

Inside Philanthropy



The State of  
American Philanthropy

Philanthropy,  
Social Justice and  
Shifting Power

## ABOUT INSIDE PHILANTHROPY

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## ABOUT THE STATE OF AMERICAN PHILANTHROPY

The State of American Philanthropy is a series of background papers on important topics and trends in U.S. philanthropy. The papers draw on past research and reporting by IP writers, as well as new interviews, grantmaking data, and other sources. Learn more at [insidephilanthropy.com/state-of-american-philanthropy](https://insidephilanthropy.com/state-of-american-philanthropy).

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# EXECUTIVE SUMMARY

Inside Philanthropy has long observed and written about the sector's increasing dedication of resources for equity and justice, as well as swelling demands that those who hold the philanthropic purse strings cede more power. But even as IP has covered these concepts, it has struggled along with the entire sector to identify and apply universally accepted definitions of what terms like justice and equity mean, exactly.

This brief seeks to bring more definitional clarity to this area. It is based on extensive reading of current thinkers on philanthropy, society and social justice, along with news coverage of these issues, and perhaps most importantly, extensive new interviews with over two dozen leaders in philanthropy, academia and community organizing. The range of interviewees includes leaders of philanthropy-serving organizations (PSOs), philanthropic professionals working for social justice funders, authors of widely discussed books on these topics and media observers critical of the field.

This brief's introduction lays out why we're pursuing this discussion. The next section, "A Little Historical Context," provides background on how the philanthropic sector has grappled with formal and informal definitions of different types of grantmaking, focusing especially on how PSOs and Candid have played key roles in listening to the field, setting out definitions and trying to organize data that can make sense of where we are.

If you want to get right into the meat of our proposed justice-regression grantmaking continuum, you can go directly to the section "Justice, Equity and the Rest" and skip the history without missing a beat. That section of the brief proposes a continuum of grantmaking types and names the following categories that social justice activists and observers of the philanthropic sector alluded to:

- Justice grantmaking
- Equity grantmaking
- Pro omnibus (for all) grantmaking
- Backstopping government grantmaking
- Status quo grantmaking
- Self-serving grantmaking
- Regressive grantmaking

We're calling this the justice-regression grantmaking continuum. The experts interviewed for this research did not necessarily give those particular names to types of grantmaking, but we have named them in these ways in an effort to crystalize our thinking and succinctly describe somewhat amorphous motivations and activities.

Experts we spoke to generally found the concepts of justice in grantmaking discrete but inextricable from discussions of power in philanthropy and how it is held, shared or given over by those who have millions and

billions they could direct toward whatever they believe would improve the world. While there is no clear consensus on which “power-shifting” practices are the most meaningful, the most commonly cited elements of shifting power in philanthropy cited by experts included:

- Flexibility of donor directives
- Board composition/ultimate control
- Transparency
- Staff connectedness to communities/staff power in decision-making
- Community engagement in setting strategy and grantmaking
- Trust-based practices
- Moving major funds to intermediaries and/or collaborative funds
- Simply giving away much more capital

The pros, cons and complicating factors associated with each of those practices are discussed at length in the third section of this brief.

The conclusion and next steps section provides information about how we intend to build on the frameworks presented in this brief in a second stage of research. That next phase will solicit feedback on these frameworks from a wider set of community activists and philanthropic sector professionals, asking them to weigh in on how the Justice-Regression Grantmaking Continuum could be improved. Our ultimate goal is to develop analytic tools that can be used to measure the extent of social justice grantmaking and power-sharing practices by both foundations and individuals.

Those who accumulate wealth often present their philanthropic endeavors as meaningful, if incremental, movement toward a more just, prosperous and sustainable world for the rest of us. This research aims to move past billionaires’ and corporations’ noise and vague claims about the justice and equity work they are supporting to delineate what social justice leaders and deep observers of philanthropic practices agree is actually meaningful justice and power-sharing in philanthropy; use those definitions to systematically assess individual and sectoral practices; and eventually, grow an authoritative body of evidence that brings greater accountability to individual funders and the sector as a whole.

# Introduction

Social justice organizations don't receive nearly the proportion of philanthropic resources they should, given the scale of historical injustices, the difficulty of bending the arc of change and the proven potential of the movements that have accomplished so much with so little. For many in philanthropy, this is a fairly incontrovertible statement. According to IP's 2022 [survey of fundraisers and funders](#), nearly two-thirds of respondents said "recent efforts to prioritize and center racial justice issues in philanthropy are essential and need to go much further."

Beyond this rough consensus, though, there are wide divergences in understanding and agreement within philanthropy about what constitutes social justice funding. Conservative leaders, like Philanthropy Roundtable's Elise Westhoff, question the very terms of debate — arguing that much traditional charitable giving (say, for K-12 education) does lift up communities of color, while "woke" social justice funding can actually have the opposite effect — further disempowering these communities. American Enterprise Institute's [Howard Husock](#) says that those analyzing the data don't cast a wide enough net in setting their parameters, and therefore, there is much more philanthropy benefiting marginalized communities than is being counted by the researchers. Those on the right aren't just disagreeing with the definitions, they're also suggesting that plenty of money is being directed to people of color.

Yet even within progressive and mainstream funding circles, it can be hard to find common ground on just what, exactly, constitutes social

justice grantmaking. To some leaders in the sector, many of the commitments made by top funders in 2020 to address racial inequities don't meet their criteria.

"Philanthropy loves to take the language of activism and use it to justify its giving," said Libra Foundation Executive Director Crystal Hayling. "So I think there is this sense that, if you happen to fund homeless shelters that serve mostly Black and brown people — while urgently needed — that somehow or another, that's justice funding. Yeah, no. It's not. Racial justice funding addresses the root cause of why Black and brown people are vastly overrepresented among the homeless. Justice funding rejects Band-Aids and asks why the richest country in the world accepts that families are forced to live on the streets."

Hayling's views are widely shared among progressive critics of mainstream philanthropy — and echo arguments that have been advanced by the National Committee on Responsive Philanthropy (NCRP) and others for over four decades. Much work has been done during this period to better define what constitutes social justice giving, especially within the past few years. But interviews with experts, along with IP's extensive reporting in this area, makes it clear that far more work is needed — both to classify different types of grantmaking and to build consensus within the sector around shared definitions and metrics.

I come to this exploration as a person who lucked into a career in philanthropy as a 22-year-old office temp with a journalism degree who fell in love with the idea of convincing rich people to use their money to advance social justice, and as a queer white guy who has had 30-years in the sector believing he was part of something important and

good. Now, I hear from my most progressive friends that I have been part of a money-hoarding system that exists primarily to protect the power of the wealthy and uphold the status quo. I hear that institutional philanthropy shouldn't really exist, and that today's billionaires should follow the lead of MacKenzie Scott and immediately give away as much of their wealth as possible, because supposedly, that's what justice organizers want.

I started wondering about whether today's mega-donors should follow that advice and whether institutional grantmakers should look to spend down as part of a broader effort to "give up their power," as so many critics now suggest. Would such shifts really be the best way for philanthropy to advance social justice? Or are there actually strong reasons for foundations and major donors who care about that goal to shepherd their resources over the long term – and, indeed, to play a leadership role in charting a more just society?

These weighty questions, in turn, led me to ask more basic ones about what actually constitutes social justice giving and "power-shifting." Better defining such concepts and getting agreement around those definitions is essential if philanthropy is to live up to its transformative potential.

I'm hardly the first person to wrestle with this challenge. There are many organizations and individuals who have spent years (sometimes decades) trying to develop broadly endorsed parameters and definitions of what constitutes equity funding, what is justice work, and what is the rest. Lately, many big thinkers are writing about the closely related subject of the most meaningful power-shifting practices amidst the complicated dynamics of moving money from those who hold

billions to the countless causes, strategies and people who seek to end society's inequities.

Some of the leaders engaging in this work are within philanthropy; many others are social justice leaders working in communities and academia. In my research, I have interviewed 22 deeply knowledgeable leaders in grassroots organizing, philanthropy and academia. In addition, I have read numerous books, research reports and position papers that set out their own definitions of these terms and concepts.

While no such inquiry could be exhaustive, I have heard enough points of view to observe a growing consensus around core understandings of justice, equity and "the rest" and forge a common set of definitions the philanthropic sector and communities can discuss and debate. That is what this brief does.

There is less agreement in the literature and among the people I interviewed on the related topic of the most effective and morally just ways to shift power in philanthropy. This brief names and describes the set of factors most commonly associated with power-shifting, with the objective of advancing a debate about what really counts.

# A Little Historical Context

Before digging into the definitions and parameters around which thought leaders seem to be coalescing, it is important to understand how we got here and what has previously been produced by key intellectual contributors to the discussion. It is also essential to clarify that, while race is central to all discussions of justice and equity in the United States, most leading thinkers take an intersectional approach and integrate into their work and definitional language factors related to gender, migration status, disability, LGBTQ+ identities, religious affiliations, and other identities that those in power have historically used to separate people from their potential.

## The leadership role of PSOs

There is a long history of philanthropy-serving organizations (PSOs) setting out definitional language and attempting to measure the dollars that go to different types of work or particular populations. Attempting to quantify the amount of funding toward various kinds of work is inextricably linked to the creation of broadly agreed-upon categories and definitions.

PSOs like Philanthropic Initiative for Racial Equity (PRE) and NCRP have worked for many years (going on decades) with Candid to clarify definitions. They have struggled with Candid to advance analysis of different types of grantmaking, and it remains an extraordinarily labor-intensive process. PSOs have to examine a staggering number of individual grants because the information foundations provide and the taxonomies Candid has used in the past haven't reflected the definitions used by community members, which have evolved.

NCRP, by its own description has “for more than 40 years pushed foundations to do more for those who are marginalized, underserved and disenfranchised.” It is widely acknowledged to have the longest track record of defining, quantifying and assessing individual grantmaking institutions’ commitment to justice and equity, as well as that of the sector as a whole. While NCRP has refined its thinking and definitions over the course of many reports and funder assessments, it is perhaps most widely cited for its measurable guidelines, “Criteria for Philanthropy at its Best,” released in 2009 and updated numerous times since.



*“The Candid frameworks and benchmarks that we had been using, and even the way that Candid grants classification system is set up, were not really well-suited to measuring foundation support for social movements.”*

—Ryan Schlegel, director of research, NCRP

NCRP’s leaders told me the challenges of working with Candid data represent one of the reasons that it shifted away from funder assessments and tracking of social justice grantmaking across the larger sector. “The Candid frameworks and benchmarks that we had been using, and even the way that Candid grants classification system is set up, were not really well-suited to measuring foundation support for social movements,” NCRP Director of Research Ryan Schlegel told me.

Of NCRP’s efforts to use its criteria and Candid’s data to assess foundations, President and CEO Aaron Dorfman said, “We started doing the assessments of some of the nation’s billion-dollar foundations to assess how well they were pursuing

equity and justice. We did a dozen of those over a period of four or five years, in depth, quantitative and qualitative, mostly qualitative assessments, of the giving by billion-dollar-plus foundations, whether they wanted to be assessed or not. We learned a ton about equity-focused assessment practices through that.”

## Candid's Ongoing Reconsideration of Taxonomies

Many conversations about capturing data and defining categories come back to the role of Candid, the entity created by the 2019 merger of The Foundation Center and GuideStar. Candid is often critiqued for the accuracy of its data. But assessing complex, subjective factors like justice funding is a tough challenge. Critics of Candid data should also recognize that few foundations actually provide Candid any data at all, let alone succinctly described individual grant information that would provide meaningful clues to be used for coding. Candid does yeoman’s work collecting and coding data, the vast majority of which comes from IRS 990s and the scant grant information they contain.

“There are about 900 in that active universe of foundations that are engaging with us in that data contribution,” Candid’s Director of Data Discovery Laia Griño told me. “It’s a number that we hope to see grow. I think all the questioning about the progress the sector has made on racial equity has prompted greater interest in contributing that data.” But, she said, there is “a need for the sector, as a whole, to invest more in the data it has so we can more accurately track current progress and see whether it’s investing in the right places.”

As I was conducting my research in the spring of 2022, Candid was engaged in substantial conversations with numerous PSOs and “other

partners” about how it might revise its taxonomy. Change Philanthropy, the coalition of identity-focused affinity groups, was taking a leading role in those discussions. It centered on possible changes to the “population served” and “subject” categories. The “subject” field is where Candid coders record the nature of the work receiving funding, and might be amended to provide the option of noting whether or not a grant is for “equity” or “justice” work.

# Candid.

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—Laia Griño, director of data discovery, Candid

“It feels like there might be gaps in the taxonomy in terms of being able to label something as racial justice or social justice or equity. So we’re at the early stages of this consultation process,” Griño said in late February 2022. “Populations tend to be the least referenced thing in grant descriptions. In my experience, people might say what they’re working on and maybe where the grant is supposed to serve, but rarely do you get a description of who is meant to benefit from a grant.”

That is only part of the challenge. Candid leaders [disclosed](#) to the Associated Press in September 2021 that it was changing its definition of equity in part because of its discussions with PRE. “Shortly after

the 2020 relaunch of Candid's racial equity funding site, the Philanthropic Initiative for Racial Equity (PRE) contacted us with two primary concerns about the way the data was presented: the distinction between racial equity and racial justice funding, and the mixing of grants and pledges," Candid's Vice President of Development and Communications Lisa Philp wrote in a [blog post](#). The AP reported, "Under the new framework, Candid positions racial justice grantmaking, defined 'as that awarded to address the underlying systems and structures that generate and reinforce racial inequality,' as a subset of racial equity grantmaking."

Candid staff followed up with me in May 2022 to clarify that its conversations with PSOs and other community members about refining definitions and coding categories were underway long before conservative critics started questioning its accounting. Its leaders emphasized that Candid's reconsideration of taxonomies and data analysis are not meant to lend assistance to those insinuating that there are plenty of resources going to communities of color. Candid staff reported at that time that it had recently completed its input process and is developing recommendations for new coding.

I spoke to PRE's founder and Executive Director Lori Villarosa in February 2022, and she said, "You can question Candid all you want, I question Candid extensively. This different point where Candid's numbers of racial equity grants went up from what they had been saying in the past was by no means them wanting to say there was enough funding. It was us and our stakeholders, having pushed them previously to use the stricter criteria, but then [they didn't use] it for 2020, and leaving these headlines that would allow people to say, 'oh, there's more money.'"

The definitional distinctions between justice and equity grantmaking, which apply beyond race to other social justice concerns, are considered in more detail in this brief's section "Justice, Equity and the Rest."

### Why Definitions Matter: Accountability

Rob Reich, author of "Just Giving," professor of political science at Stanford University and the co-director of the Center on Philanthropy and Civil Society, told me he supports the idea of better definitions. He contrasted it with the peer-review system in academia. He said peer review based on better measurements should be a norm. "This

## Initiative Spotlight



Established in 2003, the Philanthropic Initiative for Racial Equity (PRE) aims to "increase the amount of effectiveness of resources aimed at combating institutional and structural racism." A project of the Tides Center, PRE directly engages with communities, foundation staff and board members, and individual donors about how to collectively advance and achieve racial justice through various efforts including capacity building and education. PRE is also supported by Borealis Philanthropy, C.S. Mott Foundation, Robert Wood Johnson Foundation, and Quixote Foundation.

would actually be beneficial for philanthropy itself because it would constitute a learning loop that the foundation leader always has permission to reject advice, just as the scholar has permission to reject advice.”

Ford Foundation Executive Vice President for Programs Hilary Pennington says they are in the midst of an internal process to set more rigorous parameters of what constitutes equity work in terms of racial, gender, ethnicity and disability, and that Ford would welcome more widely agreed-upon definitions and better data collection. Ford Foundation has publicly committed to funding 100% equity work. It is interesting, however, that in his 2015 [announcement](#), Darren Walker consistently used the term “social equity” rather than “social justice.”

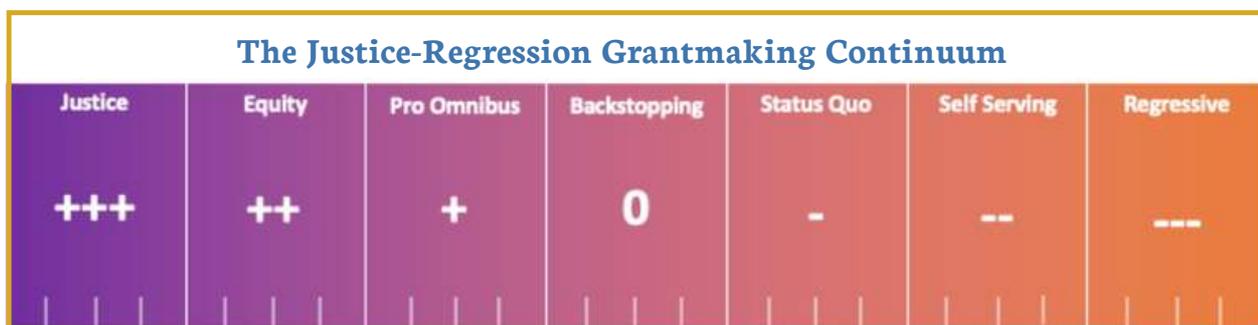
Pennington said, “We analyze our grants in terms of all these dimensions of equity and are right now working to clarify what behaviors and attributes we should formalize in order to advance our commitments in the most meaningful way. We are discussing not just what grants we make, but who we make them to, how we manage the grant, how do we structure it in terms of multiyear, general operating support, all of those things.” She added, “The reason why we have this conversation now has to do with our own accountability.”

Edgar Villanueva, principal of the Decolonizing Wealth Project and Liberated Capital, said he holds several conflicting feelings about definitions and measurement. He said he believes that because of the efforts of organizers, there has been a bump in funding for movements and that measurement has value. “I think measurement is important; however, in our sector, without clear analysis, a focus on

measurement and evaluation can be weaponized to shift funding away from movements.”

While it is worth keeping in mind Villanueva’s caution that data can be misused, the experts I spoke to agreed that philanthropy and social justice leaders are poised to come together on definitions. The grantmaking types in the next section of this brief build upon the groundwork already laid over the past few years and could lead to more uniform and consistent definitions and measurements. With that consistency, this research indicates, the field can move much closer to accurate data on levels of resources toward equity and justice work in proportion to other types of philanthropic spending.

# Justice, Equity & the Rest: Coalescing Around a Continuum of Grantmaking Types



Before delving into the areas where consensus seems to be coalescing around definitions and categories of grantmaking, I want to highlight another area where there was widespread agreement. Interviewees consistently said that it is not necessary, realistic or even desirable that every philanthropic dollar go to justice grantmaking; it is reasonable to have some mix of grantmaking or a “portfolio” of grantmaking strategies. This was a sentiment expressed even among those furthest to the left among the “fund movements” advocates. But nearly everyone I interviewed also said that regardless of how you measure it, there isn’t nearly enough funding toward justice movements or equity work.

“I am realistic that we’re not getting every foundation to do [100% justice funding]. But how can we get 10% of really progressive foundations to think about liberation?” said Carly Hare, Change Philanthropy director/coalition catalyst, who left the organization shortly after the interview was conducted. “How many of those that are status quo right now can we get to shift, like, a third or a quarter of what they’re giving now to have a focus that is around systems and policy change. And then how do we feed the smaller percent of folks who don’t even realize – and they’re just funding status quo – to be inspired in funding those spaces. Those

are the pivotal points that I’m more interested in than trying to say, ‘everybody needs to do social justice philanthropy.’”

NCRP implicitly accepted this realism about a portfolio approach when it said funders could rise to the level of its “[Criteria for Philanthropy at Its Best](#)” when the funder “contributes to a strong, participatory democracy that engages all communities... [and] provides at least 50% of its grant dollars to benefit lower-income communities, communities of color and other marginalized groups, broadly defined, and provides at least 25% of its grant dollars for advocacy, organizing and civic engagement to promote equity, opportunity and justice in our society.” My own analysis concludes that NCRP’s two areas align well with the PRE’s definitions of “equity” and “justice” detailed below, although PRE’s Villarosa emphasized that its definitions were created wholly separately from NCRP’s and have their own history rooted in conversations with justice leaders.

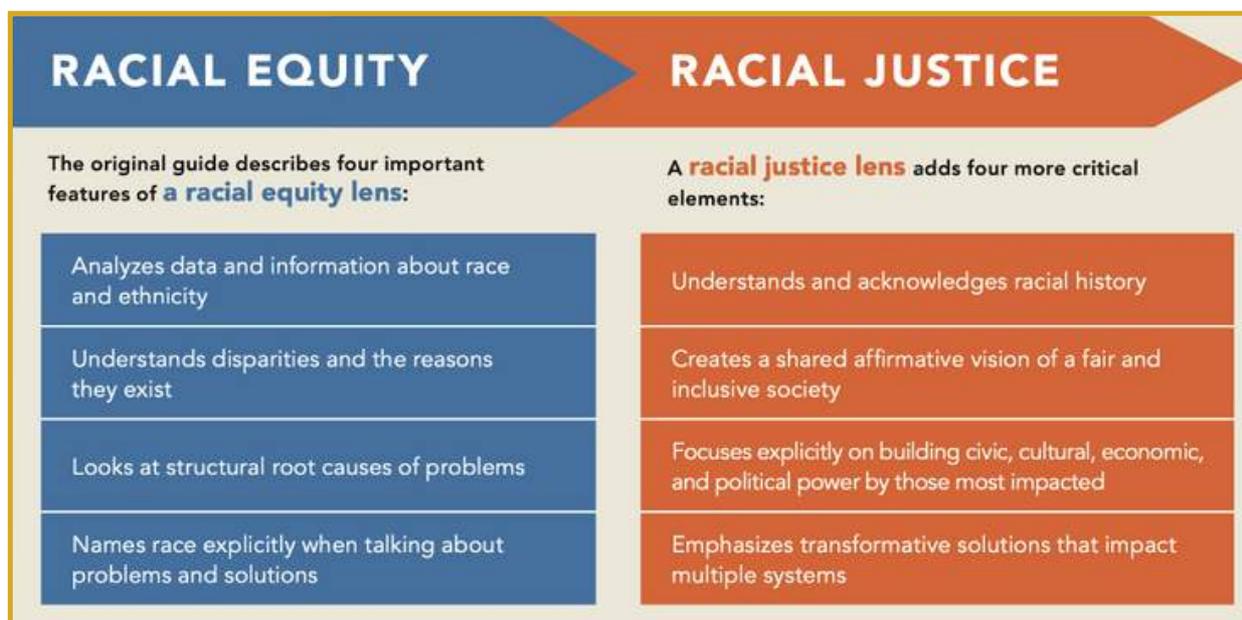
Countless thought leaders and justice organizations have put forward their own definitions and framing of these issues for decades. Discussions of the meaning of the terms “equity” and “justice” have shifted into overdrive in the past decade, really ramping up in the philanthropic sector in the years

following the police killing of Michael Brown in Ferguson, Missouri, and the 2014 protests that followed.

As I've read through the literature and reports from PSOs over the past several years and sifted through the thinking of my interview subjects, it has become apparent that PRE's specific framing of racial justice and equity work is the same basic framing that social justice advocates concentrating on gender, disability and immigration status (to name just a few intersectional identity categories) also use. PRE's September 2021 report, "[Mismatched: Philanthropy's Response to the Call for Racial Justice](#)," used this succinct language to delineate the two:

"Racial equity focuses on the prevention of harm and the redistribution of benefits within existing systems. Racial justice focuses on power-building and transformative goals, explicitly seeking to generate enough power among disenfranchised people to change the fundamental rules of society."

The report further elaborated with this useful graphic:



Graphic from PRE's 2021 "Mismatched" report

While PRE's work is specific to race, this formulation is essentially the same one that social justice leaders apply more broadly across all intersectional identities. So to generalize, the detailed thinking for a wider set of populations would go something like this:

A project can be said to employ an **equity approach** if it:

- Analyzes data and information about the marginalized people who are the focus of the work (not just a generalized U.S. population, or a general geographic population).
- Understands disparities and the reasons they exist for those specific people.
- Looks at structural root causes of the problems facing the group.
- Explicitly names the group when talking about problems and solutions.

A project can be said to employ a **justice approach** when it does all those things and:

- Understands and acknowledges the history of the marginalized people who are the focus of the work.

- Works to create a shared affirmative vision of a fair and inclusive society
- Focuses explicitly on building civic, cultural, economic and political power by those most impacted.
- Emphasizes transformative solutions that impact multiple systems.

So justice work is a subset – some might say a higher-level order – of equity work. When PRE used these definitions specifically for race and worked with Candid to analyze and re-code thousands of 2011–2018 grants, it found that only 6% of grantmaking in Candid’s data set could be said to employ a racial equity approach and only 1% a racial justice approach (Nota bene: Because justice is a higher order of equity, the 1% for justice work is contained within the 6% total for equity, not in addition to it. “Mismatched” has a thorough, 10-page methodology section that should be essential reading for anyone who cares to understand how they came up with these definitions and figures.)



*“We analyze our grants in terms of all these dimensions of equity and are right now working to clarify what behaviors and attributes we should formalize in order to advance our commitments in the most meaningful way. We are discussing not just what grants we make, but who we make them to, how we manage the grant, how do we structure it in terms of multiyear, general operating support, all of those things.”*

—Hilary Pennington, executive vice president of programs, Ford Foundation

Ergo, all justice grantmaking is equity grantmaking, but not all equity grantmaking is justice grantmaking.

The “Mismatched” report also asserts that “philanthropy-serving organizations and research institutions should support this work by adopting and disseminating clear definitions of racial equity grants and racial justice grants.”

Ana Oliveira, president and CEO of New York Women’s Foundation, says they use this general formulation of equity and justice in their intersectional work focused on women and nonbinary and transgender people. She says there is an urgency for a larger public conversation about definitions for all funders – whether foundations or individual donors – as their strategies evolve.

“This is a conversation that needs to be had in philanthropy,” Oliveira said. “When I began at the foundation, it described its mission as centered on women and economic security. Over about two years, we arrived at the concept of economic justice. What did it mean for us? It meant that to achieve any kind of equity, any material improvement in lives, it was important to understand that the material basis intersects with other dimensions.” She said NYWF had been funding a lot of job training and development aimed at Black and brown women, but shifted to grassroots-led cooperatives, direct cash transfers and other movement organizing. “It’s changing economic models, the ownership of capital and other structures ... Justice necessarily requires funding movements and funding the expansion of democratic governance processes... [and we aim to] fund movements on their terms.”

PRE and Candid’s labor-intensive work analyzing and recoding data quantified how little funding actually goes to racial justice work, but similar efforts have not been pursued for a more general definition of “social justice.” One reason that hasn’t happened may be because, for an organization to play the role PRE did in assessing and tallying racial justice funding, it would have to make value judgements about which marginalized groups to include in the analysis. This could be controversial and might lead to complaints of an “oppression Olympics” of who’s been wronged the most.

When it was engaged in analyzing qualitative and quantitative data on major foundations’ giving and assessing how well they did on its “Criteria for Philanthropy at Its Best,” NCRP used these Candid “populations served” categories considered to be “underserved”: children; domestic workers; economically disadvantaged people; immigrants and refugees; incarcerated and formerly incarcerated people; LGBTQ people; people of color; people with disabilities; people with HIV/AIDS; sex workers; victims of crime and abuse; and women and girls.

Few would disagree with most of the population groups named on NCRP’s list, but we might question some and add others. Are all children “underserved?” If so, might a grant to the private school attended by a billionaire’s kid count? Many leaders working intersectionally might add other groups to this list, such as: religious minorities (especially Jewish and Muslim populations), isolated rural populations, and educationally unaccredited people (some of these came up in my interviews). What about the group discussed in medical and social science research comprising economically dislocated, late-middle-aged white men suffering

from “diseases of despair?” The value judgments get complicated quickly.

The “population served” questions have been part of the challenge for all PSOs attempting to use Candid data to track equity and justice work related to a wide variety of groups, but so, too, has been the “subject” field. This Candid taxonomy describes the type of work being funded. When NCRP was compiling its “Criteria” guidelines, it pulled grants pursuing 16 “subject” areas of work that included “community organizing,” “systems reform,” “open data” and “climate change” (see full list [here](#)).

### Foundation Spotlight



One of the largest women-led grantmaking organizations in the world, NYWF supports all women and is “inclusive of all other gender-oppressed individuals, including non-binary and gender-expansive people.” In 2020 it awarded over \$8 million in grants to nearly 200 grantee partners, including Black Trans Media and the '21 Womxn Capacity Building Project. NYWF has a number of corporate and institutional supporters including Morgan Stanley, Ford Foundation, and Pivotal Ventures.

Nearly every source with whom I spoke, including leaders at Candid itself, confirmed that those seeking to analyze the data need to cobble together a formula that selects from population fields and subject fields to pull out a set of grants that might fit the bill, and then go grant-by-grant to make a judgment about whether or not each grant fits the definition of equity or justice being used by the researcher.

Which led me to ask Candid leaders: Why not make things easier by creating a new set of categories that Candid and/or foundations submitting data directly could use to code types of grantmaking based on widely agreed-upon definitions of “equity,” “justice” and gradations of the rest? Or, if Candid is unwilling to make value judgments about where grants fall on a justice-regression grantmaking continuum, why not have this set of definitions available to other analysts willing to do the work of assessing grantmakers’ portfolios?

Many of the leaders with whom I spoke had specific characterizations of the gradations of grantmaking that fell on a continuum outside of justice and equity. Some of the grantmaking types they outlined include “for all mankind,” “status quo,” “self-serving” and “actively regressive.”

What follows is my distillation of what I heard and read in my research, not the exact terms currently being used by individuals. I have no doubt that grantmakers themselves would not select as a descriptor for their own grantmaking the types I’ve named furthest away from justice on the continuum. However, those engaging in dispassionate assessment of grantmaking can use these categories to critique particular grants within a giver’s portfolio.

## Justice Grantmaking

As detailed above, grantmaking that can be categorized as “justice” work entails efforts to fundamentally change the systems that maintain inequality. Even within this small segment of the grantmaking world, many thought leaders said there are gradations that should be considered.

One major consideration is whether or not the work is led by the “most affected” in the group. For

example, several pointed to Planned Parenthood as an organization that is ostensibly doing justice-oriented work, changing systems that harm women, but it isn’t led by the people who are most affected by those harms. Historically, most of its leaders have been privileged white women, these overservers said, and therefore, the organization has been compromised in its ability to respond to the needs of Black, Indigenous and other women of color who might have priorities and strategies not pursued by its leaders.

Another gradation is whether or not the work focuses on just one marginalized group, or if it seeks to build bridges across groups. One of the folks I interviewed, Sofia Arroyo Martín del Campo of EDGE Funders Alliance, indicated that a higher order of justice work is that which organizes across intersectional identities, rather than building power for one particular group.

Dana Kawaoka-Chen of Justice Funders identified another gradation, asserting that a higher order within the justice category comprises those projects that specifically pursue an anticapitalist agenda. All of these ideas are part of the evolving conversation about what justice grantmaking is, and will surely be further debated if research and data analysis advances to a point where individual grants are plotted on a scale from most- to least-justice-oriented.

## Equity Grantmaking

Grantmaking that fits the equity category, as discussed in more detail on [page 10], is that which specifically targets groups that are most disenfranchised in society – not a broad general population – and aims to help improve the options and resources of those people in various ways.

Equity-focused grantmaking isn't necessarily attempting to fundamentally change the systems and power structures in our society. And since those grants that are aimed at changing power structures would be categorized as "justice" grants, it can be assumed that those placed in the "equity" category are not pursuing that type of systemic change goal. This is somewhat different from PRE's practice of locating justice grants within the equity category, which makes intellectual sense, but for the purposes of locating grants on a larger continuum, this distinction seems appropriate.

One area where this category becomes complicated is the frequent conflation of geographic and economic conditions with groups of people who are systematically oppressed. Many times, funders will aim their grantmaking at a specific set of neighborhoods where many low-income people live and call that equity work. Those who study equity assert that such a broad distribution of charitable resources tends not to make its way into the hands of people who have been most affected, and only grantmaking that specifically names and targets the marginalized groups will likely address the disparities in the community and their underlying causes.

## Inside Philanthropy

August 2020 Survey

*"I do not think that enough philanthropies are thinking about the intersectionality of their work. Too many organizations don't think of the racial impacts of their work. Climate change, food security, housing, healthcare, criminal justice: all of these issues are connected in various ways and disproportionately affect communities of color."*

—Foundation professional, New York, New York

## Pro Omnibus ("For All") Grantmaking

Grantmaking that benefits all members of a community or the entire society – what we're calling "pro omnibus" grantmaking – is laudable and necessary, and could lead to significant overall benefit for marginalized people. That is true even if it isn't specifically directed toward those groups or whether their priorities are specifically taken into account, my sources said.

Things like support for biomedical research, efforts to save the planet from climate change and public journalism are often named as good examples of this category of grantmaking. Education reform, healthcare, community economic development and the arts are also often placed in this category, although they also, depending on their focus, are sometimes considered as located on other points of the continuum (see below).

## Backstopping Government Grantmaking

Much grantmaking fills in gaps where many believe the government should be playing a more effective role – what we're calling "backstopping government" grantmaking. Giving for social services is often discussed as such. Many in the social justice field believe the government should be aiming much more public funding toward social services, but private philanthropy ends up plugging the gaps. Grants for things like homeless services, childcare programs, after-school programs, food and nutrition programs for the poor, sick and elderly, etc., might be considered "backstopping government."

People who work in justice circles told me that direct services and financial assistance are sometimes paired effectively with community

organizing and movement-building. But in order for social services to be categorized as justice work and not just backstopping government, the assistance must be directly linked to organizing and named as part of a strategy to meet the basic needs of people living precariously so they are able to engage in the demanding work of systems change, these leaders said.

## Status Quo Grantmaking

Observers said “status quo” giving reinforces existing structures and primarily serves the interests of middle- and upper-class people. It is commonly associated with grants for things like classical (European) culture, economic development, elite higher education and other projects that don’t do much to respond to the specific needs of the least powerful in society.

Some arts projects effectively illuminate the injustices of the world and advocates say they can be important elements of advancing justice. So, too, can be economic strategies aimed at — and especially those led by — marginalized communities. However, justice advocates see the vast majority of arts and economic development projects as simply reinforcing the preferences and prerogatives of those who already hold the most power in our society.

For example, while a grant to The Public Theater for a production exploring the Flint water crisis might be considered justice work, the vast majority of arts grantmaking supporting elite institutions that mostly respond to the interests of middle- and upper-class patrons would not. Similarly, economic development that is guided by the most marginalized people in the community toward the priorities of their own neighborhoods could, indeed, be considered equity-oriented. But the vast

majority of economic development initiatives, which support construction projects that create displacement or reinforce ongoing unjust housing and wealth-accumulation patterns, would certainly not be categorized as justice or equity grantmaking.

## CHANGE PHILANTHROPY

*“I am realistic that we’re not getting every foundation to do [100% justice funding]. But how can we get 10% of really progressive foundations to think about liberation? How many of those that are status quo right now can we get to shift, like, a third or a quarter of what they’re giving now to have a focus that is around systems and policy change. And then how do we feed the smaller percent of folks who don’t even realize — and they’re just funding status quo — to be inspired in funding those spaces. Those are the pivotal points that I’m more interested in than trying to say, ‘everybody needs to do social justice philanthropy.’”*

—Carly Hare, former director/coalition catalyst, Change Philanthropy

## Self-Serving Grantmaking

These last two categories of grantmaking are ones that funders are not likely to assign to their own grantmaking, but which ethically motivated analysts working with widely agreed-upon criteria might assign. The “self-serving” types of donor activities that experts named in this area included such common moves as naming rights on museum wings and university and hospital buildings, donations to universities for the purpose of getting kids through the admissions process, donations to private schools that wealthy children attend, giving for the purpose of being named gala chair of a prestigious, elite-serving organization, and giving to public school support organizations in the wealthiest school districts.

Observers also pointed to non-grantmaking activities by family foundations that pay second-generation staff to run the foundation and pay board members to make decisions about where to direct charitable resources. Ray Madoff, Boston College law professor and co-founder of the Forum on Philanthropy and the Public Good, told me it was her opinion that a large percentage of small family foundations exist primarily for the indirect transfer of wealth to the next generation, and that “huge numbers of them are just paying their kids’ salaries... and having annual meetings in Hawaii.” But foundations are legally allowed to meet their payout requirements in this self-dealing way.



*“I think developing language is always useful when it illuminates important factors. So I think coming up with ways to measure over time and trying to stick with the same measurements is probably a good thing.”*

—Crystal Haling, executive director, Libra Foundation

## Actively Regressive Grantmaking

Millions of “charitable” donations every year are directed to organizations that actively work against the interests of marginalized people. The experts we spoke to said that tax-deductible giving for these kinds of regressive activities abounds, although not among the more visible and liberal “legacy” foundations.

“Regressive” grantmaking includes giving for things like think tanks that seek to reinforce the power of the wealthy, pro-business and anti-tax associations, political organizations that seek to limit the rights and wellness of marginalized people, and religious and white-nationalist groups that seek to return the nation to “traditional”

priorities that limit rights and keep marginalized groups from achieving their full human potential.

## Additional Thoughts on the Proposed Continuum

If you’re reading this brief with a critical mind, you may disagree with how the seven categories above are described, and you may note other categories of grantmaking that my research and interview subjects missed. The thinking presented in this section is the culmination of a larger public conversation about how to group and analyze grantmaking, and the editors of Inside Philanthropy hope these typologies will contribute to that larger discussion.

“I think developing language is always useful when it illuminates important factors,” Libra Foundation’s Hayling told me. “So I think coming up with ways to measure over time and trying to stick with the same measurements is probably a good thing.”

In May 2022, I presented this set of seven grantmaking types and definitions to Candid staff, who said they found the categories useful and, as a starting point for conversation, a fair representation of the real-world continuum of different types of grantmaking. “This makes sense as a theoretical framework,” said Adia Colar, communications outreach manager. “But this useful set of terms for discussion is very different from an operable coding scheme that could be used for tracking. It isn’t something we would probably adopt, as we avoid using any language that casts a value judgment on the data.”

The plan for this research project is eventually to use grantmaking type categories that have a high level of agreement from the field – hopefully these

seven – to analyze whole grantmaking portfolios of foundations, major individual donors and other philanthropic organizations. That level of analysis would require some sort of rating and weighting algorithm that takes into consideration the size of grants for subtypes of grantmaking relative to the size of the entire grantmaking portfolio.

A rating algorithm would also have to take into consideration how much the funder keeps instead of spending out in grants – how much it holds back in funds that it continues to control (and may be invested in capitalist pursuits that undermine justice work) and how much the organization spends on such things as second-generation salaries and other perks for those who already hold power in our society.

One of the factors that my research and interview subjects identified as inextricable from how we think about types of grantmaking is how the money moves. Specifically, those who decide and which power dynamics are reinforced or altered by the process of grantmaking are also linked to the concept of justice in grantmaking. This is the subject of the next section of this brief.

PSO Spotlight



**JUSTICE FUNDERS**

Powering Philanthropic Transformation

Justice Funders is calling on the philanthropic community to “abundantly resource the movements that uproot the systems that oppress us,” by building “political, economic and cultural power in Black, indigenous and communities of color.” In 2021 Justice Funders became a worker self-directed nonprofit with organizational members and supporters such as the 11th Hour Project, Akonadi Foundation and the East Bay Community Foundation.

# Shifting Power: The Inextricable Link Between How Money Moves and Justice

In my research and interviews examining definitions of justice and equity grantmaking, one belief surfaced again and again: Justice-centered grantmaking isn't only about what people and projects are funded, but how resource allocation decisions are made. Some talk about these concepts as "democratization" or "sharing power" in philanthropy, but those most immersed in justice movements increasingly say the imperative is to "shift" power.

The belief that "those who are closest to the problems are best positioned to offer solutions to them" has become a nearly evangelical statement of truth in many corners of the philanthropic and social justice world. This brief does not investigate whether people on the ground actually believe that. Nor does it question whether such a blanket statement wholly negates the value of research and accumulated knowledge produced by committed social justice workers who weren't born into the most marginalized communities.

The starting point for this research is the simple fact that the vast majority of people dedicating their time to philanthropy and social justice say that, currently, too much decision-making power resides in the hands of people who don't have direct knowledge and experiences of the problems they are seeking to improve. That, they say, compromises philanthropy's ability to support solutions that will actually work.

Proving or disproving the statement "those closest to the problems have the answers" is for other researchers to explore. This research only seeks to

draw direct lines between how leaders in the sector think about power-shifting and the specific activities they say do the most to shift power. This brief seeks to enumerate the many ways observers say funders – both institutional givers and individual major donors – could move in the direction of shifting power, toward the goal of developing a larger public conversation about which are the most meaningful.

This research originally set out to identify consensus about which practices are most meaningful in shifting power, but from the first round of interviews, there doesn't seem to be much agreement. The next stage of research will ask a wider sample of justice activists and philanthropy professionals to provide more concrete assessments of the power-sharing elements identified in this brief with the greatest value.

One thing became clear from my early interviews: Social justice leaders definitely don't want "democracy" in philanthropy, if by democracy, we mean that people at all levels of a society have a relatively equal say in the distribution of philanthropic resources. Rather, justice advocates feel strongly that the wealthy and their highly educated, middle-class contemporaries already have outsized influence in how social change happens. They want people from marginalized communities to have much greater power to direct resources. Some, like Decolonizing Wealth Project's Villanueva, might say people from marginalized communities should entirely control the distribution of resources affecting their lives.

Academic Rob Reich also says philanthropy shouldn't be about "democracy," but for different reasons. In his book "Just Giving," Reich says, "Because donor preferences can be idiosyncratic, foundations [and major donors] can deliver idiosyncratic results. Foundations are thus well, if not uniquely, placed to fund public goods that are underproduced, or not produced at all by the marketplace or the [democratically elected] state. Because donors will have diverse preferences about what goods they wish to fund philanthropically, foundations can be a source of funding for minority public goods or controversial public goods that a democratic state will not or cannot fund."



**Stanford PACS**  
Center on Philanthropy  
and Civil Society

*"Do philosophers, anthropologists and survey researchers [only engage with marginalized communities] in order to inform their views about what justice is? Not so much. Does that mean that we can't be said to be practicing social justice or advancing social justice? Well, it's an open question, but I reject the idea that you're not doing social justice—that you can't even be said to be practicing it—if you haven't foregrounded the agents and voices of those who are marginalized."*

—Rob Reich, Author, *Just Giving*

Reich added in an interview with me in Spring 2022, "Do philosophers, anthropologists and survey researchers [only engage with marginalized communities] in order to inform their views about what justice is? Not so much. Does that mean that we can't be said to be practicing social justice or advancing social justice? Well, it's an open question, but I reject the idea that you're not doing social justice — that you can't even be said to be practicing

it — if you haven't foregrounded the agents and voices of those who are marginalized. Institutional change is possible from technocratic elites in the name of social justice. Would I want all of my eggs to be in that basket? No. Do I want to leave open the possibility that it could work? Of course."

For these and other reasons, "democracy" in philanthropy is a term used less frequently and being replaced by "power-shifting." This is the preferred term over "power sharing" because the latter term implies that the wealthy and their designated decision-makers retain most power and give only what they are willing to share at any given moment.

What follows are some of the most commonly cited activities associated with shifting power and a little bit about how they are perceived.

## Flexibility of Donor Directives

Does the donor designate a specific way of solving a problem or a narrow set of programmatic concerns with no way for those affected to influence the donor's philanthropic mission? This applies to legacy foundations as well as living donors giving through foundations or other methods.

It is probably no coincidence that some of the oldest "general purpose" foundations that have vague founding mission statements about improving "mankind" are also among the funders moving the greatest resources toward social justice funding. Meanwhile, today's tech titan mega-givers have a reputation for imposing top-down, market-driven ideas on communities.

The separate but related topic of access to philanthropic mission-setting is discussed in another subsection below. But in the discussion of

power-shifting, justice advocates commonly voice concerns about whether funders institutionalize a rigid worldview from the outset or start with an openness to evolving philanthropic mission in response to a changing world, new knowledge and the voices of people experiencing the worst of society's injustices.

## Board Composition/Ultimate Control

I spoke to many philanthropic experts and social justice advocates who voiced versions of the idea that you can have all the community input, community-connected program officers and participatory processes, but if the philanthropic strategy and final decisions are made by the original donors, their family or a small group of elites, you really haven't substantially changed who is ultimately in control of where the money goes.

Several of my interview subjects lampooned the Gates Foundation's recent announcement that it had appointed three new board members. They thought it absurd that the perspectives they added to those of Bill and Melinda were, as the *New York Times* described them, the head of the London School of Economics, a fellow billionaire philanthropist, and a founder of a management consulting firm. If funders' power-shifting moves come in steps, this was perceived to be the tiniest baby step in a thousand-mile journey.

It is particularly notable that the management consultant named to the Gates board is Thomas J. Tierney of Bridgespan Group, which has been implementing MacKenzie Scott's giving. Scott has been lauded for moving unprecedented amounts of unrestricted funds to social justice organizations, but simultaneously pinged by power-shifting advocates for a decision-making process that is opaque, inaccessible, and ultimately, still 100%

directed by a woman born to affluence, who attended private schools and was mentored by a Pulitzer Prize-winning author.

Carly Hare of Change Philanthropy said, "Mackenzie Scott gave away a lot of money and she did it quietly and behind the scenes. However... we know that there was one anchored advisor and then there were like 10 splinters that fed to that anchor advisor. We know people at those splinters and they're people we would want to be in the know. I wish there was more transparency, because then people would have less of the frustration... when you got your acknowledgment that the money was coming to you, it still wasn't known that, like, there was a network of 10 or 15 small, mostly BIPOC-led advisors that fed into the overarching thing."

### Inside Philanthropy August 2020 Survey

*"As we are all becoming more involved in racial justice and economic equity, we need to closely examine how philanthropy reinforces inequities and injustice. Too often, the foundation executives, leading nonprofit staff, and high ranking government officials are white and male. We should hire and promote people who look like the communities we serve. It is critical that we hire BIPOC people and women into these positions."*

—Fundraiser, Detroit, Michigan

Social justice leaders say that it isn't real power-shifting unless numerous people from communities that are subject to the funder's strategies have an equal say in how the philanthropic funds are directed. Scott's movement of massive amounts of funds into the hands of a few selected social justice organizations is considered laudable because those community leaders can now make important decisions about what to do with a whole lot of money. But it doesn't

change the fact that Scott and her Bridgespan partners made their decisions based on a process that excludes the public.

NCRP says that for a funder to rise to its “Criteria for Philanthropy at its Best,” it should “maintain an engaged board of at least five people who include among them a diversity of perspectives – including of the communities it serves.”



*“We are encouraged by that kind of power-sharing at the governance level. But I think it’s a huge, open question, whether we will see that from the very large, endowed philanthropies, or any meaningful power-sharing from ultra-high-net-worth donors who don’t give through foundations, who just give through LLCs or DAFs.”*

—Aaron Dorfman, president and CEO, NCRP

NCRP’s Dorfman says he’s keeping a close eye on board composition as a trend. “We have definitely seen a number of smaller family foundations making that move, ones that have been progressive grantmakers for decades, but had an all-white, all-family board, and added three people of color to their board. We are encouraged by that kind of power-sharing at the governance level. But I think it’s a huge, open question, whether we will see that from the very large, endowed philanthropies, or any meaningful power-sharing from ultra-high-net-worth donors who don’t give through foundations, who just give through LLCs or DAFs.”

## Transparency

Transparency is an objective that experts cited often in our conversations, but they observe that it is extraordinarily hard to measure because there are so many gradations. The elements of

transparency that philanthropic experts tend to focus on are a mix of public reporting on grants, public-facing information about who is responsible for which levels of decision-making, and readily accessible contact information for those leaders. They also talk about the need to present clear information about program areas and the philosophical approaches to making change in those areas. They also want to know who has been engaged in the process of setting those priorities.

Private foundations are all over the map with regard to levels of transparency, and are often criticized by grant seekers on those factors. Nonetheless, foundations are actually much better on transparency, in general, than individual major donors. Those billionaires who don’t set up private foundations usually operate out of sight and through nondescript “family offices” or, increasingly, giving through DAFs and opaque LLCs, and mixing for-profit and philanthropic endeavors. Foundations are at least required by the IRS to report their grantmaking annually, along with some other nominally insightful information.

Only about 900 foundations submit grantmaking data directly to Candid. Those submissions often contain additional information that is helpful for grant seekers. Major donors just writing checks, distributing funds from DAFs or operating “charitable” LLCs have no such requirements and generally hide any information that would make it easy for social justice advocates to contact them and make their case for funding.

## Staff Connectedness to Communities/Staff Power in Decision-Making

The openness and background of staff hired to represent the funder and connect with potential

grantees are crucial factors. There are two important elements to be considered. One is whether or not those representatives have “lived experiences” of the issues the funder is trying to affect. Does the staff come out of the community? This is related to, but distinct from, their openness to voices outside of their existing networks and the procedures they set up for listening to communities. Some say that listening, openness and procedures that solicit input can’t be a substitute for lived experiences.

The other major factor is the degree to which the staff, which is responsible for connecting communities to funding, has any real power in decision-making. Do those staff closest to grant seekers have only the ability to make recommendations for individual grants, or do they have significant power in developing grantmaking strategies? Are the program officers just carrying out the strategies set by an elite board, or are they, with substantial and meaningful voices from communities, setting the priorities and strategies of the funder?

## Participatory Grantmaking and Other Community Engagement

Aside from naming board members from the community (which very few funders do) or having staff members with lived experiences, social justice leaders often said that a true mark of funders’ commitment to power-shifting is establishing a meaningful process for engaging with those most directly impacted by the issues. They said it was important for the process to be open and transparent, and that the input actually has to be used in a substantial way.

Even among advocates for greater use of participatory grantmaking, there was a general

acknowledgement that bringing in community members to divvy up a pot of funding based on priorities set by disconnected board members or donors was less ideal than having a process of deep engagement that brings to bear a wide array of voices from communities on the grantmaking strategies that should be pursued in the first place.

Experts say that the funder also exercises power by choosing who gets to sit at that strategy-setting table, however diverse the community representation might be. Some also raised the idea of ongoing community accountability beyond setting strategy or participatory grantmaking initiatives, giving people affected by issues the power to weigh in continuously as initiatives progress and suggest changes along the way. Regardless of how a funder operationalizes this community involvement, to ensure truth and honesty, there needs to be transparency regarding whose voices have influence.

“A marker would be if [funders] are really working directly with the affected communities in whatever social justice arena they’re working in,” said Sofia Arroyo, executive director of EDGE Funders Alliance. “If it’s racial justice, are they funding grassroots organizations? Are they developing their priorities and their agendas alongside or in partnership with these affected groups? Or are they still making the decisions in a boardroom somewhere in some big city outside any contact to the affected communities?”

For decades, foundations have spent considerable sums of money supporting PSOs and going to conferences to hear from other funders. But they have spent considerably less time and money creating similar structures for grantees, academics studying their subject areas and people affected by

their issues. Major individual donors have been largely absent from any real processes for learning from the field and directly from communities.

Social justice advocates assert that they want funders to spend more resources on convening and learning from communities; this runs somewhat counter to the near constant refrain that institutional philanthropy spends too much money on its own operational expenses. When foundations organize convenings, they also have influence on the content and direction of those learning sessions, representing an additional power dynamic for funders to confront.

## Trust-Based Practices

Some power of the purse strings can be relinquished by donors via unrestricted giving and imposing fewer requirements on grantees. But proponents of trust-based philanthropy say the practice requires much more than unrestricted grants and simplifying reporting procedures.

In a recent opinion piece, four steering committee members of the Trust-Based Philanthropy Project said, “In addition to advocating for flexible funding and streamlined paperwork, a trust-based approach centers relationship-building, mutual learning and transparency between funders and nonprofits. In a trust-based context, funders see our role as partners, seeking to support rather than control nonprofit leaders who are more proximate to the issues we seek to address. It also invites funders to do their homework when considering prospective grantees – including exploring publicly available materials and having conversations with community stakeholders – while checking our own biases and assumptions that are often rooted in white-dominant norms.”

I imagine that if an executive director of a social justice nonprofit were trying to assemble funding from two dozen funders, all of whom were committed to “doing their homework” by having extensive conversations with their “partners,” those nonprofits might feel quite taxed by the number of meetings. Nonetheless, this model is one that an increasing number of progressive funders say they are moving toward, though it lacks hard evidence. Data from 2020 and 2021 on giving for general operating support versus project support seems to indicate that the much-ballyhooed increase in unrestricted giving during the early days of the pandemic may have been a temporary blip.

### Association Spotlight EDGE FUNDERS ALLIANCE ENGAGED DONORS FOR GLOBAL EQUITY

The EDGE Funders Alliance is comprised of 320 donors, foundation officers, trustees and advisors across 30 countries who have the “shared belief that equity and justice are critical to furthering sustainable global well-being.” The alliance collectively aims to explore the role philanthropy plays in systemic change, connect with activists working toward that change and gain a deeper understanding of “shifts in power relations.”

Somewhat related to trust-based philanthropy, there are increasingly loud critiques of foundations’ use of evaluation and assessment practices. Social justice leaders say there is a valuable place for data and learning, but too often, foundation reporting requirements put unnecessary burdens on nonprofits to collect information that they rarely use and that has little value in illustrating progress toward overarching goals.

Critics of philanthropy also frequently railed against funders' reliance on business-oriented management consultants to develop strategy, and in effect, tell nonprofits and communities what success looks like.

"While I'm definitely heartened by more funders having an interest in practices like trust-based philanthropy, I see trust-based philanthropy as [just] an entry point to the redistribution of wealth," said Dana Kawaoka-Chen, co-director of Justice Funders. "However, we have yet to see broader adoption in the transfer of decision making from philanthropic institutions to communities, so further assessment on the kinds of interventions that result in structural change to who has power and control over how philanthropic assets are distributed would be helpful."

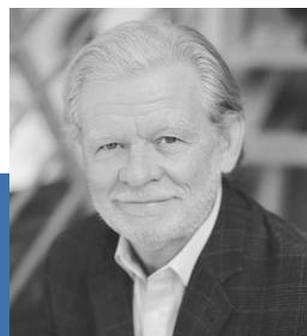
## Moving Major Funds to Intermediaries or Collaborative Funds

Moving substantial grantmaking funds away from the control of the donor or the foundation and combining it with funds from multiple sources is generally considered to be positive movement toward redistributing power. However, nearly everyone I spoke to said that this basic premise comes with many caveats because there is such variability in how intermediaries and collaborative funds operate.

"I think there's a difference between using a collaborative mechanism for funding – a big pooled fund where a bunch of funders put money in, they hire some staff to do it, or maybe they put it in a place like NEO Philanthropy, Tides or Arabella – and truly democratizing [philanthropy] by having the decision-making be done by grassroots leaders," said Gara LaMarche, former president of Democracy Alliance and current senior fellow at

the Colin Powell School of the City University of New York.

For example, he said, "at Democracy Alliance, [we supported] Solidaire Network and Way to Win to organize resistance funding after [the 2016 election] and there were like six or seven women of color, grassroots leaders who made the grants. David Rockefeller Fund did a similar thing with incarcerated people, Southern Partners Fund in Georgia. That is really where you want to go, where you're taking the resources and giving to impacted communities to actually make funding decisions."



*"I think there's a difference between using a collaborative mechanism for funding – a big pooled fund where a bunch of funders put money in, they hire some staff to do it, or maybe they put it in a place like NEO Philanthropy, Tides or Arabella – and truly democratizing [philanthropy] by having the decision-making be done by grassroots leaders."*

—Gara LaMarche, former president, the Democracy Alliance and senior fellow, the Colin Powell School of the City University of New York.

Ana Oliveira, president of New York Women's Foundation, said, "There are funds in which the donors [come together] at the table and are informed by people living and creating solutions, movement leaders, organizational leaders. And there are funds, I think it is very much a minority, where they are constituted by people on the ground, creating solutions, advancing movements and making change on their terms. There are gradations of funds, and so the same questions around who is

making the decisions lives in funds as it lives in individual foundations or individual donors.”

Villanueva of Liberated Capital and the Decolonizing Wealth Project said that there is an increasing number of BIPOC-led intermediaries and that there is evidence that they have more community accountability. He said, “Not to let any large foundation off the hook, they all need to continue to do their work, but I’m just not certain that some of these institutions can ever achieve the level of trust and accountability in community that these funds are able to do.”

Some have observed that many of the intermediaries that have been created in the last decade that purport to be “movement-led” and wholly controlled by those “closest to the problems” are just as opaque as many of the least-transparent foundations – that it is not clear who actually makes decisions, how close those decision-makers truly are to the lived experiences of people on the ground, how outsiders can influence the distribution of funds or even where funds are going.

“Bridgespan just put out a report about this, on the establishment of more funding collaboratives focused on racial justice or social justice,” said Phil Buchanan, president of the Center for Effective Philanthropy and author of “Giving Done Right.” “Part of the motivation is to get closer to the community through some pooled fund. I think there’s an open question as to whether it always plays out that way, whether grantees actually find these funds or collaboratives easier to deal with or harder to deal with because there’s so many decision makers, and it’s yet another new entity to navigate, and are they really closer to the community?”

Hilary Pennington of Ford Foundation said, “Some of the most disruptive work happening in philanthropy now is through intermediaries and collaborative funds. Our increased investment in collaborative funds is an important and consequential change in our own practices and commitment.” She elaborated: “That’s one reason why I was eager for us to sign on to the manifesto that Vanessa Daniels and others put together, because I think it demands a prompt conversation that we all need to have in philanthropy.”

However, Pennington said, “A danger is that intermediaries and collaborative funds are the new, cool thing. Bridgespan just did that report about how fast they’re growing. They’re not an unequivocal good for grantees – many grantees will say, ‘when we get [funds through an intermediary], if that’s our only relationship with the foundations that make up the fund, then we lose something, because we [no longer] have access to the to additional resources from that foundation, all the social capital, all the problem-solving we can do, the vantage point and perspective that many people who sit in those foundations have.’ So I think we’re all still figuring this stuff out. The benefit of those intermediaries is that they are a space for experimentation and disruption. That’s hard sometimes for big, established legacy foundations to do. We all need to be thinking about how it fits into a broader landscape.”

## Simply Giving Much More Away

Most of the social justice leaders and philanthropy experts I spoke to – at least those that don’t work for endowed foundations – said that the ultimate shift in power is to give as much of the assets of the funder away as quickly as possible to organizations controlled by people on the ground.

“I think there is no way that philanthropy can increase power-sharing unless they're just giving [more] away,” said Ray Madoff of Boston College’s Forum on Philanthropy and the Public Good.

“There are some trends now to be less micromanaging. Big philanthropy is saying they're giving more general operating funds, that they're more mindful of promoting underserved communities. That's obviously a trend on the left, but it's not a real trend [more broadly].”



Many look to the MacKenzie Scott model of giving away billions of dollars in unrestricted funds to a large number of social justice organizations and consider her an avatar of what philanthropy could be. In addition to the questions raised in the board composition subsection about how little influence movement leaders have in what gets her nod, there are other major realities that complicate the assertion that billionaires should immediately disburse their fortunes rather than set up foundations operating in perpetuity.

The most obvious is that, among billionaires, Scott is an outlier in her giving interests and orientation toward social justice. The vast majority of the people on the Forbes billionaires list are deeply invested in the capitalist system as it currently

operates and have shown little interest in supporting movements that could significantly shift power. If most billionaires today did give away large portions of their fortunes instead of setting up foundations, history indicates that there would be little going toward justice movements or equity work, and vastly more toward “status quo,” “self-serving,” and “actively regressive” categories of grantmaking.

Simplistic and reactive attitudes toward private foundations that grow resources over the long term also ignore the potential for “compounding good.” This is the concept that endowed foundations can produce an increasing amount of funds available for resourcing social justice movements over time. Setting aside the anomaly that is MacKenzie Scott, it would be valuable to have an accounting of how much social justice funding legacy foundations have provided to movements over the decades compared to individual major donors. Foundations’ resources available to support social justice are not static; they grow along with their endowments.

For example, Ford Foundation was established in 1936 by Edsel Ford with an initial gift of \$25,000 and then expanded in the 1950s with major bequests of the approximate inflation-adjusted equivalent of \$4 billion. With the magic that is compounding interest, Ford Foundation has provided more than \$54 billion in grants and loans over the decades. This is a sum vastly larger than the sum with which it was endowed (or its current endowment of \$17 billion), and it will continue to give ever more over time, resourcing progressive movements that might make the racist, anti-Semitic Henry Ford roll over in his grave.

“We hear the critique of philanthropy about ‘how are you sharing power?’ and it's very one-sided,”

said Carla Thompson Payton, vice president for program strategy at W.K. Kellogg Foundation, another legacy foundation that has been a huge supporter of racial justice work. “We’ve been catalyzing community giving, supporting for years these small nonprofits who are often led by people of color, on, how do you navigate these systems? How do you have a point of view? How do you structure so that you have longevity within your organization? How do you build networks?... People very simplistically say, just move the money, do the McKenzie Scott model, and put all this money directly into the hands of folks. [If you do that], you don’t have any of that, all those kinds of leadership programs and resourcing the things that people want to do. There’s an actual infrastructure that is required to help people move into leadership, to take the leadership that they deserve.”

But the big question social justice leaders ask of both foundations and mega-donors is: How much of the money you continue to hold is invested in companies that perpetuate injustice?

Sure, Scott has given away \$12 billion, with some unknown portion of it going to justice movements, but she still holds an estimated \$37.2 billion in assets (as of May 2022), most of which is presumably held in Amazon stock; Amazon is one of the worst tax avoiders and actively works against fair labor practices and sustainable living standards around the globe. And Ford Foundation, while 100% supporting equity in its grantmaking, has made only partial movement toward realigning its assets with social justice goals (and is non-transparent about what assets it holds).

“To her credit, Mackenzie Scott is perhaps in a league of her own in moving real, meaningful money to organizations across the country. While

her giving is admirable, it is also complicated,” said Maya Berkowitz, director of development and interim director of communications at Borealis Philanthropy, which received funding from Scott. “She’s giving at unprecedented levels and speed to on-the-ground social justice organizations leading bold work, including to many organizations and communities that have long been ignored or underfunded by philanthropy. And she is doing it in a no-strings-attached way that doesn’t overburden nonprofits, which also encourages philanthropy in the right direction. But at the end of the day, she—supported by a team of anonymous advisors — is the one deciding where, when and to whom money goes. There’s nothing particularly democratic or transparent about this approach.”



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—Maya Berkowitz, director of development and interim director of communications, Borealis Philanthropy

Some say there are challenges and contradictions related to power-shifting for both the endowed foundation and the MacKenzie Scott models.

“There’s always going to be inherent power dynamics as long as there’s someone grabbing onto the wealth and someone needing the wealth; there’s

always going to be some gatekeeper somewhere. I don't think it's an either/or situation, or that you can say, 'this is good, and this is bad, this is the right way and this is the wrong way,'" said EDGE Funders Alliance's Arroyo. "It's how you do your grantmaking that will make a big difference in whether or not you are a social justice funder. If the way that you relate to your partners is still very top-down, it's still not really taking into consideration what they are seeing as the needs or priorities. It doesn't matter if you are McKenzie Scott's Bridgespan or Ford, if you're going to give them \$10,000 or \$1 million, if you don't have a relationship in which you're listening."

Regarding Scott/Bridgespan's power-wielding, Arroyo said, "Even some of the organizations that were receiving the grants [had to navigate this] particular gatekeeping, unclear situations, and were actually advocating for other organizations and saying, 'if you want to fund this type of work, then you need to fund a whole bunch of us, and this is how you do it...' As always, it's the social movements and the civil society organizations [that must do] the work of organizing amongst themselves to teach philanthropy or help philanthropy find its way."

## Final Thoughts on Power-Shifting Practices

The eight dimensions of power-shifting outlined in this brief are the ones philanthropic commentators and social justice leaders pointed to most often, as did the sources in my review of the literature. They cover a wide range of issues regarding the complexity of moving money from the hands of billionaires to a vast array of communities and interests that have countless ideas about how to put those funds to use in service of social justice (or

other work on the justice-regression grantmaking continuum).

How do observers think the philanthropic sector is doing on shifting power? In August 2020, when the pandemic-era shift toward unrestricted funding was perhaps at its apex, Inside Philanthropy conducted a survey of funders and fundraisers on a wide range of topics and asked about the "trend toward democratization of philanthropy, exemplified by such things as more diversity among decision makers, more influence on grantmaking priorities from the field and more instances of participatory grantmaking practices." Among the respondents – people immersed in the sector – a plurality (about 4 in 10) said they most agreed with the statement "There are some good examples of democratization in philanthropy, but it is likely a trend that will happen very slowly over time."



*"Diversifying boards is a very light form of power sharing. [Power sharing can be] performative – right now, participatory grantmaking is really hot again... a more community-driven, participatory kind of way to allocate resources... I like participatory grantmaking, but the devil is in the details. At the end of the day, if there's still a group of white men who sign the checks and have the final say around resources, then has a foundation really given up enough power?"*

—Edgar Villanueva, principal, Decolonizing Wealth Project and Liberated Capital

The next largest group (a little over 2 in 10) agreed with the statement “There are a few examples of democratization in philanthropy, but I don’t think it constitutes a significant trend”; and slightly fewer (a little under 2 in 10) agreed with the statement “I don’t really see any significant examples of real democratization of philanthropy.” The smallest group (about 1 in 10) agreed with the statement “There is truly a growing trend toward more democratization of philanthropy with more and more examples that can be documented.”

In other words, there is a lot of skepticism among people who work in philanthropy that power-shifting is happening in a big way.

## Inside Philanthropy

August 2020 Survey

*“We need to find the balance between understanding racial justice and intersectionality while also working for the common good. This will require a lot of hard, introspective work that I fear many philanthropies are not poised for which will, in the long-term, negatively effect the impact of grantmaking.”*

—Foundation professional, New York, New York

“I think there's power-sharing-lite best practices that we can engage in philanthropy, and then there's real power sharing and then there's power shifting,” said Villanueva. “Diversifying boards is a very light form of power sharing. [Power sharing can be] performative – right now, participatory grantmaking is really hot again... a more community-driven, participatory kind of way to allocate resources... I like participatory grantmaking, but the devil is in the details. At the end of the day, if there's still a group of white men who sign the checks and have the final say around resources, then has a foundation really given up enough power?”

“We need to be thoughtful about where these different approaches make sense,” Buchanan of the Center for Effective Philanthropy told me. “Top-down philanthropy is often problematic and has led to some spectacular failures. But we should acknowledge that there is nuance. If you're going to critique Gates Foundation, as we probably should for being way too top-down in U.S. public education, you also have to concede that a relatively top-down approach in global health, for all the critics of it, seems to have contributed to the saving of millions of lives of people who would've otherwise died because there was clear need around vaccination and they were sort of singularly focused on that. A somewhat more centralized approach actually might have made sense in that case. So I think we just have to be careful about the pendulum-swinging rush to say that didn't work and now what everybody needs to do is this. It's usually more complicated and nuanced than that. And the right approach is going to be highly dependent on the context.”

As I wrote at the beginning of this brief, there really isn't broad agreement among social justice advocates and philanthropic observers about which practices would truly have the greatest impact in shifting power in philanthropy. I suppose that – just as in the larger struggle for justice in our society – progress won't come from one discrete effort but from innumerable smaller actions that add up over time.

# Conclusion and Next Steps

The first stage of this research sampled a small number of highly informed experts that provided valuable insights for broader public discussion. Some of the conclusions of this first stage of research are:

## **Justice and power can't be disaggregated.**

There is broad consensus that the formulation of what represents “justice” grantmaking cannot be separated from the power-wielding process of how money moves. Categorical definitions of grantmaking and where a particular grant falls on a continuum of most-justice-oriented to least-justice-oriented can and should be discrete from discussions of the most meaningful power-shifting practices, but the two are inextricably linked. Therefore, assessments of foundation/donor performance on justice grantmaking and power-sharing should be made in conjunction with each other.

**Reliable data remains elusive.** Candid will continue to refine its taxonomies and will likely remain the primary source of data underlying research on levels of grantmaking toward justice work, but it has no plans to make value-based judgments about how grantmakers and their portfolios rate on these issues and isn't systematically analyzing power-shifting practices. While it seems the field would welcome such assessments, Candid is unlikely to take a leadership role that would put them in the position of critically evaluating the work of funders.

**Agreement is coalescing on definitions of justice and equity.** There is a distinct history and widespread agreement on the definitions of “equity” and “justice” in the grantmaking context. “Equity” grantmaking is that which seeks to produce prevention of harm and the redistribution of benefits within existing systems, and “justice” grantmaking is that which supports power-building and transformation of systems, explicitly seeking to empower disenfranchised people to change the fundamental operations of existing systems.

## **More discussion is necessary on definitions of other grantmaking types.**

The other categories of grantmaking along the justice-regression grantmaking continuum explored in this brief – which includes the types “pro omnibus,” “backstopping,” status quo,” “self-serving,” and “regressive” are based on insights gleaned from this first stage of research and are newly articulated in this brief. They should be discussed and debated further. Later stages of research will refine or add to these categories. The next stage of research will ask a wider sample to weigh in on the possibility of developing a scale or measurement tool that could be operationalized.

## **More discussion is necessary on which power-shifting practices do the most.**

The power-shifting practices described in this brief are the ones named most often in the literature and by experts interviewed for this research. It is not an exhaustive list and the nuances of some categories have been compressed for the purposes of advancing a public discussion. The next stage of this research will ask a wider set of justice organizers and philanthropy observers to refine and amend these elements. Just as importantly, the next stage of research will develop a more concrete system for evaluating which are most highly valued in shifting power.

## Next Steps

Billionaires, corporations and their foundations make a lot of implicit and explicit claims about their commitment to equity and real social change. In the past few years in particular, philanthropists have often said they are directing significantly more resources to justice and equity and engaging in authentic efforts to shift power to communities. But are they really?

The next stages of this research and development project aim to cultivate more widely agreed-upon terms and measures that can be used to answer that critical question. Inside Philanthropy is already developing the second stage of the research, which will take the concepts identified in the “Justice-Regression Continuum” and “Power-Shifting” sections of this paper and:

1. Put these frameworks in front of a wider set of social justice advocates, philanthropic leaders and critics of philanthropy to gather critiques and make changes or additions to the seven grantmaking types and eight power-shifting practices.
2. Start testing ideas about how to concretely rate or measure these factors in practical assessments of individual funders.

In that second stage of research, we intend to “test drive” an assessment or set of measurement tools by examining a few funders. This will give the funders and other interested parties an opportunity to comment and offer suggestions for improving upon our assessments. The results of those efforts will all be presented in a second follow-up report.

Following the completion of that second stage of research, and upon updating our assessment tools

based on critiques from the field, we intend to begin regularly examining and reporting on philanthropic organizations and major donors using these basic frameworks. This may take the form of a “report card,” an in-depth profile or something in between, depending on what is most practical for us and useful to the field.

We also want to aggregate the information we collect to draw conclusions about the larger philanthropic sector and better answer questions about the degree to which it is changing over time. We aim to grow an authoritative body of evidence that brings greater accountability to individual funders and the sector as a whole. These tools will enable us to look at funders focused on specific issue areas or geographic locations, helping to focus important conversations about their true goals and objectives. This could be especially powerful for moving place-based funders toward more justice and equity grantmaking and toward power-shifting practices.

Inside Philanthropy is committed to researching and reporting innovative ideas in philanthropy. As we move to the next stage of research on these topics, we want to hear from you. If you would like to weigh in on the next stage of this research by providing your feedback on this brief or by taking part in a survey on these topics, please contact the author, Michael Hamill Remaley at [michael@hamillremaley.com](mailto:michael@hamillremaley.com)

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Lori Villarosa, founder and executive director, Philanthropic Initiative for Racial Equity (PRE)

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