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AFRICAN AMERICAN PHILANTHROPY: COMMUNITY FOUNDATIONS’ GIVING TO MINORITY-LED NONPROFIT ORGANIZATIONS

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ABSTRACT

Community and grant making foundations can use their power by giving collectively and participating in the notion of civic and community engagement to make a significant impact on organizations focused on community-based services. However, questions have been raised about the fairness of philanthropy as it relates to giving to minority communities. There is growing pressure for foundations to be more effective in their service to these diverse communities and to be more responsive to their needs (Chao, 2008).

Keywords: History of African American Giving, Giving Patterns of Foundations, Patterns of giving within the African American Community, Community Foundation’s role in Philanthropy, Foundations and Public Policy, Challenges and Barriers Facing Minority Nonprofit Organizations

RESEARCH QUESTION

Do foundations fairly allocate their resources to minority communities and nonprofit organizations and what are the challenges and barriers that minority communities face in accessing philanthropic funds from community foundations?

HISTORY AND REVIEW OF THE LITERATURE

The traditions of philanthropic giving within the African-American community can be traced back to roots of African descent. The communal nature of African societies stressed sharing of properties and resources. This society also included extended family relationships and required a mutual responsibility for members of the tribal society (Byrd, 1990). This tradition continued when Africans were stolen from their homeland and brought to America as slaves. Harsh conditions and realities of slavery forced slaves to share with each other in order to survive. African-Americans consider giving to their families, neighbors, strangers and community an obligation rather than philanthropy. “Giving back” is expressed through the sharing of knowledge, material, skills, or time. It is a pattern that is so ingrained within this culture that it is part of who we are. Philanthropy within the African-American community is just as much about time and voluntary participation as it is about money. Today, individuals continue the tradition of giving. Black philanthropy can be defined as giving to benefit others, to strengthen our families and communities (Joseph, 1991).
Patterns of giving with the African American Community

Prioritizing patterns of giving within the African-American community is necessary to understanding the traditions of philanthropic giving. Philanthropy within the African-American community could be either informal and/or formal (Hall-Russell, Kasberg, 1997). Sharing would be considered informal philanthropy. Sharing of one’s advice, time, experience, knowledge, food, materials and talents are all forms of informal philanthropy. Formal philanthropy emerged from the black community through the efforts of volunteers during the civil rights movement of the 1960s. Voluntary associations such as Mutual Aid societies, fraternal organizations, and black churches are examples of ways individuals have given formally.

Figure 1 displays the dynamics of giving within the African-American community by prioritizing the people they help. The domains include; self, immediate family, extended family, neighborhood community, spiritual community, ethnic community, and unknown others.

Figure 1: Realms of African-American Philanthropy

Note. The data represents patterns of giving according to a folk taxonomy of the categories of people they help from African American Traditions of Giving and Sharing; A Midwest Perspective,” by Cheryl Hall-Russell & Robert H. Kasberg, 1997, pp. 15-16) It’s important to note that although the domains are distinct, they are actually permeable. For example, neighbors in the community can also be members of the extended family.

African-Americans prioritize or identified themselves as being the first to receive assistance because they believe in order to be of any use to others, one must first take care of their own needs.
Philanthropy in the Neighborhood (Civic Engagement)

As stated previously, African-Americans believe strongly in giving back and supporting their communities. There is a strong sense of obligation to help one’s neighbor in good times as well as bad. During the time of racial discrimination and segregation, African-Americans perceived their neighbors as safe havens. In order to survive, they needed one another for emotional, financial, physical, psychological, spiritual and social support.

Thus, African-American philanthropy occurs within the realm of the neighborhood. “Independent of churches, neighborhood philanthropy consists of neighbors working together in times of celebration and crisis, and triumph and tragedy to maintain friendly, hospitable, safe, and supportive residential locales” (Hall-Russell, Kasberg, 1997, p. 20).

“Civic engagement is defined as individual or collective actions designed to identify and address issues of public concern” (Jackson, 2009, p. 94). It is also the notion that individuals acting independently of government can make a difference in the life of a community or culture (Joseph, 1993). Civic engagement occurs within our civil society, where collections of ideas, organizations and social activities are formed. Manifestations of such activities include the Underground Railroad, Mutual Aid societies, Civil Rights Movement, fraternal organizations and black churches. Civil society is where the public mobilizes itself and finds its voice. Jones (1994) states, “All around us, there is an atmosphere of nihilism and decay that is crushing – particularly of the spirit. Only the powerful mobilization of people at the grassroots can counter this – can turn things around” (p. 7).

To promote civic engagement, community foundations can support more grassroots philanthropic organizations that may otherwise be overlooked. Foundations that are well-endowed can take risks and can afford to fail. Examples of African-American community-based foundations that support black communities and neighborhoods are The African American Legacy Program; The African American Philanthropy Initiatives of Associated Black Charities of Maryland - organized to expand giving in Maryland; Black Community Organizations – raise endowments for long term support of programs and the United Negro College Fund, which benefits African Americans through long-term endowment campaigns (Hunt, 2001).

Today, the African American community continues to have a vibrant and diverse history of philanthropic giving in the United States. They are transitioning from a survival mode to community self-sufficiency and sustainability. Even though there is a rich history of philanthropic giving within the African-American community, there is very little knowledge on the concept of planned giving and donor attraction. Black celebrities and sports figures have given generously to the community. Middle class African-Americans have also made charitable contributions to the community. Even the poorest of the poor have given what little resources they had to help another. However, there is a strong need for advancing philanthropy in the African-American community.

Traditions of giving within the African-American community are usually based on giving to an individual or an organization with an immediate need instead of making formal planned gifts. African-Americans have typically given on a more spontaneous basis than a formal one. “As history shows, the norm within the African-American community is to give in response to immediate needs, rather than to build funds for the future” (Winters, p. 124). According to Brenda Rayford, Executive Director of the Black United Fund of Michigan, Inc., and few African-American organizations have gone to planned giving or endowments because there hasn’t been a lot of information available until recently (Crain’s Detroit Business, 20, 46. p.16.).
Giving Patterns of Foundations

According to Clotfelter & Ehrlich, the most severe challenge for philanthropy’s role arises from the unequal distribution of needs among America’s communities. Community disparities have revealed an increasing residential segregation of Americans by income since 1970. Patterns of giving by foundations have been challenged by the social and economic disparities of communities. A study conducted in eighty-five metropolitan areas (Clotfelter & Ehrlich, 1999) reveal that contributions are greater in communities that:

- Are more affluent
- Have less local need or social pathology
- Have lower minority representation among the local needy
- Have less income inequality
- Have higher levels of state and local government safety net support

This distributional effects of philanthropy results in an insufficient infrastructure in needier communities. Much attention has been devoted by advocates who are addressing the problematic inner city neighborhoods affected by poverty that are particularly vulnerable to safety net cuts.

Community Foundations’ Role in Philanthropy

Community foundations are grant-making public charities defined by their focus on a specific community. These foundations are funded from multiple sources including individuals, corporations, other foundations, and government agencies (Graddy & Morgan, 2006). They are a fast growing philanthropic entity. In 2002, there were about 661 community foundations varying in sizes with combined assets of approximately $29.7 billion. They have a long history in our country dating back to 1914 with the establishment of the Cleveland Foundation. There was a dramatic growth in sizes during the 1980s and 1990s.

Philanthropy plus charity contribute to communities and their networks and can do an even better job in the future (Clotfelter & Ehrlich, 1999). Newman describes in a report the role of community foundations in establishing and growing endowment funds for diverse ethnic communities. Their role can assist donors of diverse ethnic programs and nonprofit organizations that serve specific ethnic groups in carrying out their charitable objectives and attract donors of diverse ethnic backgrounds and organizations that serve specific minority groups through outreach efforts (Newman, 1999).

Because philanthropic funds are exempt from public taxation, it is only fair to expect that they serve the common good to justify this benefit, especially given the federal government’s changing role as the safety net for the poor has marginalized over the last decade. There is increasing pressure for foundations to more effective in their service and giving to diverse communities and to be more responsive to their needs (Chao, 2008).

Lamarche argues that today’s philanthropic sector’s funding practices perpetuates barriers to racial equity. Because this sector is insulated from the tax base, during tough economic times they should serve a public purpose, particularly when social needs are high. The question that this author raises is whether organizations enjoying the luxury of a tax benefit should be more transparent about which communities are reflected in their grant-making decisions (Lamarche, 2009).
In the language of Clotfelter & Ehrlich, philanthropy generally refers to “efforts to help mankind through investments in social infrastructure” (Clotfelter & Ehrlich, 1999). Philanthropic assistance to communities can help them become sustainable and viable, thus compensating for insufficiencies and deficiencies. Community foundations exist for different reasons, but what is common among them is their mission to enhance the quality of life in a defined geographic area and their accountability to the public.

Reports and studies have been conducted to assess the focus of community foundations. A report done by the Foundation Strategy Group in 2005 suggests that community foundations must shift their focus from institution to community. Graddy and Morgan (2006) both agree that in order for foundations to fulfill their expected roles, they must have a focus. Much research has been done on the ability of philanthropic organizations, particularly community foundations, to enhance the capacity of local communities to solve the complex and challenging problems they face.

Graddy and Morgan (2006) define strategic directions on which community foundations may focus. One that is relevant to this research is a foundation using a “community leadership strategy.” With this focus, community foundations become change agents. They become a promoter for change within the community by leveraging relations, becoming knowledgeable of the issues, and building trust and accountability. It is apparent that foundations can use their financial resources to support and advance disadvantaged neighborhoods and position nonprofit organizations to interact more effectively with other sectors. However, they can also use their less tangible resources, such as relationships, convening power, expertise, authority, leadership, leverage, legitimacy and time, which are equally important.

Auspos, Brown, Kubisch, & Sutton (2009) introduced six key roles for philanthropic organizations’ engagement in communities. The six civic roles are:

- Convening and leveraging diverse networks of relationships
- Developing local data and plans for community change
- Leveraging new resources on behalf of communities
- Mobilizing political will
- Framing new messages about community development and communicating more strategically
- Generating and testing new ideas and building and sharing knowledge

This literature was based on Comprehensive Community Initiatives (CCIs) that looked at a larger number of institutional actors and how they worked together on behalf of neighborhoods. The results from the CCIs showed that high-quality programmatic interventions are necessary for positive community change (Auspos, Brown, Kubisch, & Sutton, 2009).

**FOUNDATIONS AND PUBLIC POLICY**

Based on the findings from a survey administered from the Foundation Center to more than 1,300 independent corporate and community foundations, 315 respondents indicated that they currently engage in public policy activities. Based on the responses of 1,309 foundations, about one-quarter of those surveyed currently either fund or engage in direct charitable activities that
could be considered public policy related (Key Facts On Foundations’ Public Policy-Related Activities, 2010). Figure 2 represents foundations’ engagement in public policy.

**Figure 2: Foundation Engagement in Policy-related Activities, 2010**

![Figure 2: Foundation Engagement in Policy-related Activities, 2010](image)

**Source: The Foundation Center, Key Facts on Foundations’ Public Policy-related Activities, 2010**

The primary focus areas for community foundations engaging in public policy-related issues are education, children and youth. Foundations that engage in public policy-related activities can accelerate systems change and reform and improve the quality of life for communities.

In the publication *Fairness in Philanthropy*, the authors report that foundations like the Ford Foundation and Carnegie Corporation of New York were very active in funding policy issues affecting communities of color and providing seed funding for several important minority-led nonprofits. They argue that foundations are not doing enough to support diverse communities. Grants that were given by foundations to support social movements gave voice to the under-represented minority communities in local and national debates (Aguilar, Orson, Duenas, Tomasa, Flores, Brenda, Godinez, Lupe, Joy, Hillary, Zavala, Isabel, 2005). The financial resources of the philanthropic sector enable them to have an independent and influential voice on civic issues and become a vehicle for policy change.

**Challenges and Barriers Facing Minority Nonprofit Organizations**

Community foundations can be used as vehicles for African American giving. Foundations must move beyond providing charity to community organizations and assist them in developing themselves as becoming sustainable forces in the community building process (Bleckley, McDonald, Community Research Institute, Johnson Center for Philanthropy at Grand Valley State University, 2009). Poorer communities are more affected by federal cutbacks and devolution than affluent communities (Clotfelter & Ehrlich, 1999).

The Greenlining Coalition conducted a study that consisted of five community foundations that represented the largest community foundations by asset size in California. Their mission is to empower communities of color and other disadvantaged groups through multi-ethnic leadership development, civil rights and anti-redlining activities. All foundations that participated provided the following information:
• Total giving in fiscal year 2004
• Total number of grants made in fiscal year 2004
• A list of grants awarded to minority-led organizations and specifically earmarked for public policy or advocacy work in fiscal year 2004
• Information on the ethnic make-up of their board and staff

**Figure 3: Community Foundation Grants by Race, 2004**

The Greenlining Institute’s findings in *Fairness in Philanthropy Part I: Foundation Giving to Minority-led Nonprofits* provides answers to the barriers to funding for minority-led nonprofits.

• The inability to access foundations
• Lack of trust between minority-led nonprofits and foundations
• Inadequate resources

The following are limitations of the study (Aguilar, Orson, Duenas, Tomasa, Flores, Brenda, Godinez, Lupe, Joy, Hillary, Zavala, Isabel, 2005);

• Discrepancies between the total number of grants and total giving reported directly by the foundations and information retrieved from Foundation Directory Online.
• Information on the number of minority-led nonprofits within the sector as a whole is unknown.
• Foundations may track and report their grants differently.

A challenge that minority nonprofit organizations face is their lack of experience with community foundations. Very few organizations understand the development, asset building and investment services of community foundations. Newman writes that because many charitable organizations have little contact or direct experience with a community foundation, they perceive them as mysterious institutions that distribute grants to “other” nonprofit organizations (Newman, 1999). Minority organizations lack experience with applying for a community
foundation grant, therefore, the experience can be time consuming, difficult, frustrating and disappointing. Weak implementation capacity and ineffective management have been found to be a major challenge for minority-led nonprofits receiving funding from community foundations. Some organizations led by people of color are ineffective and a waste of philanthropic dollars (Lamarche, 2009).

Another challenge facing minority-led nonprofit organizations is the need for community foundations to embrace diversity, particularily board and staff diversity. In the *Philanthropy of a Changing Society, Achieving Effectiveness through Diversity*, a publication written by the Rockefeller Philanthropy Advisors, explains how community foundations can create thoughtful, effective philanthropy by embracing diversity. They suggest that a diversified staff and board should reflect the environment and population they serve. The color of poverty is rapidly changing and becoming less and less white. Since the 1960s and 1970s, following the civil rights and identity movements, the momentum of creating racial and ethnic diversity of staff and boards of foundations has been much slower moving into the mid-1990s, even as the diversity of the United States and its interdependence with global communities continue to increase at an extraordinary pace (Chao, 2008).

The following tables are analyzed data on board and staff diversity from the Rockefeller Philanthropy Advisors as reported in the Council on Foundations’ *Foundation Management Series, Twelfth Edition* and augmented by additional data (Chao, 2008). This study released by the Rockefeller Philanthropy Advisors reported that 13 percent of all grant making boards, fewer than 6 percent of CEOs, and less than a quarter of all staff were people of color (Lamarche, 2009). Who is at the table determines how the pie will be divided. As illustrated in Figure 4, all staff diversity in 2006 for the 802 foundations reporting reached 23.2%. Board diversity for the 515 foundations reporting reached 13.0% (Chao, 2008). In the study conducted by the Greenlining Institute, they suggest that large foundations be required to report on the racial composition of their staff, board, and grants.

**METHODOLOGY**

The purpose of this study was to view the relationships and giving patterns of community foundations to minority-led nonprofits. A survey instrument was designed as an assessment tool used for leaders in the field to gather their personal perspectives of philanthropic contributions to minority-led nonprofits. Participants were given the option to fill out the survey and submit it electronically. Because survey participation was voluntary and not randomized, results of this study cannot be directly generalized to the entire population of foundations. However, the findings document that the experiences of these community foundations can be interpreted to give insight into aspects of Grand Rapids’ organized philanthropic sector.

**FINDINGS**

The survey administered provides personal perspectives from leaders in the field on six related questions. Several of the questions were taken from the Greenlining Institute’s report (Aguilar, Orson, Duenas, Tomasa, Flores, Brenda, Godinez, Lupe, Joy, Hillary, Zavala, Isabel, 2005). Answers of two of the respondents are captured and documented.
In 2006, African Americans comprised 17% of program officers. (Chao, 2008).

**Why is foundation funding for minority led-nonprofits so low?**
• “Their profile in the community. People don’t know them and know little about their mission and or their needs.”
• “If the organization is not a 501c3 then minority nonprofits will not get funding.”

What role should foundations and minority-led nonprofits play in developing civic participation in communities?

• “Community gathering, collaboration and communication”
• “Foundations should work cooperatively in developing programs and initiatives which inspires the community to share in the transforming of a sustainable living environment; enriching families in health and wellness programs, and advocate leadership guidance to constituents of all levels with the local community.”

Is funding for advocacy and public policy in communities of color a priority for foundations?

• “Not any more or less than others in need. Race is not a factor in our decision making (speaking from our own foundation). We decide on a “Need” basis and if it is a good fit with our mission.”
• “I have no knowledge of a foundation supporting a person of color on an issue that matters to its local community and is willing to offer financial support for a shared concern. However, during an election year, one may see publications disbursed throughout the community on behalf of a potential candidate which may be funded by a foundation.”

Do you believe the lack of minority community leadership development and participation at the tables of public policy can be largely attributed to a lack of foundation support to minority-led organizations? Please briefly explain.

• “If so, only partially or dating back to "old prejudices" or lack of involvement, encouragement and/or understanding from minorities in leadership - especially on the West side of the state.”

• “Not necessarily, however, there are other factors which inhibit a minority rising to the table of discussion. One can have the financial support; this does not equate to a seat at the table. One must realize there are other obstacles in society which blocks minorities [from having] a fair handshake in leadership and public policy discussions.”

How does foundation board and staff diversity affect grant making programs?

• “We ask for diversity and discuss diversity on many grants. It is sometimes hard for
nonprofit organizations to accomplish the desired diversity with qualified and dedicated individuals.”

- “Having a diverse board implies it will be nondiscriminatory. It also suggests minority groups will have a reasonable chance in being selected in the grant offering process.”

**What barrier and challenges do minority-led nonprofits face in assessing philanthropic funds?**

- “Again - the three C’s: Collaboration, Communication, Community, Involvement”
- “Some of the main challenges for the minority nonprofits are they must be accurate in their definition and assure their nonprofit mission aligns with their foundation’s objectives. Funding for the minority nonprofits could be denied if it is not a 501(c3) organization.”

The results of this study relate to the research findings of this report. In order to allocate philanthropic funds from community foundations, minority-led nonprofits must become more visible to the community foundation world. They must practice effective management within their organizations and develop community relationships that will help decrease the gap of philanthropic inadequacy to minority communities. All of the authors collectively agree that community foundations must become more inclusive and embrace diversity. They have an obligation as a tax exempt entity to provide funding to less advantaged communities.

**RECOMMENDATIONS**

Nationally, foundations are making progress to diversify their programs. Many foundations are making efforts to promote greater diversity in community foundations. For instance, in January 2002, the Charles Stewart Mott Foundation created a program entitled *Leading by Example* which brought together four community foundations from diverse regions of the U.S. to help them practice inclusiveness and embrace diversity by using a change model developed by *California Tomorrow and the Community Foundation Leading Change*. Changes made by the participating foundations resulted in establishment of new programs, creation of new advisory committees, development of donor activities, creating diversity funds to encourage giving from donors of color. A few hired the first staff of color.

Board involvement and community awareness are needed to ensure that funds received are well spent, programs are well directed, and services are efficient and effective. Community foundations should learn more about local community needs, listen to local civic leaders about ways to strengthen communities and target larger shares of their grants to needy communities in their immediate areas. Community foundations can practice various forms of equal opportunity and affirmative action policies through greater inclusiveness in their allocation of funding programs (Clotfelter & Ehrlich, 1999). The following are recommendations for community foundations:
• Diverse board and staff
• Increase availability and make the funding application process more transparent.
• Include and integrate more grassroots advocacy public policy efforts.
• Recognize minority-led organizations that are working in their program area and invite them to apply for funding.
• Incorporate diversity into hiring practices.
• Larger foundations can partner with smaller foundations to expand their work in minority communities.
• TAKE RISKS!

The authors, Joseph (1991) and (Winters, 1999), suggest recommendations on how to help promote and advance philanthropy within the African American community. One must first identify members of the philanthropic community who are willing to support capacity building and offer technical assistance to black nonprofit organizations. This can be done by developing a database of affluent African-Americans that can be used for nonprofits. Donor attraction is a key element and requires good marketing skills, an area of expertise that most small black nonprofit organizations lack.

In order to ensure long term success, black nonprofit organizations need to develop alternative financial sources. A way to ensure long term success of an organization is to build endowments by raising money that will be saved for the future. The authors of “Nonprofit Performance, Fund-Raising Effectiveness and Strategies for Engaging African Americans in Philanthropy” (Van Slyke, Ashley, Johnson, 2007) explain how African-Americans represent an “untapped philanthropic resource” yet to be effectively engaged. This lack of donor support of people of color is not caused by unwillingness to give, but a misunderstanding or lack of knowledge on how to give. Nonprofit philanthropic organizations need to understand how African-American donors differ from other racial ethnic groups. This can be achieved by understanding African-American donor’s preference and their motivation to give. An absence of a mature donor base can make it difficult for foundations to give to these nonprofit organizations.

African-American’s involvement in informal or no institutionalized philanthropy has often been the focus of their charitable engagement (Van Slyke, Ashley, Johnson, 2007). “For many within this community, interaction with formal philanthropy and organized or institutional charity has been slow to develop, and on the nonprofit side, there has been too little outreach dedicated to the cultivation of African Americans as potential donors, volunteers, and board members” (Van Slyke, Ashley, Johnson, 2007).

Finally, the following are recommendations for minority-led nonprofit organizations:

• Become more transparent and visible.
• Evaluate the effectiveness of their programs.
• Develop effective management practices.
• Better understand the requirements of the grant process.
• Develop a strategic plan for their organization
• Develop alternative financial resources.
• Build endowments
• Community involvement, Collaboration, Communication
REFERENCES

http://find.galegroup.com/gtx/start.do?prodID=ITOF&userGroup=om_gvalleysu
Vanessa Thompson-Marble is a recent graduate from GVSU in the Master’s in Public Administration program, with an emphasis in Nonprofit Management and Leadership. Vanessa also completed her undergraduate Bachelor of Science in Public Administration at GVSU and graduated from Allendale High School.

Vanessa has worked in the public sector in a series of increasingly responsible positions for several years, coordinated projects involving numerous people, and has worked collaboratively with other nonprofit organizations. Currently, Vanessa is actively involved in the community serving as a mentor to many youth and a Parent Coach to parents with pre-k and toddler children. Vanessa is also the Founder and CEO of Generation of HOPE, a non-profit organization. Generation of HOPE focuses on Creative Fine Arts to help youth solve or better understand social issues in a creative way. Generation of HOPE offers themed weeks of fun activities that help increase a child’s self-confidence and self-esteem. This program is designed to enable youth of all cultures to participate in a summer day camp experience that will provide a healthy environment, give youth an optimistic view on life, and help develop a purposeful and meaningful life while experiencing exuberant joy! In her role as CEO, she has developed and implemented many programs for youth and facilitated trainings to enhance people’s skills for the achievement of organizational goals. As an educator, Vanessa is constantly seeking creative ways to foster a dynamic learning environment. Vanessa is deeply passionate about the African American community and understanding patterns of giving and how we can improve and increase our resources to make our community a better and safer place to be.