates, and college attendance; and more recently, a criminal justice reform to reduce incarceration rates. While many factors contributed to these reforms and a complete causal explanation is beyond the scope of this article, the evidence collected supports the counterfactual that they would not have occurred without the efforts of nonprofits backed by the philanthropic sector.

National Funders: Promoting Change and Changing Themselves

As has been noted, Katrina changed the perspective of national funders toward New Orleans. While they remained absent from the city before the storm, the opportunities Katrina created for impactful intervention drove them to engage, directly and in collaboration with local partners, often informed by local priorities, and sometimes not. Such engagement entailed innovation and, consequently, risk taking, but it contributed to the many transformations in the philanthropic field described earlier. National program officers brought best practices in addition to resources. They shared their networks and knowledge. All these actions were immensely valuable and transformational for local players. But the process also drove changes in the donors themselves and, in some ways, contributed to changing the views of the larger philanthropic community. A few examples may help illustrate these points.

Some of the country's largest foundations, including Ford, Broad, Walton, Surdna, Kresge, Kellogg, Rockefeller, and Bill and Melinda Gates, among many others, turned their attention to New Orleans after Katrina. To deal with the unprecedented scope of the disaster and its impacts, some of these foundations set aside their traditional policies and procedures. Their goal was to get money into the streets as quickly as possible. Lacking prior institutional relationships, they were at first limited to short-term disaster grant-making focused on food, shelter, clean-up, and initial planning. As relationships with local entities gradually developed, the funding started to become more programmatic and long-term, but the uniqueness of the circumstances still required considerable creativity.

A well-known example was the Rockefeller Foundation's partnership with GNOF and the Bush-Clinton Katrina Fund to develop the Unified New Orleans Plan (UNOP), an intense, five-month effort to create a citywide recovery plan that involved working with community stakeholders. A previous recovery plan issued by a mayoral commission had been broadly decried for proposing that certain sectors of the city remain as green spaces, essentially forfeiting their rebuilding. This was a key moment in the storm's aftermath. The ordinary citizens of New Orleans whose lives were most affected by the storm asserted their right to have a voice in the recovery

process that until then had been largely ignored by planners and philanthropists. In that context, the UNOP venture took place amid widespread mistrust, and, because it included all stakeholders, it had the potential of becoming mired in the decision-making process. But, despite the risks, GNOF and Rockefeller moved forward and became key actors in the process, seeing it through to completion. The UNOP provided a conduit for citizen engagement and eventually became a base around which critical players and the city could align to direct the recovery process. The actions of philanthropy, not government, placed the recovery back on track after it had been derailed.

Other innovations involved capacity building in the nonprofit and public sectors. The Rockefeller Fellows program provided support to recruit and train mid-career development professionals from around the country to be placed in organizations working for the rebuilding of New Orleans. The Ford Foundation, in partnership with the Foundation for the Mid South, developed a “loaned executive program” to expand the pool of skilled professionals in city government. The Kellogg Foundation also worked to expand local capacity and leadership in multiple areas, including race relations. The foundation made a commitment to help New Orleans become a “child-focused” city, establishing a physical presence from which it continues to manage close partnerships with GNOF and other local actors.

In time, national funders invested in public, private, and philanthropic partnerships aimed at increasing the local community’s capacity to drive social change through direct action and advocacy. These partnerships transformed the philanthropic field in New Orleans and established a link to the broader philanthropic world that did not exist before Katrina. As a result, New Orleans is now viewed as a source of innovation that is deserving of national resources and attention.

The changes in philanthropy promoted by Katrina also projected outwardly, to the national and even global levels. For example, as a result of its engagement in the city, the Rockefeller Foundation shifted its focus away from disaster management to resilience. It developed a program to improve the resilience of cities around the world—100 Resilient Cities—of which New Orleans was the first case. Another example is the Center for Disaster Philanthropy, which was created as a direct response to the realization, after Katrina, that conventional ways of responding to disasters are insufficient and unsustainable. It calls for a comprehensive approach to disaster-related philanthropy, which involves support for recovery needs before and after disasters. The emphasis is on the entire cycle of disasters and, as with Rockefeller, on building communities that are resilient to disaster. Katrina therefore contributed to a deep change in the philanthropic approach to disasters.

In a much broader sense, the exposure of incompetent public (FEMA) and private (Red Cross) responses to the storm spurred a reorganization of those entities for greater effectiveness. It also increased their accountability through public criticism and exposure by the press. The widespread impacts of the storm served as an incentive for municipal and state governments to improve their preparedness to deal with disasters. In short, New Orleans came to exemplify a modern disaster situation in a crowded urban space where pockets of poverty and inequality create uneven capacities to respond. It was a test case for what other cities would later experience (New York under Super Storm Sandy, Houston under Hurricane Harvey), contributing to their preparedness.

Missed Opportunities

While national foundations were quick to respond to the storm, local actors had to invest considerable efforts to convince them of the scope of the disaster. A large part of the early efforts by GNOF leaders and others consisted of giving “disaster tours” to foundation and government officials so they could internalize the extent of the devastation. The absence of a central focus point

for the response meant that there was no shared vision to tackle the social and economic challenges the city faced. Some of the philanthropic participants interviewed for this article believe that, as a result, the sector was not bold enough in addressing the social and environmental injustices that were uncovered by the storm, and that this was a missed opportunity. Efforts did eventually coalesce around housing, schools, and employment, and considerable progress has been made in all sectors. Yet, some argue that the vision, resources, and infrastructure necessary to make a more significant mark on the region's social and economic indicators are still not available today.

Many philanthropies also naively invested in new organizations that emerged after the storm with good ideas but no experience or track record of success and that eventually failed to realize their ambitious promises. While innovation and risk-taking, as described earlier, were necessary and positive hallmarks of the sector's response to the disaster, such experiences are a reminder that they may be costly. Philanthropists should not be deterred from risk-taking as a result, but they can learn from these experiences. While there are others, two highly publicized examples can be cited here: the Pontchartrain Park Community Development project, and the Make It Right Foundation project in the Lower Ninth Ward. Both projects were high-profile philanthropic efforts boosted by celebrity power in key historic neighborhoods, so their failure had (and continues to have) a significant psychological impact on the community as a whole.

The Pontchartrain Park Community Development project was an initiative to build 125 affordable, energy-efficient houses in the namesake flood-ravaged neighborhood, led by the actor Wendell Pierce in partnership with the New Orleans Redevelopment Authority and an Ohio-based development company. After several years of very slow advancement, the partnership frayed, the Salvation Army and other supporters backed out of the project, and the Redevelopment Authority sued to regain control of its properties. Additional lawsuits for breach of contract and overdue loans followed from multiple parties, miring the project in legal troubles and leaving its goals unfulfilled. The Make it Right Foundation project was launched by the actor Brad Pitt with the goal of building 150 single-family, green, affordable houses in the Lower Ninth Ward, which had also been devastated by Katrina levee breaches. While more than 100 of the houses were built, complaints have emerged about collapsing structures, caving roofs, electrical fires, gas leaks, water leaks, and black mold. Many of the units are now vacant and home owners have sued the Make It Right Foundation, and the actor.

As was perhaps inevitable, some nonprofits that emerged during the heady early years of abundant funding disappeared and along with them, some talent. While these losses likely reflect a certain degree of healthy consolidation, some observe that smaller organizations have found it difficult to survive in the competitive environment that has resulted. At the same time, some redundancy persists, with different organizations seeking to provide the same services, and collaboration among nonprofits remains challenging.

Another missed opportunity for local philanthropy may have been not thinking more purposely about the long-term retention of external partners. While some prominent funders have remained engaged and have developed collaborative mechanisms, such as the Greater New Orleans Funders Network, many others have departed, and funding flows have waned. Though some loss of funding was expected, local partners could have done better at pairing the duration of funding to the time required for the complex social and economic transformations under way in the city. As noted, many of the programs created in the aftermath of the storm were about getting money out, not recapturing it. Local philanthropy did establish a link to philanthropy outside the region and gained the respect and confidence of national funders. The question, as raised by one of the participants interviewed for this article, is two-pronged: What can be done to increase the

relevancy of national philanthropy in our region and ensure its continuing role in the city's recovery and transformation? And, who should lead in the development of this strategy and in maintaining an ongoing engagement with national philanthropies? In the absence of Katrina, compelling ideas must displace the storm as the key aggregating factor to garner interest from funders. The region's longstanding inequalities of class and race as well as the existential threats it faces from subsidence, rising seas, and strengthening storms are obvious sources.

Parting Thoughts

New Orleans has a limited corporate presence, which is still struggling to replace the former prominence of the oil and gas industries. The philanthropic sector will therefore continue to be vital, and its effectiveness will hinge on its ability to partner with national funders. Philanthropic participants in the city believe that the nonprofit sector is now stronger and more capable. They also believe that the overall philanthropic community is larger and the donor profile in the city more diverse than it was at any point in recent memory. At the same time, this philanthropic community has gained greater awareness of the city's problems and their potential solutions. Katrina and its aftermath fostered a new openness among locals to how things are done elsewhere and a desire to see New Orleans not just survive but thrive. The philanthropic community was forced to reimagine how the city could be better. Answering that call contributed to the development of a more sophisticated understanding of philanthropy.

The city has been transformed in many ways in the past fourteen years. It has become home to an entirely new generation of strivers and entrepreneurs, and it is a source of new investments, startups, and incubators. Bright young people have come to the city to volunteer or search for opportunity. Public education and public housing have undergone profound changes. The city has seen an increase in transparency and accountability in public administration accompanied by much lower tolerance for patronage and corruption. Nonprofits and foundations have been an integral part of these transformations. A strong sense exists that the recovery of New Orleans was led by its citizens and backed by philanthropy.

It is too early to claim success for many of these reforms, which, to be sure, have critics. Yet philanthropic participants believe that the best hope for solving the many challenges the city faces rests with an enduring commitment from nonprofits and foundations to continue building a just and resilient New Orleans.

Notes

¹ Bruce McKeever and Thomas H. Pollak, "Ten Years after Katrina, Nonprofits Are Still Growing," *Urban Wire: Nonprofits and Philanthropy* (blog), Urban Institute, August 20, 2015, <https://www.urban.org/urban-wire/ten-years-after-katrina-new-orleans-nonprofits-are-still-growing>.

² "New Orleans Charities Grew Fast in Decade After Katrina," *Chronicle of Philanthropy*, August 21, 2015.

³ The key areas for the Impact Grants are arts and culture, civic engagement, education, health, human services, and youth development.