

# Inside Philanthropy

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## **Amid Demands for Change, Here's How Philanthropy Can Back Underfunded Black-Led Groups**

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In the wake of the killings of Breonna Taylor, George Floyd and Rayshard Brooks, the most recent victims of recurring police violence against black people, black-led organizations are springing into action, hoping to translate surging public support into meaningful progress. In a [June 2020 poll](#), 76% of Americans said racial and ethnic discrimination is a big problem in the United States, up from 51% in 2015. From big grantmaking commitments by institutional funders to a wave of small individual donations, a major philanthropic response is underway.

But while new attention and money may be flowing at the moment, black nonprofit leaders face a persistent struggle in securing both trust and reliable financial backing from the mostly white funding world. Several recent reports show that black-led organizations (BLOs) have smaller revenues, reserves and staff. They receive far fewer large or unrestricted grants.

The impact of black leadership in social change work remains powerful, unmistakably so during these weeks of historic protest and national debate.

But limited philanthropic support means many black-led groups struggle to respond from a place of financial security during crises like the one the country now faces, wherein a pandemic and police violence weigh heavily on black communities. Many also believe this to be a time of potential transformation, with much of the public demanding sweeping structural and policy change. The underfunding of BLOs is an old problem that is all the more urgent today.

As Maya Thornell-Sandifor, Borealis Philanthropy's director of racial equity initiatives, puts it, black people are now dying from a "double pandemic."

"We cannot wait until [everyone] in America understands and agrees. It's hugely important that we get more resources to black-led groups that know what needs to change, and that have laid the groundwork for the possibilities that have now opened up," she said. Borealis runs the Racial Equity to Accelerate Change (REACH) Fund, Racial Equity in Philanthropy (REP) Fund, and the Black-Led Movement Fund (BLMF).

This is a well-documented issue. Multiple researchers have highlighted specific barriers BLOs face in the U.S., as well as some potential solutions. Recent papers from Echoing Green and the Bridgespan Group, ABFE and the Black Social Change Funders Network (BSCFN), and the Philanthropic Initiative for Racial Equity (PRE) all lend clarity and urgency to these longstanding issues.

Meanwhile, black activists and leaders in philanthropy alike are redoubling their calls for far greater and more trusting financial support for black-led groups. For years, foundations and donors have failed to answer these calls sufficiently, but there's hope that, as one foundation leader put it, "this time is different."

## **The Problem**

Between 2005 and 2014, the percentage of U.S. foundation funding for communities of color did not exceed [8.5%](#), according to PRE. During this period, giving to African Americans as a percentage of giving to people of color declined from about 22% to about 18%.

In 2016, the percentage of funding for communities of color rose to about [10%](#)—a change Lori Villarosa, founder and executive director of PRE, [previously characterized](#) as coming “on the heels of the protests in Ferguson, the broader #BlackLivesMatter movement, the protests at Standing Rock, and the organizing around and by Dreamers.” Yet black-led and black-centered work remain underfunded.

For example, when Echoing Green and Bridgespan examined the applicant pool for Echoing Green’s social justice fellowships over several years, they found, on average, the revenues of BLOs were 24% smaller than their white-led counterparts. When looking at unrestricted funding assets, the gap jumped to 76%.

“The stark disparity in unrestricted assets is particularly startling, as such funding often represents a proxy for trust,” states a *Stanford Social Innovation Review (SSIR)* [article](#) that unpacks this research, co-authored by Cheryl Dorsey of Echoing Green and several Bridgespan team members.

Notably, these disparities exist in areas that center black experience. Among the organizations in Echoing Green’s fellowship that focus on improving life outcomes for U.S. black men and boys, BLOs’ revenues were 45% smaller than those of white-led groups, and the unrestricted net assets of the BLOs were 91% smaller than those of white-led groups.

### **Get Proximate, Reflective and Accountable**

The *SSIR* article explains that it can be harder for leaders of color to connect with funders and gain their trust because they have to enter and

navigate the white networks and cultural spheres where most money resides.

The article offers ideas for grantmakers to take the initiative to breach this divide, such as stepping outside of the comfort zone of white-peer recommendations and being willing to carry out their own research. They can make cold calls and requests for learning visits to better connect with potential and new grantees, and rethink funding practices like budget size filters that may exclude BLOs.

The report advises funders to listen to the people at the center of a struggle and “get proximate,” drawing on the famous words of advocate Bryan Stevenson. We heard a similar message from Arisha Hatch, Color of Change’s vice president and chief of campaigns.

“Black leaders have a special skill set in terms of actually relating to other black people... and are closer to the challenges that are faced by those communities,” she said.

Funders are also advised in the report to “get reflective” on their portfolios (specifically on grant data disaggregated by race) and “make necessary shifts [to] organizational culture, process and investment norms.”

Dorsey told *Inside Philanthropy* that along with confronting unconscious biases and taking other steps to dismantle barriers, “proactively diversifying the leadership at foundations... is a requirement.” And the report states that grantmakers can “get accountable” by sharing racial equity goals.

The report names several models for racial equity grantmaking, including CHANGE Philanthropy, Ford’s BUILD initiative, Borealis, the San Francisco Foundation, Chicago Community Trust and others. Funders that are struggling to find BLOs can check out Borealis’ 100+ [black-led](#)

[grantees](#). And Ford recently compiled a list of its grantees whose work ties to racial justice [here](#).

## **Moving From Redlining to Allyship**

Also in late 2019, ABFE and BSCFN released a new installment of their joint research, “The Case for Funding Black-Led Social Change,” which we first covered in [2017](#). The recent [report](#) is called “Redlining by Another Name: What the Data Says to Move from Rhetoric to Action.”

This paper offers another collection of potent stats, such as that 60% of the BLOs surveyed had budgets of \$500,000 or less, and only 23% had operating reserves of three months or more. While foundation funding was the primary source of support for the groups, just around 12% had ever received a grant of \$100,000 or more. Most had small staffs; about 82% had teams of 10 or fewer.

The research also included anonymous interviews with black leaders. Many discussed what the report calls the “Philanthropic Black Codes”—hoops BLOs must jump through, including “monthly financial reporting [and grant] disbursements, surprise monitoring visits, quarterly grant reporting, and multiple grantee meetings [per year].”

The BLO leaders called for unrestricted multi-year funding. The authors state foundations should “seek BLO input to create, measure progress toward, and evaluate outcomes.” Like the Echoing Green and Bridgespan report, this paper encourages grantmakers to be willing to get close to potential grantees by conducting site visits for their own learning (not evaluation).

ABFE and BSCFN reiterated their 2017 call for “at least a 25% increase in giving by the nation’s largest foundations to the black community, with a particular emphasis on strengthening the infrastructure for black-led social change.”

ABFE also just published a new set of [imperatives](#) for the philanthropic sector that focus on responding both to the [pandemic](#) and state-sanctioned violence against black people. The joint statement was developed in partnership with and signed by more than 60 black philanthropic CEOs in the U.S., and the first imperative is to “build agency” by investing in a variety of BLOs.

Grantmakers are also encouraged to use their endowments and to get creative about increasing their ability to resource nonprofits during a recession (as the Ford, MacArthur, Kellogg, Andrew W. Mellon and Doris Duke Charitable foundations [recently decided](#) to do).

The signatories also call on non-black foundation executives to serve as allies to their black counterparts. ABFE states recent protests demonstrate “the power of multiracial alliances, led by black voices, to bring about change. This level of solidarity by allies is needed in philanthropy to create a movement that supports all communities.”

Among several other recommendations, funders are advised to look beyond quick fixes and toward structural change in order to improve conditions in black communities, including by using their funds to leverage public dollars and by backing both 501(c)(3) and 501(c)(4) [groups](#) to build black political power.

### **From a Deficit Perspective to Trust**

Philanthropic Initiative for Racial Equity has also published multiple papers on these topics—it released “[Grantmaking with a Racial Equity Lens](#)” in 2007, and in December 2019, “[Grantmaking with a Racial Justice Lens](#),” which we explored [here](#).

Villarosa told us earlier this year she has been glad to see funders “being far more targeted about populations leading their own work.” But a

disproportionate amount of racial justice funding still flows to predominantly white organizations.

We asked her recently how funders can connect to, partner with and resource BLOs, specifically. She directs philanthropies to PRE's justice report, and added, "Funders need to let go of any misconceptions demeaning the capacities of [BLOs] and recognize that the investments they are making [in them] are about achieving their strategies... with more efficiency and impact."

Villarosa has seen many funders use a "deficit perspective" when approaching BLOs. As we reported in our story on philanthropy responding to the legacy of [slavery](#), funders who want to use a more positive frame in their race-related programs can check out the [BMe Community](#), which trains foundation and nonprofit leaders in "asset-framing for equity." It advises funders and service providers on how best to define people by their aspirations and contributions before exploring their challenges.

Villarosa recommends funders put the "control of the initial and final framing into the hands" of a BLO, and then, if necessary, to reach out to white-led groups as secondary partners or contractors—not the other way around. She also said funders should support the groups in the Movement for Black Lives (a network of more than 100 racial justice groups) and increase 501(c)(4) funding.

### **"This Time Is Different"**

Villarosa said both police abuses against black communities and the underfunding of BLOs are manifestations of anti-black racism and white supremacy. Hatch, from Color of Change, said it would be "ridiculous" to think white supremacy "doesn't exist in the progressive movement or in philanthropy."

Amid the widespread and persistent uprising we're experiencing now, can philanthropy effectively combat racism and white supremacy by funding BLOs—and will it?

“[In] a country predicated on white supremacy and anti-black structural racism, the mere existence of [BLOs] is an effective challenge to white supremacy, as any form of black agency and success is a threat to white supremacy,” said Nat Chioke Williams, executive director of the [Hill-Snowdon Foundation](#). In late 2015, BSCFN emerged from a partnership between ABFE and Hill-Snowdon, and Williams co-authored the 2017 report on funding black-led social change. For historical context, he points to the [Tulsa Race Massacre](#) and the destruction of “Black Wall Street.”

Williams added that because white supremacy is an ideology, it is necessary to have an ideological analysis and strategy that is “aggressively counter to white supremacy.” He said organizations like the Movement for Black Lives and other black-led organizing groups “with a racial justice and black liberation framework are the most strategically effective and necessary” on the spectrum of BLOs fighting white supremacy.

On June 8, a group of leaders from the nonprofit and funding worlds held a call on philanthropy's role in saving black lives, led by the Movement for Black Lives. Other call organizers included ABFE, the Ford, Kellogg and Rockefeller Brothers foundations, Borealis, the Solidaire Network, Resource Generation and more. Close to 700 people participated. The Movement for Black Lives called on philanthropy to provide it with \$50 million this year. In 2019, it raised \$2.7 million, according to [the \*Chronicle of Philanthropy\*](#).

In regard to current events, Williams of Hill-Snowdon said “this time is different” in terms of scope and policy impact “because of the investments that were made in black-led social change infrastructure in the past five years and before.” He mentioned his foundation's Making Black Lives Matter Initiative, Borealis' BLMF and the Solidaire Movement R&D Fund.

He said these and other similar investments “help seed the public consciousness so that we can start from a different point of questions and demands, and so this moment could serve as a basis to push forward campaigns that black organizers have been pushing for years.” Examples include #CopFreeSchools, Invest-Divest and others.

Thornell-Sandifor of Borealis told us, “I think we are all witnessing the outsized impact that black-led groups can [and] have had throughout our history. They’re our national conscience, asking us to live up to who we say we are.”

Villarosa of PRE had a similar outlook. “We have seen what happens when black-led organizers and infrastructure get even a slight increase in support. So imagine where we could be with more substantial funding.”