



SOCIAL CHANGE PHILANTHROPY INFO SHEET

"Philanthropy is commendable, but it must not cause the philanthropist to overlook the economic injustice that makes philanthropy necessary."
- Dr. Martin Luther King, Jr.

What is social change philanthropy?

Social change philanthropy focuses on the root causes of social, economic and environmental injustices. It strives to include the people who are impacted by those injustices as decision-makers. It also aims to make the field of philanthropy more accessible and diverse. In social change philanthropy, foundations are accountable, transparent and responsive in their grantmaking. Donors and foundations act as allies to social justice movements by contributing not only monetary resources but their time, knowledge, skills and access.

Social change philanthropy is also sometimes called social justice philanthropy, social movement philanthropy, and community-based philanthropy.

What does that definition really mean?

1) Social change philanthropy focuses on the root causes of social, economic and environmental injustices.

This means that social change philanthropy supports organizations that are getting to the roots of problems instead of only addressing the symptoms.

An example: In a community with widespread asthma due to air pollution from a nearby bus depot, it's the difference between just funding medical treatment for people with asthma and funding organizing in the community to regulate bus idling and emissions.

2) It strives to include the people who are impacted by those injustices as decision-makers.

In social change philanthropy, the process of giving is as important as where the money goes. Asking those who are directly affected by and working on an issue what to fund is a key part of this process.



An example: This might mean that a foundation or donor interested in addressing the widespread asthma problem would include local residents and organizers in their decisions about where to direct their funding.

3) It also aims to make the field of philanthropy more accessible and diverse.

Because right now this isn't the case. For example, a study done by The Joint Affinity Groups shows that 10% of foundation board members and only 2.2% of family foundation board members are people of color.

4) In social change philanthropy, foundations are accountable, transparent and responsive in their grantmaking.

When funding happens behind closed doors, everyone who applies and relies on that money has no information about what goes on. Organizations get funded, but they don't know why or how they were chosen. Or, organizations don't get funded and they don't know why or whether they should apply again. When foundations and donors are transparent about their process and goals, it can open up the possibility for conversations about whether the grantmaking is responsive, and the ways in which foundations and donors can be accountable to the communities they impact.

5) Donors and foundations act as allies to social justice movements by contributing not only monetary resources but their time, knowledge, skills and access.

There are many concrete ways donors and foundations can be allies to social justice groups, from helping an organization fundraise to sharing your access and powerful connections to hosting an organization's event at the foundation's office. It is also about respecting grantee groups as partners in social change.

An example: One of the board members of the foundation plays golf with the city's Public Transportation Commissioner. When she learns from their grantee group that they have been unable to get a meeting with the Commissioner, she uses her connection to help them set one up.

How much money goes to progressive social change anyway?

In 2006, \$2.3 billion of foundation funding went to progressive social change out of a total of \$19.1 billion in giving, or less than 12%. This amount includes family foundation, private independent foundation and public foundation giving (The Foundation Center: "Social Justice Grantmaking II," 2009).

A recent report showed foundations gave \$1.76 billion for social justice causes in 2002. In the period between 1998 and 2002, social justice giving grew by 53.4 percent. However, this



impressive number is overshadowed by the fact that total giving rose by 64 percent during the same period, **causing the percentage of foundation giving that was earmarked for social justice grants to drop to 11.8 percent.** (NCRP-- Creating A Philanthropic Sector That is More Responsive to the Needs of Diverse Communities; p. 6)

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Social Change

The Funding Exchange – a network of social change foundations across the country –has published a great resource book called *Robin Hood Was Right*. This book provides lots of information for individual donors who want to give to progressive social change.

There are lots of different definitions of social change. Here is a working definition from *Robin Hood Was Right*, along with a list of tactics for creating change:

Social Change: A Working Definition

The goal of social change is systemic, institutional change, change that will live beyond the participation of the current group. It is a change in the fabric of society. Social change can . . .

- Change attitudes, behavior, laws, and public policies
- Expand democracy by amplifying the voices of those who have been left out
- Alter power relationships
- Address the root causes of inequality
- Involve conflict
- Create alternative institutions
- Level the playing field
- Have a greater degree of uncertainty about the outcome of the work, unlike traditional charity

Personal transformation and enhanced self-esteem of individuals are powerful outcomes of people’s involvement in social justice activities, but the goal of social change is to make the world better for everyone.

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A Short History of Social Change Philanthropy

Social change philanthropy developed in the United States over the last 100 years. As young people with wealth involved in philanthropy as donor organizers for social justice, we are part of this history. Here is a short introduction to the development of social change philanthropy in the United States and some of the roles people with wealth have played over time.

How did philanthropy develop in the United States?

Understanding the ways philanthropy became institutionalized in the United States is important since so much of social change philanthropy is about challenging the practices of mainstream philanthropy. While philanthropy has a variety of origins in history and across many cultures, the formal institutional practice of philanthropy in the United States began about 200 years ago.

One part of this history is the establishment of trust and charitable case law in the first half of the 19th century. In 1831 Stephen Girard, a Philadelphia merchant and banker made a bequest of the majority of his estate to the city to establish a school for orphans. When his heirs challenged Girard's will, the Supreme Court ruled in favor of the bequest, which opened the way for other donors to make charitable bequests according to their intent.

Another important part of this history is that following the Civil War, charity societies were created to address some of the new social issues that developed in growing cities as a result of industrialization and other trends. These charity societies played a role in professionalizing philanthropy. They believed social problems could be solved through scientific rationality and organizational efforts needed to be coordinated by philanthropy. These have been important themes throughout philanthropy's history: that social issues should be tackled in a rational, top-down manner by the funder and that outcomes can be measured quantitatively.

During the early 20th century, foundations grew to a new scale with the industrial wealth of the "robber barons". John D. Rockefeller, Sr., Andrew Carnegie, and Margaret Olivia Slocum Sage created foundations intended to "serve the public good" that were governed by private boards of trustees. They looked to corporate management models for guidance about how to structure these new foundations.

Wealthy industrialists played an important role in shaping modern foundations. They brought their private corporate models into the culture and structures of these institutions. Also, while part of the role of these institutions was to redistribute wealth for the public good, the



robber barons also used their philanthropy as a public relations tool (and sometimes a financial one) for their business interests.

Another important component of private American foundations is that they are typically set up “in perpetuity” – meaning that they are intended to exist forever. That means that the boards of private foundations are responsible for “stewarding” the assets by investing in a way that they will continue to grow and not giving away too much of the assets. This, coupled with the required payout rate of 5% of assets per year has the effect of tying up most of the money in investments (which are rarely focused on and may in fact contradict the philanthropic mission).

How does social change philanthropy fit into that history?

Social change philanthropy began to develop in the early 20th century. The first wave of social change philanthropy included individuals and family foundations who supported organizing, litigation, voter registration, and other strategies associated with the major social movements of the century.

The Rosenwald Fund, founded by Julius Rosenwald, was a family foundation that existed from 1917 to 1948 focused on the civil rights movement. It was one of the early funders of the Highlander Center, a training center for union organizers in the South in the 1930's. The Stern Fund existed from 1936 until 1986 and was founded by Edith Stern, Julius Rosenwald's daughter. The Stern Fund focused on racial justice issues, and sought advice from civil rights leaders.

However, it wasn't until the creation of the public social change foundations - organized in the 1960's to support antiwar efforts and community organizing - that the second wave occurred. The first public effort to institutionalize social change giving was the Brotherhood Crusade in Los Angeles, the African American communities' alternative to the local United Way. RESIST was founded in 1967, and shortly afterwards the Funding Exchange foundations.

The Funding Exchange foundations, a network of public social change foundations across the country, was founded in part by a group of young people with inherited wealth in partnership with community activists. The young people with wealth who were involved in these foundations shared the power to make grant decisions – and in some cases gave up control completely – with activists.

The significance of this wave of social change philanthropy was a huge shift in the possibilities for what the institutions of philanthropy could look like: how foundations are structured, who sits at the grantmaking table and on the board, and the accountability foundations have to a broader community.



Another result of this wave was new roles for young people with wealth who care about social change. The young people with wealth who helped create the public social change funds supported these institutions financially but did not dictate where the money went or what the outcomes should be.

In addition, many young people with wealth who had been involved in this work spoke publicly about their privilege and the ways they were using their resources for social justice, in order to reach out to other people with wealth. One example is the book *We Gave Away A Fortune*, published in 1992 to document some of these stories. In partnership with the social change foundations, they also created “wealth conferences”, spaces for people with wealth to learn about their resources and connect with peers.

In the past twenty years there has also been a new wave of family foundations who have challenged the notion of perpetuity. Many foundations have already spent out all of their assets in grants or have the intention of doing so. Others have directed the investment of their assets in mission-based and socially responsible companies.

Another important thread of this history is the creation of the National Network of Grantmakers in 1984, which is a professional network for practitioners of social change philanthropy, including staff of foundations and donors. While there were many spaces for funders who had common issue-based interests, this organization developed in part to create a space for social change funders to strategize with each other outside of mainstream philanthropy events.

In the past 20 years there has also been an emergence of identity-based foundations and grantmaker networks to support the leadership and involvement of people of color, LGBT communities and women in institutional philanthropy.

Where do we fit in?

Resource Generation grew out of this second wave of social change philanthropy. It was co-founded in 1996 by some of the social change foundations alongside young people with inherited wealth and a youth organization. These young people were looking for a caucus space to talk about issues of money, identity, and social change with their peers and outside of a grantmaking organization. Since then Resource Generation has worked to build a network of young people with wealth who are aligning their resources with their values, in order to strengthen movements for social change.

The creation of the annual Making Money Make Change conference in 1998 by Third Wave Foundation, meetings held by the Young Donor Organizing Alliance and other forums have helped to expand this network. In addition, Emerging Practitioners in Philanthropy is working to organize young staff in philanthropic institutions for social justice.



As a new generation of donor organizers we have our work cut out for us. We need to learn more about our privilege and how we can bring our whole selves as allies to social justice movements, not just in the narrow sense of being a “donor”. Because philanthropy and other elite institutions are closed to most people, the access we have as young people with wealth gives us a particular role to play to support social justice. We need to organize from within these institutions to shift their practices, while being accountable to cross-class movements.

The previous generations have done a huge amount of work to establish social change philanthropy and create new institutions. As a new generation doing this work, we have a responsibility to live up to the standards of the work that has come before us. We also have an amazing opportunity to bring our passions, values and skills to this work, to increase the amount of money going to social justice, and to help build more diverse and accountable institutions.

Resources

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