

NEWS AND ANALYSIS

APRIL 02, 2019

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Balance of Power

A group called Justice Funders wants to democratize grant making and give more control to recipients.

By Alex Daniels and Ben Gose



TALIA HERMAN FOR THE CHRONICLE

A group of foundations and nonprofit advocates has offered a manifesto for upending one of philanthropy's central and most enduring traits: the concentration of money and power among elites.

Rather than treating grants as handouts from inscrutable wealthy donors, Justice Funders, a group of 35 grant makers and about two dozen individuals, envisions philanthropic giving in which private foundations surrender much of their control and their wealth.

The institutional members are mostly smaller, California-based grant makers, but the group hopes to spark a nationwide movement.

Maria Nakae and Dana Kawaoka-Chen of Justice Funders say foundations should collectively offer "reparations" for the damage that elites have done over centuries of American history, though they acknowledge the radical changes they suggest would take a long time.

As criticism of billionaire donors and denunciation of superrich political candidates has bubbled up on social media and surfaced in public debate, Justice Funders is part of a broader self-reflection underway by foundation leaders to examine the power they wield. The group's guide, called "Resonance: a Framework for Philanthropic Transformation," provides a formula for fellow grant

makers to even out the power imbalance between donor and grantee.

Not all grant makers are buying in. Advocates for philanthropic freedom, such as the Philanthropy Roundtable, say the group's goals could cripple philanthropic experimentation and jeopardize America's unmatched record for creating philanthropy.

Redistributing Wealth

As it is currently practiced, philanthropy is "a byproduct of social, gender, racial, and economic injustice," according to the framework.

The group is pushing broader adoption of practices that are already gaining traction nationwide, including more money for general operating support and multiyear grants, stripped-down application processes, greater grantee input in program design, and divestiture from companies doing harm to the causes that grantees support. Other practices are simpler but have symbolic meaning, such as referring to grantees as "partners" or traveling to meet with them instead of requiring them to spend the time and money to make the trip.

But ultimately, the group has far more radical aims. Maria Nakae, senior engagement director, said foundations must collectively offer "reparations" for the damage that elites have done over centuries of American history.

"There needs to be a shift from wealth and power being accumulated within institutions toward a new vision where philanthropy is about redistributing wealth, democratizing power, and shifting economic control to the community," she says. "Often foundations can extract labor and extract resources more than they are putting in. For justice and liberation to be truly achieved, we need to rethink the way that philanthropy as a field actually exists."

Dana Kawaoka-Chen, executive director of Justice Funders, acknowledges that such change will take a long time.

"Institutional philanthropy in the United State is only 100 years old," she says. "It's going to take us another 100 years to get to a different place than where we are today. It's not about putting people on blast — it's about engaging where you are as an organization and where you see the opportunity to deepen your work."

Growing Movement

Justice Funders grew out of the Bay Area Justice Funders Network — a group of foundations based in Oakland, Calif., that focuses on social justice and human rights. Its members include the California Endowment, the Walter and Elise Haas Fund, the James Irvine Foundation, and the Solidaire Network.

It's one of several efforts suggesting that foundations are undergoing a reckoning. The philanthropy networks Within Our Lifetime and Old Money New Systems published a series of "accountability letters" in which grantees sounded off about donors they found to be opaque and unresponsive. Some of the letters took institutional donors to task for abruptly pulling grant money from organizations, particularly those focused on racial equity.

Emerging Practitioners in Philanthropy, a network of local groups supported by the Tides Foundation, pushes grant makers to allow members of vulnerable populations, like people of color, women, immigrants, and LGBTQ people, to help decide how to make grants.

Last year the National Committee for Responsive Philanthropy published a checklist called *Power Moves* for foundations to assess whether they are perpetuating an imbalance of power between grant makers and the people they support. And through its Build program, the Ford Foundation is seeking ways that elite "old-line" philanthropy can better understand the realities faced by the nonprofits and the people it supports.

A New Vision of Charity

Last year the shift in attitude was crystallized in Edgar Villanueva's *Decolonizing Wealth: Indigenous Wisdom to Heal Divides and Restore Balance*. Villanueva, vice president for programs and advocacy at the Schott Foundation for Public Education, argues philanthropy can begin to repair the damage done by centuries of concentrated wealth and white supremacy by treating grantees with dignity, putting all of their assets toward their mission and including beneficiaries in the grant-making process.

The Justice Funders platform pushes foundations to hire staff members from varying backgrounds and to support programs to make society more equitable.

But diversity and inclusion are just a start. To complete a shift to what they call "regenerative" philanthropy," the group says grant makers need to rethink two of foundations' basic functions: charity and investment. By focusing on charity, foundations and rich donors have failed to attack the root cause of problems, the argument goes, cementing a status quo in which the wealthy serve as benefactors to the less fortunate.

The group also argues that foundations' efforts to get the maximum return on investments benefit institutional investors at the expense of the communities the foundations are trying to serve.

They recommend foundations pay out more than the annual 5 percent of their endowment that is required by federal regulations or even spend down entirely. Rather than investing in Wall Street, the group suggests that foundations give their assets to the communities they serve to invest locally.

Kathleen Enright, the new president of the Council on Foundations, praised Justice Funders for taking an innovative approach to staying in step with burgeoning movements like Black Lives Matters and #MeToo. "New voices are moving philanthropy in a positive and more equitable direction, and this work is well-aligned with the good work being done in many foundations around the country," she said.

In Defense of Capitalism

Adam Meyerson, president of the Philanthropy Roundtable, says the group's platform shares some similarities with other recent critiques of the wealthy — including the idea that big-time philanthropy is just another way for the megarich to wield power and influence.

"We don't buy that perspective at all," Meyerson says. "Market capitalism, combined with the social safety net, has brought more prosperity, more opportunity, and more technological innovation to more people than any other economic system in the history of the world. This country is so lucky that so many business entrepreneurs want to become philanthropists. Other countries are wondering how to match us."

He adds that philanthropy "motivated by guilt" — which he believes characterizes the Resonance framework — might work with heirs or foundation staff members but is unlikely to sway the entrepreneurs who account for much of the growth in the philanthropic sector.

"If you've built Microsoft and helped introduce the entire world to the blessings of the information economy, you're not going to feel guilty about that. You're going to say, What new problems can I help solve with all the money I'm now blessed with?"



BALLE

Rodney Foxworth, of the Business Alliance for Local Living Economies, says community foundations put a lot of emphasis on donor relations. He wants more of a focus on neighborhood concerns.

effectively as grassroots movements. His organization works to narrow the divide between community foundations and grant recipients.

"A lot of the mission statements from community foundations speak to stewarding donor resources rather than emphasizing the needs and concerns of the community and the constituencies the foundations were set up to serve," he says.

Support for Program Officers

Last year Justice Funders published a series of 18 blog posts called "Liberate Philanthropy" to illustrate how foundation managers can get involved in a new style of giving that offers grantees more clout. The essays and related training sessions, called the Harmony Initiative, in which program officers meet several times year to learn from one another, are meant to help junior staffers at foundations. Often, Nakae says, foundation staff feel it is pointless to try to change their institution.

"A lot of program officers have fear and trepidation about speaking out. Or they feel like speaking out is pointless because there are so many layers of bureaucracy above them," she says. "Each of us working in philanthropy has a choice and a decision to make about what we do with the power and privilege we have."

In one of the essays, Rodney Foxworth, executive director of the Business Alliance for Local Living Economies, says wealthy donors, no matter how well intentioned, cannot create social change as

To adopt a different mindset, the alliance, which is supported by grants from the NoVo, TomKat, and Heron foundations, has run "immersion sessions" with community and family foundations and regional grant makers. Now in its third session, participants hold four weeklong meetings over an 18-month period during which they "interrogate their relationship to money, privilege, and class," Foxworth says

The goal is to adopt a "solidarity philanthropy," that flattens out the distinction between donor and grantee and adopts the strategies shared by the Justice Funders network.

"If philanthropy is to serve as a model for broader society," Foxworth says, "it must come to terms with the role foundations have historically played as elite institutions."

He adds: "Philanthropy, like everything else, is a conversation about power."

Will It Work?

The big question for philanthropy is whether the talk from networks of smaller grant makers will push foundations across the nation to change the way they do business.

There are signs that change is afoot.

The \$3.7 billion California Endowment, a member of Justice Funders, has brought in the organization as a consultant as the foundation tries to be more "racially equitable" in its grant making and operations. Alexandra Desautels, a program manager at the California Endowment, says the foundation now realizes that some of the strategies it used during its 10-year, \$1 billion Building Healthy Communities campaign, which launched in 2010, were wrong to rely so heavily on logic models rather than the voices of the people in the 14 low-income communities the foundation set out to help.

"The strategies were overbaked," she says. "We need be more responsive to issues and needs on the ground."

The foundation will hold a meeting in May for its entire staff of more than 130 people as it embarks on a 12- to 18-month process to become more racially equitable. Desautels, who is on the steering committee for Justice Funders, says that simply discussing the issues that Justice Funders has raised is "a big step forward for the California Endowment," but she doesn't expect the foundation to embrace its more provocative ideas anytime soon.

"The kind of change that the Resonance framework envisions is not the kind of change that happens overnight," she says.

Justice Funders put an emphasis on educating foundation staff members. Others are taking a more in-your-face approach. The Kellogg Foundation, after being called out online in an "accountability letter" for abruptly ending its support for a diversity program at the Kellogg Community College, in Battle Creek, Mich., acknowledged it had room to improve its relationship with grantees. Three employees who worked on the program, including Meredith Stravers, gave a blow-by-blow account of how their relationship with Kellogg faded. On a blog series called #DisruptPhilanthropyNOW, hosted by Old Money New System and Within Our Lifetimes networks, they told how they felt misled and blindsided when funds were cut without a wind-down period to finish their work.

The decision to air their grievances was tough, says Stravers, who now runs a consulting business. But to remain quiet would go against everything she tried to impart to community members who attended her programs on campus.

"Disrupting oppressive systems — that's what we teach," she says

'We're Not Perfect'

Though Kellogg disputes some elements of Stravers's account, La June Montgomery Tabron, the foundation's president, acknowledged that it did not sufficiently inform the nonprofit that its funds were being redirected.

"We're not perfect, and sometimes, as was indicated, communication is not as clear as one would expect," she says. "That was a lesson for us."

The foundation had heard from a number of grantees that it needed to communicate more clearly and consistently, so it is making its online grant application and management tools more user friendly. In 2017 it began to shift some of its grant-making authority to staff members who lead programs at the regional level. Those leaders, who work in teams called "pods," don't always have to wait for decisions from above and, so the thinking goes, understand grantee needs better.

"We've blown up the hierarchical structure," Tabron says. "They can make grant decisions that take out several layers in the process and allows us to be more responsive."

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The Metta Fund has also worked to make its grant-application process easier for grantees with far fewer queries, according to Shalini Iyer Rana, director of programs at the San Francisco-based foundation. The questions aren't "output" based, like "how many clients did you serve," she says. Instead, the foundation, which makes about \$3 million in health-focused grants each year, asks grantees to explain what they need to achieve their mission and how the foundation can help.

Metta has also started making larger, multiyear grants for general support, rather than annual grants to specific programs. Instead of involved, written midyear grant updates, Rana checks up on grantees by phone. Even the nomenclature has changed. Nonprofits that receive support aren't "grantees," they are "grant partners."

The changes are largely a result of lessons Rana learned as a participant of the Justice Funders' Harmony Initiative. This spring Justice Funders will offer additional workshops called Maestra aimed directly at board members who want to start to investigate their grant-making practices. Over 10 months, high-level foundation executives and trustees will participate in pairs in a series of retreats and separate individual work.

As a foundation, Metta can help facilitate change, but nonprofits in San Francisco are the true "change agents," Rana says.

Sometimes, she says, change happens on a continuum. Foundations don't have to choose between spending the federal requirement of 5 percent of their assets and spending themselves out of existence. Nor do they have to choose between detailed grantee evaluations full of metrics and ditching the reporting process altogether.

"There's a spectrum of things you can do toward transformation," she says. "It's not one or the other. If the board says they are not ready to go from A to Z, maybe they can find themselves at P or Q, and it's OK."

A version of this article appeared in the:

APRIL 2019 ISSUE

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1255 23rd Street, N.W.
Washington, D.C. 20037