

# Asking the right questions: How philanthropy can make a difference in challenging times

*Remarks of Aaron Dorfman for the Yale Philanthropy Conference, February 23, 2018, as prepared for delivery.*

## Introduction

Good afternoon. Thank you for that generous introduction. It is a real privilege to be with you all here today for the Yale Philanthropy Conference.

Less than 25 miles from here, a little more than five years ago, a man with a gun shot and killed 20 children and six adults at Sandy Hook Elementary. Last week, 18 young people were shot dead in Broward County, Florida, the next county over from where my wife and I used to live and where my wife was a high school teacher. Since the Sandy Hook massacre, there have been more than 1,600 mass shootings in the U.S., with nearly 2,000 people killed and 6,000 more wounded. The scourge of gun violence affects every American. (Source [here](#).) Raise your hand if you're sick and tired of children being shot in our schools.

My grandparents were all immigrants to this country. On my father's side, his parents came here to flee the anti-Jewish violence that was sweeping across Eastern Europe in the early 1900s. That's them in the photo. On my mom's side, her parents needed to escape from the extreme economic hardship found on the rugged islands off the coast of Scotland. Everyone in this room, unless you're Native American, has an immigration story in their family history. Some of your families came here looking for opportunity while others were fleeing political oppression or violence. We are a nation of immigrants.

So why are many of our elected leaders all of a sudden demonizing immigrants, especially those who are various shades of black and brown? Why can't our elected officials agree to a solution for the Dreamers when nearly 80 percent of our population thinks they should be allowed to stay? (Source [here](#).) It's crazy, right?! Raise your hand if you urgently want our society to figure out how to welcome and fully include immigrants, not demonize them.

For about ten years, from when I was about 8 until I was about 18, my mother – one of the first women ordained in the Presbyterian Church – served as the chaplain at the women's prison in Shakopee, Minnesota. I used to go with her to work sometimes, and I met and enjoyed spending time with many of the inmates. I learned at an early age that our society doesn't do enough to prevent and end violence against women. A huge percentage of the women in that prison were there for murdering their abusive husbands or boyfriends. Our society failed them by not taking their abuse seriously and by not taking steps to prevent it. The truth is that women and girls in our society have had to live for far too long under a system that doesn't recognize their inherent worth and doesn't treat women as equals.

Raise your hand if you believe that women deserve equal pay for equal work, and if you believe that our workplaces and our communities should be free from sexual harassment and assault.

I could talk for the whole hour about other important issues, too.

Like the need to reform of our criminal justice system, where people of color are imprisoned at rates that are unconscionable and where ex-felons never earn back the right to vote in some states, even after serving their time. And speaking of voting rights, we could do a whole day about the need to protect our democracy by fighting voter suppression, reigning in the influence of money in our political system, and putting an end to partisan gerrymandering. Or we could have a master class about the urgent need to combat climate change and protect our environment. I could talk for the whole hour about these important issues, but I won't.

You are all here, we are all here, because we care passionately about these issues and others. And we want to use our philanthropy to make the world a better place.

And if we're going to be successful in doing that, we have got to ask ourselves the right questions. These are challenging times in which we live. By asking ourselves the right questions, the hard questions, we can make a real difference with our philanthropy on issues that truly matter. I'm going to put forward five questions today that I think will help us be effective in these challenging times.

### **1. Are we dreaming big enough?**

The first question I want to encourage you to ask about your philanthropy is: "Are we dreaming big enough?"

In his famous speech at the March on Washington, Rev. Dr. Martin Luther King, Jr. did not come forward and say, "I have a realistic plan with measurable outcomes and clear benchmarks." No! He shared his dream.

The truth is, there are no limits to what philanthropy can accomplish in this world if we dream big and take risks.

"That's ridiculous," some of you may be thinking right now. "Philanthropic dollars are a drop in the bucket. The best we can hope to do is to fund effective programs and improve as many lives as we can."

Let me tell you, that kind of small-ball thinking is horsepucky, and we need to abandon it if we want to truly transform and improve our nation and the world.

Think back 20 years ago, to 1997:

- Gas was \$1.22 per gallon.
- The Lion King musical debuted on Broadway.
- And that unforgettable song “Wannabe” by the Spice Girls made it to the top of the charts.

Did anyone in this room believe in 1997 that in less than 20 years marriage equality would be the law of the land? It didn’t seem remotely possible.

Full marriage equality for same-sex couples seemed very, very far off.

But then, in 2000, leaders of the Evelyn and Walter Haas Jr. Fund, a California-based philanthropy, began thinking about how the foundation could best support work to advance rights and dignity for gay people. They began to dream big.

The Haas Jr. Fund made a \$2.5 million investment in 2001 in the Freedom to Marry campaign. At the time, it was the largest investment ever made by a foundation in the history of the gay rights movement.

That investment got the ball rolling. And in 2003, the Haas Jr. Fund, recognizing that it couldn’t possibly win this campaign alone, helped form The Civil Marriage Collaborative, which included a handful of committed, like-minded funders from across the country.

It took a big dream, visionary leadership and trust to make this funder collaborative work.

These funders, working together for the next dozen years and in deep partnership with the movement organizations, accomplished what was once unthinkable.

It wasn’t always easy. Changing society is tough work. Even as the campaign secured many wins, they also had to deal with serious setbacks. But the funding partners stuck by each other and their grantees, keeping their eyes on the prize and building momentum by winning an increasing number of state victories. And on June 26, 2015, the Supreme Court ruled and made marriage equality the law of the land.

It was a great day, and the culmination of a very long campaign in which funders and nonprofits worked together to make our society a little more fair and just.

I’m sure everyone in this room has a story about how this ruling has impacted your life. For me, I got to attend the wedding of my sister a little over two years ago.

I want to ask you all to close your eyes for a minute, and think about your dream. What is it that you want your philanthropy to make happen in the world? I’m serious! Close your eyes, and really get a picture in your mind.

Got it?

OK. Let me hear from a few people. What is your big dream? What do you want to accomplish with your philanthropy?

Thank you. That's terrific. Clearly, we have some big dreams in the room today.

## **2. Are we doing enough to intentionally benefit and empower vulnerable and marginalized communities?**

The second question I want to encourage you to ask about your philanthropy is: "Are we doing enough to intentionally benefit and empower vulnerable and marginalized communities?"

There is a moral reason to ask yourself this question, and also a pragmatic one.

The moral argument is pretty obvious. Those who are fortunate have an obligation to give back, to help those who are not as fortunate. Every faith tradition has some version of this principle.

The pragmatic argument is that it works. With most ambitious philanthropic visions, you won't be able to succeed in accomplishing your goals if you don't intentionally benefit and empower underserved communities.

First, let's talk about intentionally benefitting underserved communities.

Let me use the Lumina Foundation as an example. The Lumina Foundation is a national funder, based in Indiana, which has an audacious goal of ensuring that 60 percent of Americans hold degrees, certificates or other high-quality postsecondary credentials by 2025. It's a universal goal. Their vision is one that benefits the entire nation. All people are included. But Lumina is smart about their grantmaking strategy to achieve that goal. They recognize that the barriers to getting degrees and postsecondary credentials are different for African Americans than for White people. They are aware that the challenges facing Latino households are unique. And so they make grants specifically designed to benefit different groups of people. For Lumina, making grants specifically designed to benefit various underserved communities is a practical question. To hit their goal of 60 percent of Americans holding postsecondary degrees, they need to see progress in Latino communities, in African American communities, and in White communities. This principle is called targeted universalism, and you can learn more about it on NCRP's website or from Dr. John A. Powell, who is Director of the Haas Institute for a Fair and Inclusive Society at Berkeley. The basic concept is that you need to use targeted means to achieve universal goals. Too many foundations don't take this important step, and then they wonder why certain communities weren't actually helped by their grantmaking. They wanted to help everyone, but they left some groups behind.

So not that we're clear about benefitting marginalized communities, let's talk about empowering them.

First of all, let me be clear that a foundation can't really empower anyone. But donors can give organizations money so they can use it to empower themselves.

Grants that help oppressed communities empower themselves are grants they can use for community organizing, advocacy, or civic engagement – grant that allow them to build power, win changes in policy, and improve systems.

A simple example of the difference between a grant to benefit an underserved community and a grant to empower that community comes from recent news reports. I'm sure you're all familiar with the Dreamers, the young people whose undocumented parents brought them to the U.S. when they were children. And you probably heard that Jeff Bezos, founder of Amazon, recently pledged to give \$33 million for scholarships for the Dreamers. A grant to United We Dream for scholarships for Dreamers would get coded as intending to benefit underserved communities, but it wouldn't be coded as being intended to empower those communities. For a grant to be empowering, Bezos would have to provide general operating support to United We Dream or he would have to give specifically to support their advocacy and organizing efforts. And some Dreamers might rightly ask, "What good is a scholarship if I'm being expelled from the country?"

The leverage factor when funding advocacy, community organizing and civic engagement is tremendous. Government spending dwarfs philanthropic giving on every single issue imaginable. If your philanthropy can change laws and influence systems, you're going to help more people.

We did some research on this and found a return on investment of \$115 to \$1. For every dollar foundations invested in social justice, advocacy and community organizing work, families and communities saw \$115 in benefits. The best example of this is the philanthropy to support advocacy around universal health care. Atlantic Philanthropies, the California Endowment and other funders backed a broad coalition of grassroots groups that were working to help pass the Affordable Care Act, also known as Obamacare. The millions invested by those philanthropies have yielded billions in benefits for Americans.

If the pragmatic argument for benefitting and empowering marginalized communities is so strong, you would think that most foundations would embrace this approach, right?

Wrong.

NCRP regularly analyzes data about foundation giving. Our most recent report on this topic is called Pennies for Progress. We found that:

- Less than one-third of all grant dollars given by large U.S. foundations is intentionally designed to benefit communities who have been marginalized in our society, such as low-income communities, women and girls, people with disabilities, immigrants, the elderly, communities of color and other groups.

- 90 percent of large foundations don't even devote half of their grant dollar to benefit underserved groups.
- Only about 10 percent of all giving by large U.S. foundations is meant to empower these communities with grants for social justice, advocacy or community organizing.

In our *Criteria for Philanthropy at Its Best*, NCRP recommends, based on rigorous research and data analysis, that foundations should devote at least 50 percent of grant dollars for the intended benefit of vulnerable communities, and at least 25 percent of grant dollars for empowerment of those communities. Of course, the right percentage will vary from foundation to foundation, depending on what you're trying to accomplish. But the benchmarks provide a good jumping off point for conversation about whether your foundation is doing enough to prioritize and empower those with the least wealth and opportunity in our society.

Another factor to take into consideration is the geographic spread of your grantmaking. The lack of philanthropic investment in the South is shocking. If you're not restricted to funding in a certain part of the country, I strongly encourage you to begin investing in the South. There are real opportunities there to make a difference.

Let me also point out that there is an urgent need, right now, for foundations and high net worth donors not only to support advocacy and social change, but also to invest serious money in movements. The current occupant of the White House is waging a full-on assault against immigrants, women and communities of color. We need strong mass-based movements if we're going to effectively fight back.

Let me pause there and take a quick poll of the audience. The question is, when thinking about the foundation you are a part of, or about your personal philanthropy: "Are we doing enough to intentionally benefit and empower vulnerable and marginalized communities?"

There are two possible answers:

Yes, we're doing all we can.

No, we could or should be doing more.

Raise your hand if you're doing all you can to benefit and empower underserved communities. Terrific!

Now raise your hand if you think you could or should be doing more. OK! Looks like a lot of you have some work to do when you leave here today.

### **3. Is our privilege making us overly cautious?**

The third question I want to encourage you to ask about your philanthropy is: “Is our privilege making us overly cautious?”

I’m a straight, white, cis-gender man who has never been in poverty and who doesn’t have a disability. Society has given me a tremendous amount of privilege, and I try to use that privilege to advance an agenda that will make our society more fair and just for everyone.

Most of us in this room also enjoy a certain amount of privilege. If you’re white, you get the benefit of the doubt from police. That’s not true for people of color. If you’re a man and you’re pushy, you get thought of as assertive and authoritative. If you’re a woman and you’re pushy, you’re often labeled a bitch. If you’re not living with a disability, that’s a huge advantage.

But being privileged isn’t always an advantage in philanthropy. Your privilege can create blind spots, make you unnecessarily cautious, and make it harder for you to achieve your goals.

Implicit bias, born of privilege, might make you not hire the best program officer. It might make you miss out on someone who would be a great new board member for your foundation. It might make you invest in the “proven, reliable” organization rather than in the smaller group led by people of color that you decide “doesn’t have the capacity” to do the work.

We see this all the time in our research at NCRP. Foundations aren’t investing the South, or in rural communities, or in communities of color because they don’t think there is capacity there. But the truth is, there is a ton of capacity – but nonprofit capacity looks different in the South than it does here in the Acela corridor. Our privilege and our bias don’t let us see the full potential.

The good news is you can learn to compensate for your blind spots. Some of the most effective foundations do it successfully.

They make sure to have a full commitment to diversity, equity and inclusion. They maintain diversity at the staff and board level, knowing that diverse teams are stronger and make better decisions. They work for full inclusion, so that people on their staff and boards don’t have to hide who they are – they can bring their whole selves to the job at hand. And they make sure the foundation is focused on equity as the North Star for their grantmaking and other practices.

Diversity among staff and board of grantmaking organizations is a great way to protect against the blind spots that privilege brings with it. But you have to actually share power with people who are different from you, this can’t be about tokenism.

Another important way to guard against the blind spots of privilege is to analyze your giving. Are you satisfied with the amount you’re giving to organizations led by people of color? When you really look at the numbers and are honest with yourself, are you being overly cautious? You may be more comfortable investing in safe and proven organizations, but is that really the best way to achieve your goals? Philanthropic institutions enjoy some of the greatest freedoms in

our society. They are very lightly regulated. We've got to use the freedoms to take risks in pursuit of our missions.

**4. Are we giving in ways that promote the health, growth and effectiveness of our grantee partners and those they serve?**

The fourth question I want to encourage you to ask about your philanthropy is: "Are we giving in ways that promote the health, growth and effectiveness of our grantee partners and those they serve?"

There are two essential things your grantees must have if they are going to maximize their effectiveness and impact. They have got to have sufficient unrestricted revenue, and they have to have long-term commitments.

Unrestricted general operating support allows grantees the flexibility to adapt to changing circumstances, or to invest in their own capacity.

Multi-year funding allows them to plan, and to attract the best staff.

So let me get a show of hands.

Raise your hand if the foundation or grantmaking organization you're a part of provides at least 50 percent of its grant dollars in the form of unrestricted general operating support, rather than giving primarily for specific projects.

Interesting.

Now raise your hand if the foundation or grantmaking organization you're a part of provides at least 50 percent of its grant dollars in the form of true multi-year grants. Now a true multi-year grant has a grant agreement for two years or longer. It doesn't count if you fund the same group year after year, but you only give them a one-year grant agreement each time. Raise your hand if you're making true multi-year grants more often than not.

OK. Thanks.

What I'm seeing in the room is somewhat a reflection of the national data. Only about 20 percent of all grant dollars are given out in the form of general operating support, which means that 80 percent of all grant dollars are restricted for specific projects. 90 percent of the foundations in the FC1000 dataset did not report making any multi-year grants.

My friends at GEO – Grantmakers for Effective Organizations – put out a report periodically that looks at these issues. It's call, "Is Grantmaking Getting Smarter?" The data would suggest that it isn't.

In a forthcoming assessment toolkit that NCRP will be releasing in April, we argue that to achieve sustained community-driven systems change, funders must be prepared to share some of their inherent power. Often, this means trusting your stakeholders and giving up some control. Sometimes, it will mean giving up a lot of control because grantees accustomed to the typical funder-grantee dynamic may not trust you until you do.

Sharing power in the grantmaker-grantee relationship means that grantee partners help set strategy and define success, and that the funder strives for a strong, trusting relationship with community partners. Providing multi-year general operating support is a key part of sharing power, but it's not the only thing needed. To know how you're doing, it's key to get honest feedback from grantees and beneficiaries. A lot of funders are figuring out new ways to get this kind of important feedback.

### **5. Are we wielding our power and all the tools at our disposal to build the world we envision?**

The fifth question I want to encourage you to ask about your philanthropy is: "Are we wielding our power and all the tools at our disposal to build the world we envision?"

Good philanthropy is about more than making grants. You must wield your power, too.

Yes, philanthropic funding is critically important to organizations. And, yes, bold grants can catalyze transformative change. But too many funders rely only on their grants to achieve impact, missing the opportunity to leverage the other tools at their disposal to advance their mission, values and goals.

In 2014, Ambassador James Joseph addressed community foundations on the five types of philanthropic capital. He urged them to move from being a "grantmaker to a social enterprise that strategically deploys not just financial capital but social, moral, intellectual and reputational capital."

Nonfinancial capital represents institutional and individual power that can be effectively used to influence others in order to achieve equitable, long-term change. Yet the idea of wielding power and influence can be difficult for foundations that pride themselves on being a "neutral convener." Having a point of view that is well grounded and has moral integrity will enhance your institution's credibility rather than tarnish it.

Exercising the power of the bully pulpit can also be conflated with being partisan, or with being top-down and dictatorial, but neither is a given. In fact, philanthropic power can and should be wielded for good, if done in thoughtful ways that acknowledge your institutional and personal privilege and align with the goals and strategies of the communities you are trying to benefit.

There are many ways foundations can exercise public leadership and wield their power responsibly and effectively. Here are five:

**1. *You can convene grantees and other community stakeholders.***

After a natural disaster, a foundation might take the lead to convene a group to make sure the poor are not left out of the recovery planning process. Or after a tragedy or terrorist attack like the mass shooting at Pulse Nightclub in Orlando, a foundation might convene stakeholders to plan for a vigorous defence of safe spaces for LGBTQ residents.

**2. *You can organize and collaborate with philanthropic peers who share common concerns.***

I mentioned earlier the Civil Marriage Collaborative who helped drive the campaign for marriage equality. Another example is Funders for Justice, a national network of funders increasing resources to grassroots organizations addressing the intersection of racial justice, gender justice, community safety, and policing.

**3. *You can use your position in the community and your foundation's reputation to bring visibility to critical issues and amplify the voices of the most marginalized.***

The Minneapolis Foundation did this right after the last presidential election by hosting "Sambusa Sunday" and sending a clear message that the foundation, and the broader community, was going to stand by the Somali immigrant community in spite of the hatred that was being unleashed.

Another example comes from the St. Louis area. Rev. Starsky Wilson, who leads the Deaconess Foundation and who is also chair of the NCRP board of directors, played a key role during the Ferguson uprising that took place after the police killing of Michael Brown. Rev. Wilson was in the streets with the protestors, and he helped broker conversations between the young protestors and the authorities. He stood firmly with the most marginalized and helped them get heard. He was later named co-chair of the Ferguson Commission.

**4. *Another important tool you can use besides grantmaking is mission investing.***

Most foundations use about 5 percent of their assets each year for grantmaking activities. But what about the other 95 percent of the assets? Mission investing and shareholder activism are on the rise. The Rockefeller Brothers Fund recently divested of its investments in fossil fuels, and the Ford Foundation last year committed to set aside up to \$1 billion for mission investments over the next ten years. The knowledge about how to do mission investing well is exploding, and there are more resources available now than ever before. There is no excuse anymore for a philanthropy to think the only purpose of the investment portfolio is to generate a return for more grantmaking. There is a ton of power in mission investing.

**5. *You can complement your giving to 501-c-3 organizations with support for 501-c-4 nonprofits and with direct political spending.***

This is easier to do for living donors who have multiple pots of money to pull from, but many savvy donors recognize that they need all these types of investments to get the results they seek.

Michael Bloomberg does this extremely well in his efforts to reduce gun violence. He funds the 501-c-3 work of Everytown for Gun Safety with tax-exempt donations from his foundation, he also funds the organization's 501-c-4 arm, and he donates politically to try and defeat candidates who won't support sensible gun laws.

George Soros does this very well, too.

NCRP explores these concepts in depth in that forthcoming assessment toolkit I mentioned, and I hope it's clear there are a ton of ways in addition to grantmaking that foundations and donors can help build the world they envision.

### **Conclusion / Transition to Q & A**

We're living in challenging times. Philanthropy can make an incredible difference. I've offered you today five questions I think are essential if we want to build a society where fairness and justice are the norm, not the exception:

Slide #22: All five questions on one slide

1. Are we dreaming big enough?
2. Are we doing enough to intentionally benefit and empower vulnerable and marginalized communities?
3. Is our privilege making us overly cautious?
4. Are we giving in ways that promote the health, growth and effectiveness of our grantee partners and those they serve?
5. Are we wielding our power and all the tools at our disposal to build the world we envision?

Thank you, and I look forward to taking some questions now.

### **Q&A (15 min)**

### **Closing call to action**

I'll be around during the reception, and I'm happy to talk more with you all there. But before we go, I want us to think reflect on the day and make some commitments.

These are urgent times we're living in. It's not hyperbole to say the future of our democracy and the planet are at stake. There is no time to waste.

We must never forget that there is no limit to what we can accomplish with good philanthropy.

And it's going to take every one of us in this room doing our part to ensure that philanthropy plays a meaningful role in building a more fair, just and democratic society.

I need to know who in this room is serious about using their philanthropy to build a better world. And I think you might want to know, too, who is ready to go into battle with you.

So, stand up if you're going to start a serious conversation about mission investing, or about increasing general operating support and multi-year grants.

Stand up if you're going to talk with others at your foundation about white privilege and racial equity. Or if you're going to add non family members to your board.

Stand up if you're going to invest in movements, and if you're going to fund advocacy and community organizing.

Fantastic! Look around. This room is filled with fellow travelers you can work with to make our society better. It's been a pleasure to be with you all today. Thank you.