

***Social Justice Philanthropy: The Latest Trend or a Lasting Lens for Grantmaking?***

**EXECUTIVE SUMMARY**

**The National Committee for Responsive Philanthropy**

*April 2005*

**When it comes to effecting social change, does philanthropy matter?**

That question—more or less—was posed to NCRP staff recently at a forum in San Francisco, at which the grantmaking strategies of politically conservative foundations were discussed. The person who asked the question asserted that right-wing philanthropy had done little to help the country reach its current conservative state of affairs. Instead, this person theorized, corporations and their influence in society and public life were responsible for the country's conservative path. She suggested that it was a "quaint notion" that philanthropy had played any role in effecting social change in this country—either left or right, backward or forward.

Of course, most reasonable individuals would agree that many different factors have contributed to the current political and socio-economic climate in the United States today. Besides corporate influence, other factors that have contributed to the country's right-ward leanings include changing population demographics, a changing economy, and the terrorist attacks on 9/11, to mention just a few. Given its name, it should not be surprising that NCRP's focus is on how philanthropy has contributed to political and social change. But the focus is *not* on asserting that philanthropy has had the most influence or is more important to study than any of the other factors that could be included in such an analysis. Doing so would be a rather futile task and would do next-to-nothing to help advance a progressive agenda and counter the conservative movement.

But philanthropy definitely deserves to be on the list. In other words, philanthropy does in fact matter when it comes to effecting social change—progressive or otherwise. Many of the leading conservative nonprofit advocacy and research organizations—the Heritage Foundation, for example—got their start due to philanthropy. Although today most of these groups have a diversified revenue base, they can trace their origins back to philanthropic dollars. Many new right-wing organizations have been created in the past decade through similar efforts. The Ford Foundation in the late 1960s helped establish several civil rights organizations, including the Mexican American Legal Defense and Education Fund and the Southwest Council of La Raza, which was later renamed the National Council of La Raza.

And although most estimates suggest that foundation funding only makes up around 10 percent of total nonprofit budgets, certain types of nonprofits—including social action and change groups—rely much more heavily (and in some cases, almost entirely) on foundations for their existence. Ironically, though, these groups generally receive the smallest piece of the foundation-giving pie. Working to make sure that these organizations receive more and better foundation support should be a key strategy in any kind of progressive movement building. To do otherwise is rather cynical, suggesting that one of the last avenues for (ideally and potentially) democratic social participation is not worth preserving or even strengthening.

In an effort to better understand—and to hopefully strengthen—one of the latest trends in progressive philanthropy, NCRP undertook a rather broad research agenda related to social justice philanthropy. This report reflects nearly two years of researching this topic, and analyzes the meaning of the term through literature reviews, survey results, and interviews with foundation staff and board

members. This executive summary presents highlights of this research, including what social justice funders believe are the biggest obstacles—philanthropic and otherwise—that are holding back a progressive social justice movement in the United States today.

## **DEFINING SOCIAL JUSTICE PHILANTHROPY**

Based on a literature review and conversations with grantmakers, academics and nonprofit practitioners, the following definition of social justice philanthropy was developed to help guide this research:

**Social justice philanthropy is the practice of making contributions to nonprofit organizations that work for structural change and increase the opportunity of those who are less well off politically, economically and socially.**

Of course the key words to understand are “social justice,” the meaning of which can and in many cases does vary from person to person, and institution to institution. In the first phase of research on social justice philanthropy, a variety of academic and practical disciplines were drawn on to help establish a working definition of social justice and—in turn—social justice philanthropy. A working paper, *Defining Social Justice Philanthropy*, was produced and circulated in April 2003 which discussed the different aspects of social justice.<sup>1</sup>

*Defining Social Justice Philanthropy* stated that social justice is the process through which society attains a more equitable distribution of power in the political, economic, and social realms. The paper noted that although a completely just society (a utopian state) is not achievable, when society is made fairer in economic, social, or political terms, then society can be considered to be in the process of becoming more socially just. For the purposes of researching social justice philanthropy or promoting more of it, the term “social justice” has to become more than simply an assertion of goodness or, in philanthropic terms, a contention that grants for a disadvantaged or disenfranchised population, simply by virtue of a grantmakers’ intentions, constitute social justice philanthropy.

Discussions of social justice lead to questions of how equity and power fit into the concept. Equity in social, political, and economic realms can have a variety of meanings. Equity can mean equal distribution of *power* (economic, political, or social), equal *welfare* (or utility), or equal *opportunity*. In the United States, the focus has been on promoting equal opportunity (the ability to pursue happiness) as opposed to the other two. In promoting equality of opportunity, one must address how power relations and imbalances affect the ability of those less well off to pursue opportunities.

The definitional approaches to rectifying societal inequities and grievances may imply different interpretations of social justice. One realistic, pragmatic construct for social justice philanthropy is found in the tradition of seeking a balance of individual and collective rights. The idea of increasing everyone’s welfare (in the economic sense, for example) without making anyone else worse off leaves much room for advancing social justice, and using philanthropy (which, in its most basic sense, is an individual’s excess or unneeded wealth) as a means to accomplish that goal. In economic terms, this concept is known as “Pareto Optimality,” in which society’s utility or welfare is maximized without making any one person worse off.

---

<sup>1</sup> This paper is available on NCRP’s website at <http://www.ncrp.org/PDF/UnderstandingSocialJusticePhilanthropy.pdf>

*Defining Social Justice Philanthropy* noted that a variety of fields and disciplines, such as philosophy, economics, politics, education, and psychology, draw on these concepts of economic fairness and reaffirm that human beings place value on things beyond their mere economic worth, or things that can be measured by money or a simple conception of utility.

## **ELEMENTS OF SOCIAL JUSTICE PHILANTHROPY**

Under the definition of social justice presented above, a foundation grant to establish a free clinic aimed solely at providing direct services for low-income women would not qualify to be labeled as social justice philanthropy. But a grant to organize people to lobby for more progressive maternity leave policies in the workplace would be considered social justice philanthropy. This difference is one of the important distinctions between charity and social justice grantmaking—the offering of services versus empowering or helping a group of people to organize and influence change that has a positive and long lasting impact for themselves and society as a whole. However it does not mean, as some observers imply, that social justice funders cannot or should not fund direct services, but that supporting service provisioning alone does not meet enough of the standards to constitute social justice philanthropy.

The following are broad categories that can be considered nonprofit social justice activities:

1. Researching root causes of social problems.
2. Communicating and disseminating this information to the public, with an emphasis on reaching those who are directly disadvantaged by social problems.
3. Strengthening new and/or existing social movements that work for social, political and economic equity through:
  - Grassroots political activism that includes mobilizing disadvantaged and disenfranchised groups.
  - Creating networks or alliances among social justice groups.
  - Community organizing that increases opportunity and redistributes political power.
  - Economic development that increases the socio-economic opportunities of disadvantaged and disenfranchised populations.
  - Labor organizing
  - Legal advocacy
  - Political advocacy to enact changes in public policies and regulations that affect disadvantaged populations.<sup>2</sup>

## **MAJOR DATA FINDINGS FROM FOUNDATION SAMPLE**

### ***Financial Data***

As **Table 1** shows, the average assets of the foundations sampled was about \$24 million. Looking at those foundations that had assets between \$1 and \$1 million, we find average assets of only \$329,000. Foundations with assets between \$1 million and \$100 million had average assets of \$2.2

---

<sup>2</sup> Although foundations may not themselves engage in advocacy for specific legislation, they can support nonprofits that do. For more information on the legal limits of advocacy see the Alliance for Justice's website, <http://www.allianceforjustice.org/foundation/index.html>.

million, while those with assets between \$100 and \$500 million had average assets of \$233 million. Of all the foundations sampled, the median assets were less than \$5 million, indicating that the sample includes mostly small foundations.

**Table 1: Average and Median Assets of Foundations in Sample**

| Foundation Asset Size   | Average Assets      | Median Assets      |
|-------------------------|---------------------|--------------------|
| \$1 - \$1 mil.          | \$329,072           | \$264,146          |
| \$1 mil. - \$100 mil.   | \$2,197,857         | \$2,153,929        |
| \$100 mil. - \$500 mil. | \$232,782,178       | \$203,567,008      |
| <i>Full Sample</i>      | <i>\$23,998,987</i> | <i>\$4,615,580</i> |

Source: NCRP analysis of 2002 IRS 990 and 990-PF data

Average and median statistics on the amount of grant money that the foundations in the sample disburse are similar to those on assets, as **Table 2** shows. Average grant expenses are higher than the median expenses are when looking at the sample both as a whole and as three distinct asset classes. The median total grants expense is only \$450,000—keeping in mind that this represents the total grantmaking expenses of the foundations in the sample, not only their social justice-related grantmaking.

**Table 2: Average and Median Total Grantmaking and Grants-to-Assets Ratios of Foundations in Sample**

| Foundation Asset Size   | Average Total Grantmaking | Median Total Grantmaking | Grants-to-Assets Ratio (Average) | Grants-to-Assets Ratio (Median) |
|-------------------------|---------------------------|--------------------------|----------------------------------|---------------------------------|
| \$1 - \$1 mil.          | \$380,176                 | \$136,500                | 115.5%                           | 51.7%                           |
| \$1 mil. - \$100 mil.   | \$1,145,210               | \$505,055                | 52.1%                            | 23.4%                           |
| \$100 mil. - \$500 mil. | \$12,667,546              | \$8,434,077              | 5.4%                             | 4.1%                            |
| <i>Full Sample</i>      | <i>\$1,730,734</i>        | <i>\$451,166</i>         | <i>7.2%</i>                      | <i>9.8%</i>                     |

Source: NCRP analysis of 2002 IRS 990 and 990-PF data

**Table 2** also shows that for the entire sample, average grant expenses represent about 7.0 percent of average assets. For the smallest foundations in the sample—those with assets between \$1 and \$1 million—average grantmaking expenses equaled 115.5 percent of average assets. This asset category contains many community foundations, which are usually not endowed and consequently fundraise and disburse their grants budget each year. For the largest foundations, average grant expenses represent about 5.4 percent of average assets. The median grants to assets figures follow a similar trend, with the smallest foundations coming in at 51.7 percent and the largest at 4.1 percent.

## **CHALLENGES TO SOCIAL JUSTICE PHILANTHROPY**

Because research completed prior to this project’s interviews suggested that the challenges in the social justice philanthropic field are formidable, interviewees were asked to directly discuss the challenges, and their perspectives on how they could be overcome. Notably, the foundation officials who were interviewed thought that the biggest challenge facing social justice philanthropy was the term “social justice philanthropy” itself.

One interviewee’s discomfort with the term results from people’s unfamiliarity with the phrase, which could potentially scare off corporate or conservative funders with which her foundation may

need to partner. Another representative stated that the terminology invokes images of “a rabble rousing, hippy-dippy group”—an image with which most foundations would not want to be associated. Another individual said that social justice is closely associated with the 1960s and the civil rights movement, and the new generation of philanthropists is unable to relate to the term.

A couple of interviewees pointed to the inherent contradiction with foundations using the term “social justice” in their work, especially since foundations were created as a result of inequities in wealth distribution. As one official put it: “Social Justice implies a desire to change the system. But why would you as a foundation change a system that has benefited you?” Another foundation executive added that, “Since foundations are created as result of inequities in wealth, it is important for them to realize that power dynamic and avoid telling grantees what to do and what not to do.” This individual stressed the importance of giving social justice grantees more leeway in making decisions about what to do with grant dollars.

Another challenge that social justice grantmakers face is the lack of agreement in the philanthropic community about the meaning of the term. Consequently, according to one interviewee, “Some foundations simply adopt the term in order to look good but are not necessarily funding social justice work.” The foundation representative who made this observation gave an example of a foundation that funds programs that improve the self-esteem of individuals—in part to encourage them to do more for themselves, rather than relying on outside sources of support—but falls short of empowering them for social change.

Lack of resources was another issue that most interviewees raised as a significant challenge confronting social justice philanthropy. “Insufficient resources for social justice grantmaking are partially due to increasing budget cuts,” and the need to prioritize grantmaking within foundations, one interviewee observed. Another interviewee stated that because social justice organizations are underfunded and under-resourced, they are ill-equipped to grapple with the growth and magnitude of social problems, even with foundation support. According to this individual, in one grant cycle his foundation received about 214 proposals, of which they could only fund 38. Similarly, one interviewee remarked that in addition to a lack of adequate resources, strategically deploying the meager resources that do exist posed a problem: “The challenge facing social justice work is how to employ meager resources to battle gigantic societal ills.”

Another major issue confronting social justice is the lack of collaboration among social justice grantmakers and grantees. One foundation representative stated that the disaggregation of social justice work prevents the field from achieving effective, far-reaching outcomes. One interviewee remarked that each foundation is focused on a single issue area, such as women’s rights, GLBT rights, or ending homelessness. This narrow focus (“tunnel vision,” in the words of one interviewee) creates a division among funders and prevents them from working together. One interviewee stated that “A lack of unity among the left to mobilize and organize to fight the right” affects the effectiveness of progressive funders. She also asserted that “the self-destructive behavior of the left through infighting prevents us from effectively mobilizing as the right does.”

Some other problems facing social justice philanthropy that the interviewees identified can be broken down into two categories. The first relates to politics and society in general. The second includes problems related to philanthropy itself.

- **Social and Political Challenges**

- A crisis of leadership and a population steeped in consumerism in the USA prevents social justice in general from advancing.
- Failure of the political system to address social justice issues.

- A lack of political momentum on issues relating to social justice.
  - A disinterested population, especially the youth who are not interested in political issues.
  - The Bush Administration's desire to give more money to the wealthy through the tax system sends a signal that progressive economics are unfeasible and that there is no point in even trying to effect this type of change.
  - Capitalism and an overall top-down approach to solving issues in the USA.
- **Foundation Challenges**
    - The length of time and amount of patience required before observing the impact of social justice programs.
    - Difficulty in measuring the outcome of social justice programs, and a lack of concrete successful examples of social justice work.
    - The growth and influence of conservative foundations.
    - The unheard voice of community members prevents their issues from being known to the philanthropic community.
    - Foundations want to provide direct services rather than fund social justice programs.
    - High turnover in staff of progressive funders and grantees prevents the advancement of social justice work.
    - Continual change of foundations' grantmaking priorities.
    - Progressive foundations' inability to maintain strong ties with grantees.
    - A lack of diversity (racial, socio-economic, gender, or sexual orientation) among board members and staff in philanthropic institutions.

## **RECOMMENDATIONS FOR SOCIAL JUSTICE GRANTMAKERS**

In an effort to present constructive feedback for the progressive social justice field, interviewees were asked to make recommendations for their peers in philanthropy—as well as others involved with social change—to strengthen and expand this movement. Given the range of foundation officials that were interviewed, they had a variety of suggestions for how the social justice philanthropy field could overcome the challenges that it faces, including the following:

- Grantmakers need to find innovative ways to advance social justice, especially when programs do not succeed initially. Long-term strategies to change public policies, popular ideas, and institutions are key elements to progressive social, political, and economic change.
- Social justice grantmakers (and grantees) need to collaborate more often (or at the very least improve their communication), to avoid duplicating efforts or competing with each other.
- Funders should work to measure the problems that social justice philanthropy is attempting to solve and communicate their magnitude to the general public so that the importance of social justice issues is made known to people outside of philanthropy. Creating awareness among the general public could increase support and possible funding for social justice groups.
- Foundations need to focus energies and resources on issues that are important. According to a respondent, “Progressive communities have a tendency to take on everything and fail to accomplish much as a result.” Targeted, focused efforts are more likely to yield positive results.
- Social justice grantmakers should consider finding an alternative terminology since “social justice” is not a comfortable, universal phrase. The terminology should center more on the concept of fairness and should pose the question, “What kind of nation do we want to be?”

- Funders need to spend more time with grantees and should pay closer attention to what grantees are telling them.
- Social justice grantees should be better marketed among philanthropists. Social justice grantmakers should educate people about social justice and what it really means by finding and sharing concrete examples and success stories of social justice grantees and philanthropists to share with the philanthropic world. This would help make social justice work functional and real.
- Foundations committed to social justice philanthropy should find strategic ways to target new philanthropists and educate them about this approach before they become captured by the philanthropic mainstream.

The last two recommendations above point to the resource problem currently facing social justice philanthropy. Interviewees repeatedly mentioned that more foundation dollars need to be directed to social justice efforts, and until that happened, little progress could be made. As a result, several interviewees had suggestions for bringing more philanthropists and foundations into the social justice field.

One interviewee encouraged all foundations to closely examine their goals because “most foundations have implicit in their mission statement a desire to create a fair and equitable society.” Foundations should therefore be encouraged to embrace those ideas embedded in their mission statements. The same foundation executive added that non-social justice foundations should ask themselves the question, “What kind of grantmaking do we have to adopt to make a difference?” This person is convinced that many foundations would realize that the social justice approach would be the answer.

Another foundation representative’s suggestion for broadening support for social justice grantmaking is to change the terminology. As one respondent remarked, “It is not a successful strategy to say, ‘We want more social justice philanthropists.’ Statements like that create a division among social justice and non-social justice funders.” Another interviewee noted that almost all foundations do not use a social justice approach, and that “social justice funders tend to exclude others if they think work done by others does not constitute their narrow definition of their work.” He finds that the social justice label oftentimes gets in the way rather than helps to create a collaborative and cohesive effort in the philanthropic field. He also stressed that “it is important to realize that social justice may not be the work of only progressive people and that some conservatives are doing social justice work and should be included as possible allies in the fight against social injustice.” Despite the overall discomfort with the term, one foundation representative was adamant in stating “Rather than focus on the label, foundations need to work towards making change.”

One foundation official observed that non-social justice funders could be encouraged to support social justice work if they see these programs in action. For example, conservatives might be initially turned off by the social justice terminology, but if they saw concrete results of social justice programs, they could be won over. An interviewee stated that social justice funders need to present social justice in a more functional and less theoretical manner and explain what it means.

An interviewee suggested that social justice funders should tap into their personal connections to people with financial resources and get them excited about the potential outcomes of social justice work. This individual believes that non-social justice funders are more likely to participate in social justice work if they receive an enthusiastic introduction to it from someone they know and trust.

## **CONCLUSION**

Based on the interviews with social justice foundation leaders, it is clear that many people inside and outside of “social justice” work find the language around social justice loaded or meaningless. A problem with many of the terms related to social justice is that they are associated with a period of time or political beliefs that many people view as either irrelevant or inflammatory. The wide range of activities that people from all over philanthropy claim fall under the rubric of social justice may contribute to the dilution of its meaning and reinforce the fragmentation of social justice activities.

Despite the challenges that social justice philanthropy currently faces, the general goals of this style of grantmaking—effecting long-term, permanent, and progressive social, political, and economic changes—reflect the ideal spirit of philanthropy and need to be supported. The social justice approach has the best chance of effectively and efficiently using philanthropic dollars to provide a broad swath of benefits to the most disadvantaged and disenfranchised members of society. Serious thought, however, must be given to articulating a core set of social justice values and bringing the boards of supposedly progressive funders philosophically and politically in-line with staff members. Although neither task is easy, both must be accomplished sooner rather than later. Otherwise, in a few years social justice philanthropy will find itself at the top of a long list of philanthropic fads that roared into philanthropy with much potential, only to be neglected in favor of a new grantmaking approach.

Considering the current political state of the country, it is time for progressive—and mainstream—foundations to stop experimenting with philanthropic dollars and start using them in a coherent and consistent way. It’s not an exaggeration to say that millions of lives depend on it.