

EMBEDDED PHILANTHROPY PROFILE

From “Embedded Funders and Community Change: Profiles”
(Chapin Hall Working Paper, 2006)

J. F. MADDUX FOUNDATION

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SUMMARY

Jack Maddox, owner of the gas and electric utilities in Hobbs, New Mexico, established the J. F. Maddox Foundation in the mid-1970s as a way to give back to the community. The foundation has the largest asset base in the state—approximately \$170 million—and targets almost all of these resources to Hobbs and the surrounding Lea County (population < 150,000). The foundation aims to revitalize the community and county primarily through work in education, economic and community development, and leadership development.

HOW AND WHY DID THE FOUNDATION EMBED ITSELF IN THIS PARTICULAR NEIGHBORHOOD?

Maddox initially used its resources to provide student scholarships, but after about a decade began to distribute grants throughout southeast New Mexico and West Texas. For the first 20 years, Maddox kept a low profile as a large, anonymous donor; leaders didn’t want to attract notice and worried about being inundated with grant proposals.

At a retreat during the mid-1990s, however, several internal and external forces converged that challenged the foundation to become more proactive, public, and community-oriented. The foundation was struggling to meet its required payout level because, as a board member recalls, “the local community didn’t know how to use a foundation and we had discouraged people from learning about us by keeping such a low profile.” Board members were dissatisfied with the scattered grant-making and believed the foundation could achieve greater impact by concentrating resources more strategically in Lea County. Hobbs had dropped from being one of the world’s leading centers for gas and oil to being only one of the top producers in New Mexico. Concurrently, a substantial portion of residents moved away, including the young professionals who composed the tax base; community infrastructure decayed; the poverty rate rose until more than half of all households had an annual income under \$21,000; and high school graduation rates plummeted. Moreover, Lea County’s geographic isolation kept it off the maps of other funders. Foundation leaders realized that they couldn’t attract other resources to Lea County unless they began to publicize their grant-making and actively help grantees leverage other funding streams.



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WHAT BELIEFS AND THEORIES OF CHANGE INFORM THE FOUNDATION’S WORK?

Foundation leaders are very conscious of how large their asset base is compared with community resources. They view grant-making as a process of negotiation, rather than a one-way conversation, and use the resources to broker conversations about problems and solutions with the mayor, school system, United Way, and other community leaders and organizations.

Maddox encourages candor, trust, and push-back from grantees—qualities that are fairly easy to cultivate in a small community where foundation leaders and staff have lived and worked for more than 30 years. (As one trustee notes, “At any time I can invite my neighbors over for some wine, and by probably the second glass will get an honest opinion about how the foundation and its work is perceived and how we can be more responsive and sensitive to the community’s needs.”)

Foundation leaders view failed grants as learning opportunities, rather than reasons to end a relationship with the grantee. To avoid failure, however, they ground their initiatives in research-based “best practices” and only move forward if they and their partners can develop the necessary expertise and buy-in. It is not unusual for Maddox to study an issue or strategy for a year before launching an initiative—soliciting big-picture concepts and strategies from national experts, visiting model programs around the country, networking with other funders through such forums as Grantmakers for Education, and paying for foundation and partner staff to attend cutting-edge professional development opportunities. The result, a local public official explains, is that grantees “know [Maddox is] going to do their own extensive research about whether my ideas are viable, which will in turn help me to validate or revise my own thinking.”

WHAT STRATEGIES HAS THE FOUNDATION USED?

After deciding to take a more proactive role in the community, Maddox created a 10-year, \$8-million initiative to improve Hobbs’s school system. This work centered on implementing a rigorous Advanced Placement curriculum (with appropriate professional development and incentives) in Hobbs high schools and a Core Knowledge curriculum in Hobbs pre-K and elementary schools:

- ❑ Instead of dictating a school reform agenda, Maddox cultivated input and buy-in from teachers, principals, and district leaders. The foundation paid for “legions” of teachers and all (12) high school principals to visit high-performing schools where they could see the curricula being used; it also sent seventy-four teachers and school staff to a national, week-



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long Core Knowledge conference in California. Although Maddox only hoped for four schools to adopt Core Knowledge, all twelve chose to do so. A former teacher recalls: “I was originally against the new curriculum but the Foundation paid for us to go to all these conferences and network with other teachers. They made us feel like professionals and like our opinions mattered, and it seemed strange to not try to improve what we were doing.”

- ❑ Maddox paid for the school system’s lengthy planning and development process and covered all of the school’s initial supplies, professional development, and start-up costs. The foundation supported the changes with incentives for teachers and students. Advanced Placement teachers receive additional money if they agree to provide AP tutoring outside of school hours; participate in vertical, subject-based strategy teams; and hold themselves accountable for students’ scores on the AP exams. Students receive financial awards for taking and mastering AP courses; students who score a 3 or higher on multiple AP exams may receive a new computer.

The foundation’s economic development initiatives focus on diversifying the county’s economy to make it less dependent on the price of oil and raising awareness of the importance of a diverse economy:

- ❑ Maddox created the Lea County Community Improvement Corporation to convene all of the major civic, business, and political leaders around a consensus direction for the county’s development. This group commissioned an economic analysis of the community to identify its assets and deficits and discovered, among other findings, that Hobbs is a retail base for 100,000 people in the surrounding New Mexico and Texas region.
- ❑ Maddox facilitated town hall meetings on the study’s findings, supported the development of a strategic plan, and held additional community meetings to get feedback on the plan. The foundation then helped to attract Home Depot, Wal-Mart, a uranium enrichment plant, and several popular restaurant franchises to the area.
- ❑ Maddox helped to create a housing agency to oversee development of affordable housing; provided money for a Hobbs business incubator program; partnered with a micro-loan lender and a community venture capital firm to help local entrepreneurs obtain capital; and accelerated its investment and advisory role in the New Mexico Junior College so the college could develop a work-force development training center.

The foundation’s community development work encompasses several strategies:

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- ❑ Maddox partnered with the City of Hobbs on a multimillion-dollar beautification effort known as the Turner Street Project. Maddox provided the capital for redevelopment of the main city thoroughfare, including sidewalk refurbishment, tree planting, landscaping of adjacent properties, creation of walking/bike trails, improved road signage, and construction of a community billboard. The success of the Turner Street Project encouraged Maddox to make a \$15-million commitment from its endowment, matched by \$5 million in city funds, for a more extensive redevelopment of downtown Hobbs.
- ❑ Maddox has expanded and strengthened nonprofit organizations and service providers in Lea County. After hiring a research firm to assess local social service delivery, utilization, and capacity, Maddox supported the creation of a homeless shelter, a residential treatment center for adolescents, a food bank, a teen center that addresses gang problems, and a drug treatment center. The foundation gave nonprofit organizations money to remodel and improve their buildings; helped the New Mexico Junior College develop and finance a Western Heritage Museum; linked all of the local and college libraries through a private, virtual network so they could share databases, books, and other online resources; and gave the College of the Southwest (a major Maddox beneficiary) a 5-year, \$15-million grant to transform into a residential college and to become financially independent from the foundation. The foundation also matched one of every four dollars raised by the local United Way affiliate, boosting revenue by about 60 percent.
- ❑ The foundation supports arts and recreational organizations and a yearly community festival; created a college scholarship program for local students; and organized the Jack Maddox Distinguished Lecture Series, which brings nationally recognized speakers to Hobbs.

Maddox has been stymied in its leadership development activities. However, the foundation did assemble a community advisory committee to design a one-time leadership training program for sixty aspiring community leaders. After the training, Maddox encouraged participants to apply for money to start community projects and tried to connect them with networking opportunities. Many of Hobbs’s civic leaders say the effort had a positive impact by spawning new and vibrant community organizations, such as the Hispanic Chamber of Commerce.

WHAT INTERNAL PRACTICES, STRUCTURES, AND POLICIES HAS THE FOUNDATION DEVELOPED TO SUPPORT THE WORK?

Maddox does not have a traditional grant cycle; it accepts unsolicited applications at any time, although the foundation initiates most of its own projects. Foundation leaders believe their

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informal approach makes Maddox more accessible to community members and enables them to act on opportunities more quickly.

The foundation board is composed of Maddox family members and one non-family member whose role is to give “outside” opinions. The two Maddox trustees who still live in Hobbs are actively involved with day-to-day operations and are deployed to meetings and community forums when their reputation or community relationships might facilitate the foundation’s objectives. An advisory board elicits input from a rotating cast of community leaders.

Each board member and the advisory board director has a fund to use for pet projects and regional interests, so that those investments do not distract the foundation from its overarching community mission.

Mindful of the economic revitalization and diversification that Hobbs and Lea County require, foundation leaders selected an executive director with business expertise (a successful track record of acquiring, managing, and reviving failing hospitals) rather than experience in the philanthropic or social service arenas. Many of the foundation’s community partners praise the choice, noting that the director’s calm, direct, and efficient business approach improves relationships with grantees.

WHAT CHANGES IN THE COMMUNITY DOES THE FOUNDATION POINT TO AS SIGNIFICANT?

Much of the foundation’s work has had a positive impact on the community. The school reform effort, for example, helped to:

- ❑ Reduce the school drop-out rate. Hobbs now has the lowest drop-out rate in New Mexico.
- ❑ Increase academic rigor for more students. About half of all Hobbs high school students take Advanced Placement classes. At one time, Hobbs had more students taking AP courses than the entire school district of Albuquerque, which is 50 times the size of Hobbs.
- ❑ Foster a culture of achievement in the schools. Students can earn a varsity letter in academics along with financial rewards and, potentially, a home computer as a sign of their accomplishments.
- ❑ Attract state recognition. Hobbs was recently ranked one of the five best school districts in New Mexico.

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Maddox is proud of these improvements, especially given a 60-percent increase in students eligible for free or reduced-price lunch and a 70-percent increase in Latino students, many of whom are English-language learners.

WHAT WERE THE BIGGEST CHALLENGES? HOW DID THE FOUNDATION CONFRONT THEM?

Leadership recruitment and development. Hobbs has a dearth of professionals and emerging community leaders. While Maddox strives to make Hobbs a more attractive and welcoming place for young families, foundation leaders recognize that they can’t change the geographic isolation and relative lack of natural attractions. They also believe that neither Maddox nor any other local organization has the expertise to train the young community leaders who do exist. Maddox is leery of being too aggressive about leadership development because it wants to avoid the perception that the foundation is “packing the court” with handpicked community advocates. To address this challenge, Maddox tries to invest in new organizations so that young entrepreneurs indirectly receive support for innovative ideas.

Balancing multiple community roles. One of the drivers behind Maddox’s success is the network of personal and professional relationships that its staff and board members have. However, foundation representatives also are friends, neighbors, and relatives of community members and concerned citizens of the town and county. Often, it is a struggle to keep these roles separate. When the foundation’s director attends a PTA meeting or a trustee runs for public office, they must think about how their actions will be perceived and how to make their role in that setting clear.

Sustaining a community orientation. All of the next generation of Maddox family board members grew up in Hobbs, but none of them live in the community now; in fact, most live outside the state. Foundation staff and leaders worry that the foundation could lose the hands-on approach and intimate community connections that have contributed to its success. To prepare for the generational shift, Maddox began bringing young family members onto the board as early as possible. Eventually, Maddox may have to establish a more formal advisory board and expand its staff to compensate for the lack of locally based trustees.

INTERVIEWEES

Bob Reid, Executive Director, Maddox Foundation

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Jim Maddox, Trustee, Maddox Foundation

Don Maddox, Trustee, Maddox Foundation

Monty Newman, Mayor of Hobbs

Alberto Caballero, President, Hispanic Chamber of Commerce

Gary Dill, President, College of the Southwest

Steve McCleery, President, New Mexico Junior College

Stan Rounds, former Superintendent, Hobbs Public Schools

Sam Spencer, board member, United Way

Joe Calderon, Hobbs City Commissioner

Paul Campbell, former school board member

Becky McMurray, Curriculum Administrator, Hobbs Public Schools