



Anticipate & embrace what's next.



11 TRENDS IN
PHILANTHROPY
FOR **2021**



Dorothy A. Johnson Center
FOR PHILANTHROPY

Our Contributors



Teresa (Teri) Behrens, Ph.D.

Executive Director, Johnson Center for Philanthropy



Pedro Gomes, M.P.N.L.

2019–2020 Agard-Orosz Fellow, Johnson Center for Philanthropy



Michael Layton, Ph.D.

W.K. Kellogg Community Philanthropy Chair, Johnson Center for Philanthropy



Tory Martin, M.A.

Director of Communications and Engagement, Johnson Center for Philanthropy



Michael Moody, Ph.D.

Frey Foundation Chair for Family Philanthropy, Johnson Center for Philanthropy



Juan Olivarez, Ph.D.

Distinguished Scholar in Residence for Diversity, Equity, and Inclusion, Johnson Center for Philanthropy



Kevin Peterson

Program Associate, Learning Services, Johnson Center for Philanthropy



Mandy Sharp Eizinger, M.S.

Program Manager, Learning Services, Johnson Center for Philanthropy



Leslie Staroneck, M.S.W.

Director of Learning Services, Johnson Center for Philanthropy



Jeff Williams, M.A., M.B.A.

Director, Community Data and Research Lab, Johnson Center for Philanthropy



Aaron Yore-VanOosterhout

Research Manager, Community Data and Research Lab, Johnson Center for Philanthropy

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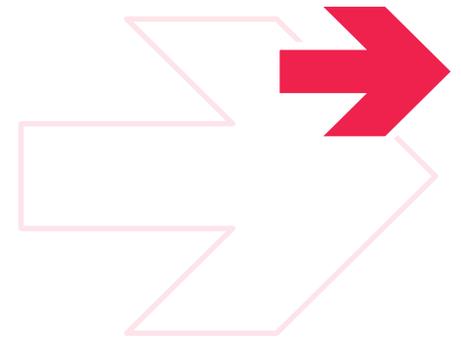
This is our fifth year of *Trends*, a good time to reflect on how the trends we've written about have played out and consider them in the context of what was an eventful and potentially transformative year.

The word that comes to mind is **tension**. All of us are constantly managing the tension created by competing demands, in both our professional and personal lives. Do we stay in front of the computer to answer that last email, help get dinner ready, or get our exercise in?

In 2020, the tension that played out most heatedly in civic spaces was between public health and economic security. Within the philanthropic sector, we saw tensions ramp up around a number of long-standing critical issues. Competing visions for the roles of government, business, and philanthropy continued to play out. We've written in the past about the blurring of boundaries across sectors, and we saw this in the COVID-context with everything from how emergency needs of people in communities were addressed to how protective equipment was distributed.

We saw heightened tension between our system of capitalism and consideration for the common good. Endowed foundations, megadonations, and donor advised funds are the ways that successful capitalists give back — but should this magnitude of wealth be allowed to accumulate? The fact that people of color have been systematically excluded from both the accumulation of wealth and participating in the distribution of that wealth makes this an even more critical tension to address.





The roles of new and old media and technology were contested, from anti-trust hearings and litigation focused on major technology companies and social media to the security of data in this presidential election year. Technologies that enable broad engagement in civic discourse and individual giving also serve as platforms for organizing hate groups.

The trends we're revisiting and exploring here are manifestations of these larger questions about the roles of institutions, how they interact with each other, and how to balance the many competing demands inherent in U.S. political and economic systems. The health, economic, and racial justice crises of 2020 may represent an inflection point in how some of these tensions are managed or resolved. Within the philanthropic sector, many organizations shifted focus or practices in response to these events. As we gratefully turn the page on 2020, we'll be keeping an eye on whether some of these shifts result in permanent changes and realignments.

Teri Behrens, Ph.D.
Executive Director
Dorothy A. Johnson
Center for Philanthropy
Grand Valley State University



11 Trends in Philanthropy for 2021

The following trends are presented in no particular order. We consider them all to be significant.



Dynamic and Disruptive Forces are Increasingly at Work

by Teri Behrens and Michael Layton

At the Johnson Center, we think of philanthropy as an ecosystem of nonprofit organizations, individual donors, formal foundations of all types, and corporate giving programs. Essentially, it includes all of the nongovernmental entities who work toward improving our lives — that is, whose overall purpose is to express love of humanity.

The concept of an ecosystem comes from biology, where it is defined as a complex of living organisms, their physical environment, and their relationships in a particular unit of space. Increasingly, the word is being used to describe how organizations interact with each other and their environment. As Hwang (2014) noted,

An ecosystem ... is about the dynamic interactions between things. It's about how people meet, talk, trust, share, collaborate, team, experiment, and grow together. When an ecosystem thrives, it means that the people have developed patterns of behavior — or culture — that streamline the flow of ideas, talent, and capital throughout a system. (para. 11)

The concept of a nonprofit ecosystem got a boost from a 2008 article, “Cultivate Your Ecosystem,” in the *Stanford Social Innovation Review* by Paul N. Bloom and Gregory Dees. The authors argue that rather than finding gaps to fill, a social entrepreneur ought to understand where they fit as an entity within a larger, complex system.

In recent years, we've seen an increase in dynamic forces that are disrupting this philanthropic ecosystem. In previous years and in other trends we revisit in this report, we've described how some of these forces are affecting the sector. While complex systems are continually adapting to change, what has become apparent is that these trends are interacting in ways that were unforeseeable a decade ago. Some examples:

- **Wealth has become more concentrated.** Megadonors — ultrahigh-net worth individuals and families who have amassed tremendous wealth — are making jaw-droppingly large contributions. At the same time, the small- to mid-size individual giving that has been a mainstay of nonprofit revenue is declining (Rooney, 2019). Total individual giving in the U.S. was \$279 billion in 2016, up from \$174 billion in 2000, but the percentage of households reporting having made a donation fell to 54%, down from 66% in 2000. Rooney also cites evidence that this trend is not limited to the U.S.

This shifting weight, rather than promoting the “reconciliation of the rich and the poor,” to borrow a phrase from Andrew Carnegie’s *The Gospel of Wealth*, means philanthropy is running the risk of becoming yet another social realm dominated by the rich. It may also reinforce the perception of an “Elite Charade of Changing the World” — the subtitle of Anand Giridharadas’ provocative, best-selling critique, *Winners Take All*. Rather than generating greater social capital and cohesion, philanthropy is another element aggravating divisions.



- **More giving mechanisms means more complexity for development teams.** Donor advised funds (DAFs) and online giving platforms have led to a broader array of giving mechanisms for individual donors of all levels of wealth. For nonprofits, this leads to a need for increasingly sophisticated fundraising strategies that incorporate social media savvy, technological sophistication, and extensive donor cultivation work. Add in a bit of gamesmanship with contest-like funding opportunities (the MacArthur Foundation's 100 and Change project, for example) and you have a development role that requires an incredible juggling act on the part of development staff. DAFs, in particular, provide a challenge in terms of their opacity: it's hard to make a pitch when you don't know who controls the purse strings.
- **The amount of data available continues to grow.** We've seen an incredible increase in the data available to understand markets, individual behaviors, and geographies. Nonprofit organizations and foundations are both users and providers of this data. However, we're also seeing how these data can be misused, and there are persistent concerns about privacy and inequitable access to data. Sector leaders must now understand their legal obligations to protect privacy, evolving protocols for ensuring data are secure, and the many ways they could use data to further their missions. In addition, there is a risk that unequal access to data can exacerbate the gap between larger, better resourced nonprofits and financially strapped, smaller organizations.
- **Diversity, equity, and inclusion are becoming more central in philanthropy.** The triple pandemics of COVID-19, economic insecurity, and racial injustice have accelerated and accentuated the urgency of the philanthropic sector's struggle with the issues of racialized outcomes. It has prompted a reckoning with the sector's complicity in maintaining structures that perpetuate racial and social inequality. The chronic underfunding of organizations led by Black, Indigenous, and people of color (BIPOC) leaders has become apparent

(Dorsey, Bradach, & Kim, 2020). Good-faith efforts to promote diversity in the sector — such as foundations requiring grantees to report on the demographics of their boards and staff — may have led to a focus on diversity at the expense of inclusive practices. Focusing on diversity can lead to tokenism (Ho, 2017), with people of color used as racialized props, rather than addressing the critical issues underlying racial and social inequality.

This trend of converging, overlapping, and nonlinear disruptions in the sector is likely to persist, elevating the demands on leaders to operate from an ecosystem perspective.

- **The boundaries among the sectors continue to blur.** The rise of social ventures and the blurring of roles among the business, government, and philanthropic sectors has created a demand for sector leaders who can negotiate new boundaries. What are the limits on philanthropic funding of infrastructure and human services that have traditionally been the purview of government? Can and should philanthropy play a role in overcoming the digital divide, for example? The rise of “for benefit” B corporations (see fourthsector.org, for example), is leading some to question whether much of the work traditionally done by the sector can be done more effectively by this new hybrid.

Even in their internal operations, lines are blurring. Over half of private foundations surveyed have part of their endowments in impact investments (Foundation Source, 2019), blurring the lines between business investments and philanthropy, investment manager and program officer.

This trend of converging, overlapping, and nonlinear disruptions in the sector is likely to persist, elevating the demands on leaders to operate from an ecosystem perspective. It will require greater collaboration between and among the entities that comprise the philanthropic ecosystem in which they are embedded. It will require new ways of training and bringing new leaders into the sector, cultivating the ability to work across what have traditionally been sectoral and socio-economic boundaries.

The Nonprofit Sector has a Unique Opportunity to Build Public Trust

by Tory Martin



round the world, “a Great Trust Crisis — a tinderbox of disaffection that could erupt with unpredictable consequences,” is brewing, *Foreign Policy*’s Indranil Ghosh wrote in January 2020 (para. 10). That was before a global pandemic and international movement for Black Lives Matter rocked the United States and the world.

Ghosh’s reporting was grounded in the 2020 Edelman Trust Barometer, an annual survey of 28 countries that assesses global public trust in institutions. According to Edelman, trust in nongovernmental organizations (NGOs; i.e., nonprofits) has remained steady at 54-56% since 2018, comparable to trust in business at 53-56% and well above the 44-47% who trust government and media (2019, p. 5). A 2020 study from the BBB Wise Giving Alliance Give.org came to the same conclusion: U.S. adults trust charities more than they trust other institutions, although only 17% said they have “high trust” in nonprofits (Castro, Chng-Castor, Pessanha, Vázquez-D’Amico, & Weiner).

Edelman (2020) notes that, “People today grant their trust based on two distinct attributes: competence (delivering on promises) and ethical behavior (doing the right thing and working to improve society” para. 8). This year, none of the four institutions examined in this survey — government, business, NGOs, and media — were seen as both competent and ethical. While the nonprofit sector performed best in terms of ethics (62% of respondents see NGOs as ethical, versus 48% for business and 31% for government), less than half (46%) see NGOs as competent (Edelman, 2020).

It seems that we trust nonprofits more than other institutions mainly because of perceived ethics, but trust is more fragile and uncertain than people in the sector would like. We know that other trends related to ethical concerns about the sector are taking a significant toll on public trust, — i.e., [increasing critiques of “big” donors](#) and nationally recognizable foundations (Moody and Martin, 2020), a rise in public awareness and skepticism about [“tainted” donors and dollars](#) (Moody and Pratt, 2020), and the role of megadonors in shaping government and philanthropic policies.

Still, there are some promising data when it comes to philanthropy’s response to the coronavirus crisis. Survey results published in the *Chronicle of Philanthropy* showed that, by mid-May, trust in nonprofits’ response to the coronavirus had risen to 70%, up from 66% in April (Theis, 2020a). The greatest gains were seen among Americans age 45-54: respondents saying they had a “fair amount” or “great deal” of confidence in nonprofits’ response to the coronavirus rose from 60% in April to 74% in May (Theis, 2020b).

Yet 2020’s crises are not likely to upend the current trends of declining public trust unless institutions decide to make, and stick to, real changes in how they operate. And this includes nonprofit and philanthropic institutions. The Edelman report (2020) tells us that growing distrust in all institutions is based largely on increasing income inequality and the widespread belief that institutions are focused on serving only the good of the few, rather than the good of all. If we want public trust in the nonprofit sector to grow and to last, institutions in the sector need to take heed of this and other indicators of the causes of declining trust. We need to become better at the things we do, and better at communicating about those things.



Here are a few ways philanthropy is currently tackling this task, or could in the future:

- **More Transparency.** Only 35% of Edelman’s respondents reported that NGOs are doing “well” or “very well” when it comes to “transparency about funding” (2020, p. 45). We see this in how donor advised funds (DAFs), multi-billion-dollar university and foundation endowments, and even non-traditional assets like museum art collections are garnering increasing attention for their very mysteriousness and opacity — especially as an historic economic crisis rocks the institutions that hold them (Jacobs, 2020; Hopkins, 2020).

Part of this foggyiness is likely attributable to the dearth of mainstream news coverage of philanthropic practice, regulation, and innovation. But philanthropy as a field could take a more deliberate and energetic approach to educating the general public on how funding decisions are made, how donors are vetted, how assets are held and restricted, and how money is spent. There is substantial room to support public trust in these ways — and they might even lead to increased giving and fundraising as well.

An interesting recent example comes from Twitter co-founder Jack Dorsey. Dorsey pledged \$1 billion to coronavirus relief efforts and other causes in April 2020. He’s been sharing each pledge, recipient organizations, and his reason “why” in a public Google Doc that anyone can see (Iyengar, 2020).

- **Increased Participation.** As we noted in our 2020 Trend, [“Alternatives to Strategic Philanthropy are Emerging.”](#) Trust-Based Philanthropy is gaining steam as an official “project” and as a grantmaking practice. More grantmakers are looking to balance out power dynamics with nonprofit grantees and shift to more equitable funding practices. Additionally, participatory grantmaking focuses on the “nothing about us, without us” philosophy, creating critical openings for engaging community voices in the decision-making process (Behrens & Martin, 2020). A continuation of this trend will certainly help build more public trust if it helps demonstrate how philanthropy is working for the good of all rather than for the good of the few.
- **Greater Commitment to Equity.** In August 2020, foundation pledges to support racial justice work officially topped \$1 billion (Daniels, 2020).

In response to multiple national emergencies, many funders and nonprofits in 2020 adjusted their practices to afford greater flexibility, to increase investment in equity initiatives in our hardest hit communities, and to creatively access philanthropy’s substantial corpus. If these equity-focused reforms in the sector continue, or even expand, this too can help sustain or increase public trust — especially if we show the clear evidence that these reforms work, and work for the neediest in our communities.

These practices promote trust, both within the sector and of the sector. They not only help the public see how nonprofits and foundations are trying to remedy the issues of most concern to the public, but they move

nonprofits and foundations to trust what they hear from communities about their greatest priorities. They encourage funders to trust that nonprofits will put their dollars to effective use, and nonprofits to trust that funders can be genuine partners rather than managers.

It is hard to predict which way the trend of public trust in the nonprofit sector will go in 2021 and beyond, given the rapid pace and, at times, overwhelming scale of change in our world. COVID-19, ongoing social unrest, a new presidential administration — all have a huge potential to impact the direction of public trust and to encourage or discourage more cross-sector partnerships that could boost our collective efficacy.

The nonprofit sector, however, is uniquely positioned to be a leader in rebuilding public trust in institutions by supporting and leading broad-based community responses to the virus, fighting systemic racism, and addressing the host of challenges we face as a society. This is a communications and systems change challenge for

the sector: to demonstrate how nonprofits are leading the charge, to remind people how much of the economy (about 12.5 million jobs [Salamon and Newhouse, 2020]) and pandemic emergency response (e.g., hospitals, education, and social services) is grounded in nonprofits, and to capitalize on this work to tell a story of competence and ethics.

The nonprofit sector...is uniquely positioned to be a leader in rebuilding public trust in institutions by supporting and leading broad-based community responses to [COVID-19], fighting systemic racism, and addressing the host of challenges we face as a society.

The Growth of Social Justice Funding and the Risk of Movement Capture

by Leslie Staroneck, Pedro Gomes,
and Aaron Yore-VanOosterhout

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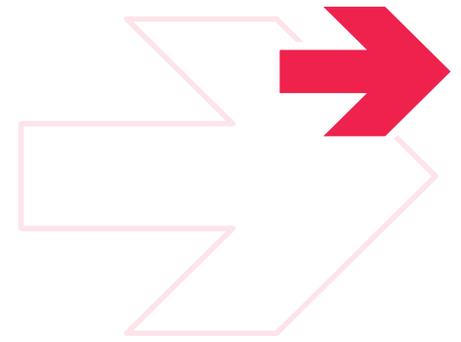
ince 2017, millions of people have given relatively small, no-strings-attached donations to organizations that pledged to combat social injustice. For example, the total revenue for RAICES, a Texas-based immigration legal services office, jumped from \$7.7 million in 2017 to \$56.3 million in 2018, following the Trump administration's orders to separate immigrant family members at the U.S.-Mexico border (Internal Revenue Service). Much of this revenue came from a viral Facebook campaign launched in June 2018, in which the average donation was around \$38 (Swisher, 2018).

Likewise, in the month after Minneapolis police officer Derek Chauvin killed George Floyd during an arrest on May 25, 2020, more than 1 million people gave an average of \$33 each to the Black Lives Matter Global Network Foundation, totaling roughly \$36 million (Morrison, 2020). As a result, the organization has grown and begun to formalize its structure and organization, creating additional opportunities for funding from more traditional sources.

Those opportunities are expanding. The year 2020 saw large donors implement a number of policy changes designed to “decolonize” their wealth and hand over more control to the people and organizations receiving that wealth.

The Ford Foundation, for example, announced in October 2020 that it has doubled its payouts to racial justice and civil rights groups, with new funding to those “creating structural and systemic change through strategic litigation, policy advocacy and grassroots organizing” (para. 2). As the foundation's President Darren Walker explained, “our most urgent priority for this infusion of funds is to meet activists and litigators where they are” (2020, para. 3). Other funds abound. The Decolonizing Wealth Project, founded by activist and author Edgar Villanueva, launched the giving circle Liberated Capital in 2019, which “supports Indigenous and other people-of-color-led initiatives working for transformative social change” (para. 1). Perhaps most importantly, this giving circle has adopted “a reparations model that trusts and supports the leadership of those most impacted by historical and systemic racism” (Villanueva, 2019, para. 2).

More broadly, initial findings suggest that other large donors and foundations are increasingly supporting advocacy, including efforts to change public policy. A 2020 report by the Center for Effective Philanthropy found that “nearly three-fourths of foundation leaders surveyed have increased their own foundation's policy efforts over the past three years” (i.e., from 2016–19; Orensten, Buteau, Martin, & Gehling, p. 9). In addition, Abby Levine, the director of Bolder Advocacy, told *Inside Philanthropy*, “[a]necdotally, we have seen a huge upswing of interest from foundations in terms of advocacy” (Kavate, 2020, para. 3).



Many foundations and charities also have loosened both the restrictions on their grants and their grantees. Responding to the COVID-19 pandemic, for example, hundreds of foundations and charities pledged to offer more “flexible funding” to nonprofit organizations in order to hasten the delivery of services and goods to people in need. This pledge included “loosen[ing] or eliminat[ing] the restrictions on current grants,” making any new grants “as unrestricted as possible,” and “support[ing], as appropriate, grantee partners advocating for important public policy changes to fight the pandemic” for at least the “days, weeks, and months ahead” (Council on Foundations, 2020, para. 4).

Of course, the inherent power imbalance between funders and those funded remains a complication, even with less-restrictive giving. As nonprofit organizations enjoy freer rein to try new initiatives and social advocacy groups become flush with cash, there remain several risks.

For one, as a movement establishes a formal structure, it necessarily narrows its focus and excludes certain voices and goals.

It also increases the risk of movement capture. As described by political scientist Megan Ming Francis, movement capture is “the process by which private funders leverage their financial resources to apply pressure and influence the decision-making process of civil rights organizations” (2019, p. 278). Historically, Francis (2015) points to the experience of the NAACP in the early 20th century, as that organization’s financial relationship with the Garland Fund drew it away from anti-lynching activism and toward education equity — in other words, away from advocacy that pointed to violent white people and the institutions that protected them, and toward self-help.

It remains to be seen in the years to come if foundations and other large donors similarly blunt social movement organizations’ more radical missions. Looking again

at the BLM Global Network, as popular financial support inevitably ebbs, the organization will increasingly need to turn to larger donors to continue their work. Today, argues Francis, “protection of black bodies from state sanctioned violence remains an unmet challenge for civil rights groups committed to racial equality. [...] If today’s foundations play similar roles with civil rights organizations, they once again risk limiting the radical potential of these organizations” (2015, para. 1).

It will be important to watch if this trend toward increasing unrestricted resources directed to social justice organizations stays the course, or if the movement-capture dynamic plays out again.

The year 2020 saw large donors implement a number of policy changes designed to ‘decolonize’ their wealth and hand over more control to the people and organizations receiving that wealth.

Increasing Attention to How Much and Where Money Flows — or Doesn't

by Teri Behrens and Michael Layton



For decades, challenging questions have been raised about the power dynamics within philanthropy. Who benefits? Which needs and communities are given priority? And most contentiously, how much funding is being distributed? While these questions are not new, today they are being pressed more urgently by social justice leaders, sector critics, and even by major philanthropists and foundation leaders. The multifaceted crisis confronting the U.S. and the world in 2020 amplified calls to move beyond questions to demands for meaningful change in the distribution of philanthropic resources, specifically, more grant dollars, to more diverse organizations, with more autonomy for grantees.

The most intense debates are occurring over the crucial question of how much funding is being distributed. As Collins provocatively states, “Over \$1 trillion is parked in private foundations and another \$120 billion in donor-advised funds” (2020, para. 4). Some participants in this debate have called for voluntary measures that entail a greater distribution of resources in response to the public health emergency and consequent economic crisis, and others are calling for congressional action.

One example is the #HalfMyDAF challenge, wherein David and Jennifer Risher and other donors offered to match donations made by anyone with a DAF who committed to donating half of their holdings: “We want to help transform DAFs from being enormous parking lots into being funding superhighways, supporting nonprofits now, when they need it most” (2020, para. 3).

The Giving Pledge celebrated its tenth anniversary in August of 2020. Aimed at billionaires, members are asked to pledge half of their wealth to charitable causes and to write an open letter explaining their motivation. In its first decade, membership increased to over 200 from 40 and the number of nations represented grew to two dozen from only the U.S. During that time, the number of billionaires in the world has also steadily climbed, as have their assets and share of the world's wealth (Collins & Flannery, 2020).

Rather than aiming at established billionaires, other efforts have focused on creating a corporate culture of philanthropy. The Founder's Pledge, launched in London in 2015, targets the young founders of tech start-ups and emphasizes effective altruism. “By joining now, you send a powerful signal to the startup ecosystem: impactful giving should be the norm, not the exception” (para. 8). They have 1,500 members and over \$3 billion pledged. Spearheaded by Salesforce and formally launched in 2014, Pledge 1% encourages companies to commit 1% (in any combination of product, equity, profit, or time) to philanthropy and provides them tools to facilitate that commitment. More than 8,500 companies, from AAKonsult to Zyllo, in 100 countries have signed on (2018, para. 9).

Yet another strategy for encouraging giving is to shine a light on giving by high-net-worth individuals. Global Citizen's Give While You Live campaign teamed up with *Forbes* magazine to score how generous the wealthiest 400 Americans are (McCarthy, 2020; Dolan, Peterson-Withorn, & Want, 2020).

The compelling contrast between the philanthropy of Amazon founder Jeff Bezos and his ex-wife, Mackenzie Scott, provides a current example of the focus on giving by the ultra-wealthy (Dolsak & Prakash, 2020). Bezos has faced criticism for his limited philanthropy and



for not signing the Giving Pledge, although he has launched a multi-billion-dollar, multi-year initiative to address climate change. Scott not only signed the Pledge, but over a four-month period in late 2020, she donated \$4.2 billion dollars to organizations that serve people who are struggling economically, including historically Black colleges and universities, community development financial institutions, and organizations that advocate for civil rights and serve basic needs (Wamsley, 2020). Most of these grantees did not even know they were being considered for a grant.

Those who want to move beyond encouragement to policy reform have found greater traction. Ray Madoff, a professor at Boston College Law School, and John Arnold, a billionaire and philanthropist, have teamed up to launch the Initiative to Accelerate Charitable Giving (2020). They are calling upon Congress to enact reforms that would mandate that more philanthropic holdings are distributed more quickly to working charities. In addition to other academics and individual philanthropists, their membership includes some of the nation's largest foundations, including the Ford Foundation, the Hewlett Foundation, Wallace Global Fund, the W.K. Kellogg Foundation, and The Kresge Foundation.

There are important challenges to these proposed reforms, including the argument that accelerated spend-down requirements will leave the philanthropic sector disadvantaged when confronted with its next large-scale challenge (e.g., Council on Foundations, n.d.). [Recent research by the Johnson Center and Plante Moran](#) shows that increasing payout requirements will likely result in a long-term decline in available grant funds (Williams, Veach, & Kienker, 2020).

Besides the question of who is giving how much, the question of who benefits from that giving is coming under increasing scrutiny. Philanthropy has long faced criticism for being a tool for wealthy individuals to support causes that benefit those like them, and recent data show that seven of the top ten grant recipients were elite universities (Candid, 2020).

Increasingly, questions are now being raised about why more resources are not going to BIPOC-led organizations. Activist and noted author of *Decolonizing Wealth* Edgar Villanueva draws a direct connection between the accumulation of great wealth, the impoverishment of BIPOC communities, and the need for philanthropic resources to be mobilized as a form of reparations to advance social justice (Villanueva & Collins, 2020). The National Center for Responsive Philanthropy released *Criteria for Philanthropy at Its*

The multi-faceted crisis...in 2020 amplified calls to move beyond questions to demands for meaningful change in the distribution of philanthropic resources, specifically, more grant dollars, to more diverse organizations, with more autonomy for grantees.

Best in 2009 to focus attention on who benefits from philanthropy (Jagpal). While controversial at the time, it has indeed helped change the conversation. However, in a recent study they found that only 1% of grantmaking from the 25 community foundations they examined was specifically designated for Black communities, even though a combined 15% of these 25 cities' populations are Black (Barge et al., 2020). A recent study by Echoing Green and the Bridgespan Group found that within Echoing Green's applicant pool of young organizations, "revenues of the Black-led organizations are 24 percent smaller than the revenues of their white-led counterparts, and the unrestricted net assets of the Black-led organizations are 76 percent smaller than their white-led counterparts" (Dorsey, Brachach, & Kim, 2020, para. 6).

While these studies have been criticized for methodological limitations, leading foundations, including Ford and W.K. Kellogg have embraced measures to

promote greater racial equity in their grantmaking. Change Philanthropy has compiled a [list of resources and reports](#) about the need for increased investment in marginalized communities. A scan of the list shows how the number of publications has expanded rapidly in recent years. Many were added in 2020 as the uprising in response to the deaths of George Floyd, Breonna Taylor, Ahmaud Arbery, and too many others, prompted foundations to adopt or accelerate their embrace of practices focused on diversity, equity, and inclusion in their grantmaking and operations.

But the questions of *how much* and *to whom* aren't the only pressing issues. The field continues to debate *how* that money is given out, from application processes that effectively exclude many smaller, newer, and BIPOC-led organizations, to reporting requirements that seem unduly burdensome.

Although foundations can play many roles in creating social change — convenor, organizer, agenda-setter, etc. — grant dollars are still a critical tool. During this tumultuous time, many actors in philanthropy have begun to not only ask tough questions but to make meaningful changes in their practices. Regulatory reform could be coming. We'll be monitoring which of these changes remain in place and whether they achieve their desired impact as we move through this time of crisis.

Trauma-Informed Philanthropy Builds Community Resilience

by Mandy Sharp Eizinger



While 2020 may reluctantly be recalled as one of the most traumatic years in history for many individuals, trauma is, unfortunately, not new. A 2015 report from the National Child Traumatic Stress Initiative cites that more than two thirds of children reported at least one traumatic event by age 16 — experiencing a natural disaster, violence, or illness.

Sometimes the impact of trauma can be treated, and in some cases prevented, though psycho-social effects of trauma may have long-term individual and intergenerational impact, disproportionately affecting vulnerable communities.

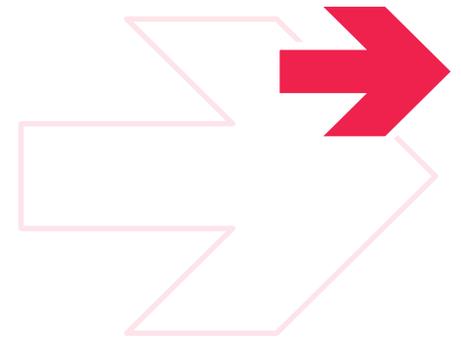
Nonprofit organizations have long provided the space for healing and resilience-building with the trauma-informed care model. The bright side? Foundations are showing up strong in deploying trauma-informed grantmaking, setting in motion cross-sector collaborations and community-centered investments in resilience-building, even before the world-shifting events of 2020.

Perhaps one of the most influential voices on trauma-informed care is philanthropist and media-mogul Oprah Winfrey. In a 2018 interview with *CBS This Morning*, she noted the philanthropic sector's approach to helping disenfranchised people is often "working on the wrong thing ... unless you fix the trauma ..." Winfrey cites the critical need of asking, "What happened to that child?" rather than, "What is wrong with that child?" and leveraging resources in response to the root environment or "hole in the soul."

The Scattergood Foundation's *Trauma-Informed Philanthropy* resource guides equip funders to invest in community resilience models by helping funders to "understand the science behind trauma, adverse childhood experiences, and resilience; apply trauma-informed principles and practices to grantmaking; and learn about existing local efforts to implement trauma-informed practice" (2016, p. 5). The foundation was instrumental in laying the groundwork on trauma-science and the pervasive poor health and social outcomes associated with trauma that often bring people to the doors of nonprofit and human service organizations. Scattergood's trauma-informed approach to grantmaking emphasizes healing and resilience with policy, systems, and environment in mind. The foundation was one of the first to identify the role of philanthropy in trauma-informed practice, and in its 2018 report noted, "Philanthropic organizations can play a significant role in building cross-sector networks through three key functions: providing funding, championing the cause, and fostering collaboration" (Scattergood, p. 31).

In Virginia, trauma-informed programs and practices are emerging with support from organizations like the Family and Children's Trust Fund, a public-private partnership whose focus shifted in recent years to support direct-service organizations and system-wide trauma-informed care approaches (2018). This includes support for Greater Richmond Stop





Child Abuse Now (SCAN) and the 2012-formed collaborative of more than 160 organizations committed to trauma-informed-practice region — the Greater Richmond Trauma-Informed Community Network of Virginia (SCAN, 2020).

Collaboration is the gold standard at the community level. One example is Scaling Wellness in Milwaukee (SWIM), a trauma-informed incubator space for community-based organizations in development in Wisconsin. The hub for at least nine organizations addressing generational trauma in the city will be a convening space for partner organizations, events, trauma and resilience training, and provide access to resources including grant writing, accounting or legal services (Anderson, 2020). Established in 2018, SWIM is in the process of building its collective impact space after increased community attention to trauma.

In September 2020, the Minneapolis Foundation's Fund for Safe Communities awarded grants totaling more than \$500,000 to 40 community-based groups to "provide wellness and trauma-informed health services, promote public dialogue to change narratives and advance possible policy solutions to violence" after George Floyd's death — and the resounding call for racial justice in Minnesota's Twin Cities (Carlos, 2020, para. 2). Ranging from a solutions-based journalism project with *Minnesota Women's Press*, to restorative justice training at the Minnesota Peacebuilding Leadership Institute, and reimagining public safety initiatives at Jewish Community Action — the foundation's Fund for Safe Communities had a timely and critical response to the community's collective trauma.

From foundation capacity building and community collaborations, trauma-informed programs are moving in a strong direction at the community level. Where foundations may lean in is investing in both community-level care and staff-care, as burnout and secondary-trauma are heightened

for individuals on the front lines of public health and social movements (Mock, 2020). An additional opportunity for trauma-informed philanthropy is in the continued study of trauma and its disproportionate impact on vulnerable populations. Social scientists have their work cut out for them addressing the trauma exacerbated by the tidal wave of 2020 and the indefinite undercurrents to come, and the grantmaking community has a major role in proactively championing this critical work.

Foundations are showing up strong in deploying trauma-informed grantmaking, setting in motion cross-sector collaborations and community-centered investments in resilience-building even before the world-shifting events of 2020.

Philanthropy and Reparations: Righting the Past

by Juan Olivarez and Leslie Staroneck

Across the nonprofit ecosystem, the imperative to acknowledge and right the deep wrongs of our own institutional histories is becoming more urgent and prompting more dialogue and action. Reparations for the descendants of enslaved persons are again gaining attention, especially after the racial unrest that erupted in 2020. The conversation is not new; it's been happening since the Civil War. However, it is experiencing a resurgence that is likely to affect communities, governments, and our colleagues in philanthropy.

The current debate about reparations was elevated into the national conversation in June 2014 when Ta-Nehisi Coates published “The Case for Reparations” in *The Atlantic*. His essay came out only a few weeks before the Black Lives Matter movement emerged after the death of Michael Brown in Ferguson, Missouri, and started gaining momentum.

To date, the struggle to compensate specific groups for historical crimes and wrongdoings made against them has mostly been experimental across the globe (Hjelmgaard, 2020). Many countries, such as England, Kuwait, Colombia, and Germany have sought to implement reparations policies, including giving direct monetary payments.

In the United States, Congress established the Indian Claims Commission Act at the end of World War II to address Native American grievances related to treaty violations. In 1988 President Ronald Reagan signed the Civil Liberties Act to compensate more than 120,000 Japanese Americans who were incarcerated during World War II (Hjelmgaard, 2020).

However, historically, taxpayers have been resistant to foot the bill for direct-payment reparations. Estimates put the total cost for such a plan at \$13 trillion, with an estimated 40 million Americans able to claim descendency from enslaved persons (Hjelmgaard, 2020). Even during a year of historic public support for racial equity movements, a Reuters/Ipsos poll released in June 2020 showed only 20% of Americans in favor of cash reparations (Johnson).

SLAVERY AND ITS ECONOMIC LEGACY

As we noted in *11 Trends in Philanthropy for 2020*, practitioners and the public are increasingly aware of where philanthropic dollars originate — often from legacies of worker exploitation, racial exploitation, and other [“tainted” sources](#) — and questioning the legitimacy of philanthropy itself, as a result (Moody & Pratt, 2020).

The legacies of the slave economy — segregation, systemic and cultural racism, mass incarceration — are largely responsible for the historically uneven distribution of wealth in the U.S. As of 2016, an average Black family had a net worth \$800,000 less than the average white family (Travers, 2019). Black Americans are also less likely to own a home than other racial and ethnic groups, and the Black poverty rate is double the white rate (Hjelmgaard, 2020). The legacy of the well-documented practice of red-lining is very apparent in the segregated neighborhoods and wealth divides we see today.

Ryan Schlegel, director of research at the National Committee for Responsive Philanthropy (NCRP), has argued that since slavery played a major role “in the economic development

of the country, it really ought to be a priority for every foundation to think critically about what their responsibility might be to begin to make amends for the crime that generated so much of our shared wealth” (Travers, 2019, para. 3).

Dana Kawaoka-Chen, executive director of Justice Funders, concurs, noting that “there needs to be a shift from wealth and power being accumulated within institutions toward a new vision where philanthropy is about redistributing wealth, democratizing power, and shifting economic control to the community” (Daniels and Gose, 2019, para. 9). While philanthropy may not be set up to support reparations in the form of direct cash payments, there are many steps funders can take — and currently are taking — to rebalance that scale.

The Andrew W. Mellon Foundation is a good example of a family’s slavery-linked history (plantation owners with enslaved people) leading to a desire to make amends. The acknowledgment of their inequitable accumulation of wealth turned into grant distributions to Georgetown University and William & Mary for racial justice initiatives and for research to inform the Memorial to African Americans Enslaved by William & Mary (Travers, 2019).

Kawaoka-Chen’s Justice Funders includes some of the largest foundations in the country (e.g., California Endowment, Marguerite Casey Foundation, and Irene S. Scully Family Foundation) that are committed to seriously looking at how they accumulated wealth and power over generations. They are willing to let other people decide how to spend their money, regardless of the original instructions of their founders. Foundations like Rockefeller and Ford, alongside many family foundations like Carnegie and Mellon, have struggled to reconcile the intentions of founders whose pronouncements reflected the prejudices of their times with the modern aims and sensibilities of today’s staff and family members.

ADDRESSING PERSISTENT INEQUITIES

Foundations and individual donors have been supporting Black-focused funds to some degree for decades. Unfortunately, given the growing magnitude of the inequities, incremental approaches will fail to adequately address the degree to which our social and economic systems are out of alignment. Philanthropy is being called on to make bolder investments in disfavored communities (Gunther, 2020). These can take the form of leading and funding efforts pertaining to awareness, advocacy, education, and leadership

development, especially for grassroots organizations. So far in 2020, foundations do seem to be stepping up — as of August 6, private foundations had pledged over \$1 billion in funds for racial justice initiatives (Daniels).

Still, critics point out that philanthropy could, and should, go further. Billionaire MacKenzie Scott recently gave \$1.7 billion to social change organizations, expressing a personal belief that “anyone’s personal wealth is the product of a collective effort, and of social structures which present opportunities to some people, and obstacles to countless others” (2020, para. 1). Edgar Villanueva believes that recognition of inequitable sources of wealth is a good start (Villanueva & Collins, 2020). But, according to Jessie Spector who remarked in *The Nation*, “The fundamental challenge is that philanthropy is voluntary. It is not a long-term solution to society’s ills to rely on the benevolence of the wealthy, even those who are focused on social justice philanthropy and ending economic inequality” (2016, para. 6).

Though a growing number of foundations practice social justice philanthropy — or have adopted other strategies like trust-based philanthropy and participatory grantmaking, aimed at elevating community voices and strategies in funding decisions — most individual and institutional philanthropists are simply not in the business of confronting the economic inequality that undergirds their power. According to NCRP, only 14% percent of annual foundation funding goes to “social change,” which it defines broadly as

“work for structural change in order to increase the opportunity of those who are the least well off politically, economically and socially” (Spector, 2016, para. 5).

This trend in philanthropy’s role in achieving reparations through investments into Black communities will undoubtedly continue. The question will be whether or not the number of foundations and the amount allocated for addressing inequities will increase going forward from 2020’s surge, or whether philanthropy will revert to old habits.

While philanthropy may not be set up to support reparations in the form of direct cash payments, there are many steps funders can take — and currently are taking — to rebalance that scale.

Philanthropy and Government Play Increasingly Overlapping Roles in the Public Sphere

by Tory Martin



The preamble of the U.S. Constitution states that “We the People” first set out to form a government and establish laws “in Order to form a more perfect Union.” We do this together, and therefore we define government as *public action* for the public good.

Yet government is not alone in this aim to advance the public good. At the Johnson Center, we define philanthropy broadly as *private action* for the public good. Our definition is grounded in the word’s Greek etymology — it means “love for humankind” — and we use the term broadly to refer to the entire ecosystem of nonprofits, foundations, and donors.

Philanthropy and government have always worked in close proximity. Historically, nonprofits often started programs in reaction to community-level needs that, when successful, the government would absorb. Examples of these transitions can be found in every arena of public life — in education, sanitation, public safety, healthcare, etc.

Beginning in the 1960s, that dynamic began to shift. Under the auspices of the War on Poverty, local, state, and federal offices began increasingly outsourcing their service delivery to nonprofits through contracts, grants, and other means (Smith, 2009). As of 2015 (the most recent year of available data), annual federal outlays to nonprofits top \$494 billion, while state and local governments distribute another \$187 billion to the sector. By contrast, foundations contribute only \$44 billion annually (Pratt & Aanestad, 2020).

By replacing direct service delivery with external providers in the ensuing years, governments continued to pull back from spaces where they had traditionally taken a lead. Simultaneously, since the 1970s, philanthropy (and philanthropists) have been taking an increasing interest in targeting public policy and public opinion. A 2020 report from the Center for Effective Philanthropy notes that, today, fully 90% of foundations say they are actively seeking to influence public policy through grantmaking and other activities (Orensten, Buteau, Martin, & Gehling).

The relationship between government and philanthropy has never been simple or one-way. Today, it is more complex than ever.

Examples of the increasingly blurring boundaries between philanthropy and government often fall into one of two categories:

- 1. When one sector tries to influence or dictate the priorities of the other; or**
- 2. When one sector leads programs or partnerships that, arguably, or historically, are the province of the other.**

Two tech entrepreneurs-cum-philanthropists, Bill Gates and Tim Gill, offer telling examples of the first type of overlap. Gill’s \$422 million’ worth of support for LGBTQ rights fueled the



movement that fundamentally changed public policy and made Marriage Equality a reality in 2015 (Kroll, 2017). For his part, Gates — both as an individual donor and via the Bill & Melinda Gates Foundation — has dedicated tens of millions of dollars toward supporting specific public education reforms in the U.S., including charter schools and the Common Core State Standards.

In addition to the historical examples of shifting responsibilities mentioned earlier, newer examples suggest that the second type of overlap is getting even more complicated. As we outlined in [11 Trends in Philanthropy for 2018](#) (Caldwell), Michigan has been ground zero for some nationally recognized examples of this, including:

- **The Detroit Grand Bargain:** In 2013–2014, to help the city of Detroit find its way out of bankruptcy, multiple foundations and donors contributed \$816 million to a new Foundation for Detroit’s Future to help fund pensions for city retirees and to protect the Detroit Institute of Art (Detroit Historical Society).
- **The Foundation for Excellence in Kalamazoo:** Since 2017, two local donors have spearheaded an effort to raise \$500 million to endow a nonprofit that would keep city tax rates stable and provide funds for municipal programs (Devereaux, 2020).

Both types of government-philanthropy interaction and boundary shifting have shown up in 2020. Consider the federal government’s and philanthropy’s contrasting responses to the COVID-19 crisis. In the absence of a coordinated federal response for testing and contact tracing, philanthropic actors like the Rockefeller Foundation have taken on this work themselves (Eban, 2020). In April, Rockefeller published a “1-3-30 Action Plan” to increase testing to 30 million tests per week by October. In July, they issued an update to the plan and called on the federal government to set aside partisan politics to focus on the crisis. While the foundation has announced a \$50 million commitment to 1-3-30, its estimated total cost for this work is \$75 billion. Many foundations, individuals, cities, and towns are stepping forward to contribute and take part. The Coronavirus Aid, Relief, and Economic Security (CARES) Act include \$25 billion for testing, but according to the action plan, another \$75 billion is needed and further relief has been stalled.

In 2021, this increased complexity will surely continue. And it is likely to affect how Americans view both philanthropy and government and their roles in solving social challenges for decades to come.

WHAT’S DRIVING THIS TREND?

The rise of systems-change thinking may be one of the forces behind these shifting roles. Communities are increasingly recognizing that endemic social challenges like poverty, racism, and poor educational outcomes do not exist in a vacuum — and they won’t be solved by one sector or one institution. Multi-sector partnerships are likely the only route for achieving real progress (e.g., [TheBMJ](#)).

Ongoing budgetary crises at the state and local levels are another force behind shifting sector boundaries.

Philanthropy is more often stepping in to cover the costs of services and infrastructural repairs when

governments run out of cash — and that need isn’t likely to disappear soon. The COVID-19 crisis is already exacerbating budgetary shortfalls for both governments and nonprofits, and will likely to continue to do so for several years (Davidson & Harrison, 2020).

Declining public trust — especially in government — is another factor. In the 2020 Edelman Trust

Barometer, only 39% of the U.S. general public reported trusting the government to “do what is right,” versus 50% who see NGOs that way. (pp. 38, 40). The Pew Research Center found even more dismal numbers in 2019: only 17% of Americans reported they trust the federal government to do the right thing “just about always” or “most of the time.” That percentage hasn’t topped 30% since before the Great Recession.

With major budget gaps, historic partisanship, and a staggering lack of public trust, government and philanthropy perhaps need each other more than ever to foster innovation and cultural movements our society needs in order to achieve equitable, thriving communities.

As Hans Zeiger, a state legislator from Washington, wrote after the 2016 National Leadership Forum,

there should be room to accommodate the evolution of government and philanthropy in an age of rapid change. The goal should be to strike the right balance, and when the outlines and outlooks of markets, civil society, technology, and communications are changing, government and philanthropy can be expected to adapt. It’s a conversation worth continuing. (2016, para. 11)

Multi-sector partnerships are likely the only route for achieving real progress.

It's Getting Harder and Harder to Distinguish Philanthropy and Business

by Michael Moody



or the *11 Trends in Philanthropy for 2019* report, I wrote an essay titled, “[The Boundaries Are Blurring Between Philanthropy and Business](#).” We knew that trend was progressing rapidly, but the last couple years has seen the pace of blurring accelerate. The events of 2020 have now put this trend in particularly stark relief, and raised difficult questions for the future of philanthropy.

NEXT LEVEL BLURRING

The creation of the Chan Zuckerberg Initiative (CZI) in late 2015 as a charitable LLC — a for-profit entity being used for nonprofit, philanthropic purposes — was a signal moment in this trend. Other billionaires have now followed suit, including Laurene Powell Jobs, the widow of Apple founder Steve Jobs, and John and Laura Arnold, who recently converted their family foundation to an LLC, Arnold Ventures. Two other well-known examples of this trend — the rise of socially responsible B Corps and increased popularity of impact investing — have also continued to spread, infusing both the consumer and investment landscapes with concerns about social responsibility while complicating further our answer to what is philanthropy and what is business.

More broadly, a commitment to charitable giving and social benefit is increasingly seen as a necessary and profitable aspect of any business. CSR (corporate social responsibility) [is more widespread than ever](#), dominating MBA curricula and business publications alike (Janes & Rau, 2020). AmazonSmile makes combining charity and shopping easy. And even multi-trillion-dollar investment firm BlackRock now requires companies in their portfolio to demonstrate their social contributions (Ross Sorkin, 2018). An article in the *Harvard Business Review* even predicted, “We are entering the age of corporate social justice” (Zheng, 2020). This is certainly a far cry from 1983, when American Express first introduced the idea we know as cause-related marketing — contributing a small amount to charity for each purchase with the card. At the time, this and other similar efforts were met with strong skepticism and concerns that they would turn charity into just another marketing gimmick (Gottlieb, 1986). Today, the practice is widespread and normalized, even expected.

The array of new models and jargon used to describe this hybrid business-philanthropy space is also, of course, growing every year. It is hard to keep up, even for the most avid proponents (Boyle, 2017).

At the same time, the pressure on nonprofits to act more “businesslike” continues apace, even leading some nonprofits to launch for-profit businesses to generate much-desired “sustainable” revenue (Brody, 2019). Dan Pallotta’s TED talk calling for charities to market themselves like businesses has 5 million views and counting (2013). Yet along with this pressure often comes frustration and confusion among nonprofit professionals. As popular commentator Vu Le (2019) lamented, nonprofits face “the frustrating reality... that we are judged as businesses without [being] given the rights and resources to fully operate as businesses” (para. 3).



As I noted in my 2019 essay, this blurring of the philanthropy-business boundary is not new, historically speaking. But never before has the boundary been changing so fundamentally and rapidly, and never before has it been so widely popular and promoted.

MULTI-SECTOR RESPONSES TO 2020

It should be no surprise, then, that when the multiple crises and social unrest of 2020 hit, many of the responses to those crises followed this multi-sectoral pattern. Patronizing local businesses struggling during the pandemic was promoted as a socially beneficial — even philanthropic — act. In the wake of the Black Lives Matter uprising, supporting Black-owned businesses became a way to help minority communities, beyond (and perhaps instead of) traditional charitable giving. Companies created new ads touting their social commitments and charitable engagements. Many nonprofits and grantmakers turned new attention to nurturing local economic development.

However, we are also seeing in 2020 some renewed attention to good old-fashioned charity — e.g., donors working to get cash directly in the hands of those in most need, people giving to COVID relief funds at the United Way or local community foundation (Stiffman, 2020). The pressure for nonprofits to be more businesslike has lessened a bit, it seems (if temporarily), as many nonprofits struggle to survive. They need emergency core support and cannot focus right now on long-term revenue generating ventures.

Still, there is little doubt that, once we are on the other side of our current social upheaval and uncertainty, the move to redefine the business-philanthropy boundary will continue. For one thing, we know that young people are not only comfortable with this hazy boundary, but embrace it. There is evidence that millennials and Gen Z, who seek to create change or respond to crises like those we face now, often turn to making new consumer choices as much or more than making new philanthropic choices (Jones, 2020). Younger investors are also the ones most interested in impact investing, and younger employees are the ones pushing hardest for companies to do more CSR (U.S. Trust, 2017).

THE PROS AND CONS ARE STARTING TO SHOW

If we are to live in — and try to do good in — an increasingly blurry, hybridized world, the question then is what is good about this trend and what is troubling. Only time will tell, of course. But in recent years, we have begun to see some of the positives — and, alas, some negatives.

Nonprofits successfully using business practices to generate more sustainable revenue is certainly a positive. The intensified interest in supporting Black-owned businesses and investing in local economies surely advances the public good in ways most of us hope will continue. Corporations as well as investors incorporating social, environmental, and philanthropic considerations into their decision-making is a welcome antidote to the dark tendencies of predatory or other bad forms of capitalism — even if this social responsibility is

occasionally used in cynical ways to distract from or whitewash harmful business outcomes.

But there are cautionary signs as well. For one, the social entrepreneurs working in this hybrid space are still trying to find models that work. The much celebrated B Corp Tom's Shoes recently had to modify their core "buy-one, give-one" approach to stay afloat and to avoid disrupting local economies where they gave away shoes, and Panera's experiment with opening nonprofit "pay-what-you-can" restaurants failed (Stych, 2019; Peters, 2018).

Even more troubling is the possibility that this turn toward "doing good" in ways beyond traditional giving and nonprofits has contributed to the documented decrease in traditional giving and volunteering — and will continue

to do so. The percentage of Americans who say they give to charity is declining, and volunteering rates are down as well (Rooney, 2019; Grimm, & Dietz, 2018). A crucial question going forward is whether this decline will continue as more people — especially younger generations — come to see the best path to social change as one going through the marketplace — through what they buy, how they invest, and which social enterprises they work for.

What this means is that, as philanthropy and business continue to blur, we need to keep our eyes open for when and where strategic and healthy limits to this blurring — in our practices and our thinking — are needed. We must find and learn from cases when this has worked, when it has been sustained, and when it has preserved fundamental philanthropic values even while taking advantage of business values. Making philanthropy and business indistinguishable shouldn't be the goal.

[A]s philanthropy and business continue to blur, we need to keep our eyes open for when and where strategic and healthy limits to this blurring — in our practices and our thinking — are needed.

From International Grantmaking to the Globalization of Philanthropy

by Michael Layton



In March 10, 2020, the Bill & Melinda Gates Foundation announced a partnership with Wellcome Trust and Mastercard to create the COVID-19 Therapeutics Accelerator (CTA). The purpose of this \$125 million initiative was “to speed-up the response to the COVID-19 epidemic by identifying, assessing, developing, and scaling-up treatments” and to provide “equitable access, including making products available and affordable in low-resource settings” (Bill & Melinda Gates Foundation, n.d.). On the surface, this announcement reinforces a traditional idea of international grantmaking, wherein the generosity of the wealthiest Americans is directed to supporting a noble global cause. From the Rockefeller Foundation’s launch of the Green Revolution to Ted Turner’s \$1 billion donation to the United Nations, the twentieth century has numerous examples of this tradition (Zunz, 2012). In this case, the tradition is updated in that the source of wealth is technology and social media, not oil and steel. It would seem, in its magnitude, ambition, and innovation, this initiative exemplifies American philanthropy’s leadership in international grantmaking.

But take a closer look, and rather than other nations conforming to a U.S model of philanthropy, you will find the emerging trend of the globalization of philanthropy, which is a dynamic process in which actors exchange ideas and practices and engage in shared learning.

In 2018, [Franklin and Moody observed](#) that “philanthropy around the world is adopting similar — often westernized — structures, policies, and strategies” (para. 1), and they agreed with critics of the globalization of philanthropy who warned of “the danger of a sort of new philanthropic colonialism” (para. 7). The global response of philanthropy to the crises propagated by the pandemic — including public health, economic dislocation, and intensified calls for racial justice and equity — have underlined the ways in which the globalization of philanthropy has not simply entailed the adoption of U.S. or western understandings, institutions, and practices. Rather, the crisis has highlighted the ways in which actors from around the world have emerged as equal partners in practicing, influencing, and even reshaping the practice of philanthropy, including in the U.S.

An examination of the other contributors to this initiative highlights key elements of this trend, beginning with the Gates Foundation’s founding partners in creating the ACT. The Wellcome Trust is a U.K. charity and leading global funder for public health. The funding from Mastercard came from its Impact Fund, which was created in 2018 when, “Mastercard committed 20 percent of its savings from U.S. and European tax reform” (para. 3). This commitment of up to \$500 million in charitable grants offers an implicit critique of a public policy of tax cuts and the concomitant reduction in public investment, and takes corporate social responsibility to the next level.

Taken together, the three founding partners and the 13 additional donors embody a number of key developments in the globalization of philanthropy:



- **Half of these donors have roots outside of the U.S., with three based in the U.K. and five from the Global South or developing countries.**

High-net-worth individuals globally are dedicating resources and becoming worldwide actors (such as Chinese billionaire Zhang Yiming), and corporate foundations in tech are not just from the U.S. (such as the Prague-based Avast Foundation).

- **Of these 15 private philanthropies, only three were established before 1999.** This reflects the global trend in the major growth in philanthropy and foundations over the last two decades outside of the U.S. (Johnson, 2018).

- **The participation of one public sector donor, the United Kingdom's Department for International Development** (recently replaced by the Foreign, Commonwealth & Development Office), **makes the CTA a public-private partnership.** Previously, the U.S. government had been a major actor in global public health, epitomized by the George W. Bush administration's leadership in the President's Emergency Plan for AIDS Relief to combat HIV/AIDS globally (The Bush Record, n.d.). The announced withdrawal of the U.S. from the World Health Organization is emblematic of the declining leadership of the U.S. in promoting public-private partnerships and the decline in global public opinion, particularly during the pandemic (Wike, Fetterolf, & Mordecai, 2020).

- **One celebrity, Madonna, is supporting the ACT initiative, indicative of the importance of celebrities in global philanthropy.** Many of the new celebrity philanthropists have their origins outside the U.S., including Ireland's Bono and Colombia's Shakira, but 2020 witnessed an important new entry into this field. In the midst of the pandemic, K-pop fans mixed fundraising and political activism. One example is the K-pop boy band BTS, who pledged \$1 million for the Black Lives Matter movement. Their fans, the BTS ARMY, through its charitable arm, One In An ARMY, matched their contribution (One in An ARMY, n.d.; Zaveri, 2020). Sports stars are also flexing their philanthropic muscle, such as Brazilian soccer star Neymar and South Korean figure skater Yuna Kim (Hanson, 2018). An increasing number of athletes and artists from around the world are a growing part of the philanthropic landscape, and social justice philanthropy is a growing concern.

When U.S. foundations began to export the community foundation model, it became obvious that there were flourishing traditions and practices of mutual self-help around the world. For example, based on research in South African communities, Wilkinson (2017) highlighted the importance of horizontal philanthropy, which implies philanthropy arising from members of community rather than the top-down model of international development assistance. The conversation evolved from the applicability of the institutional form of the community foundation into an exploration of the concept and practice of community philanthropy, which arose from two key recognitions. First, that the narrowly construed U.S. model of an endowed, grantmaking foundation with a geographic focus was of limited utility in other

nations, legally, conceptually, and practically. Second, that the tradition and practice of communities mobilizing their resources and engaging with each other to address shared challenges was present in a multitude of forms across the globe.

Increasingly, community foundations in the U.S. are prioritizing community engagement. This emphasis is epitomized by CFLeads' initiative, "Going All In," which emphasizes the importance of community foundations exercising leadership in terms of racial equity, amplifying community voice, and influencing public policy (2020).

Now that tortillas outsell white bread and salsa has dethroned ketchup, we can recognize that globalization is a two-way street and that philanthropy in the U.S., just like our cuisine, stands to gain by incorporating ingredients from beyond our borders.

[R]ather than other nations conforming to a U.S. model of philanthropy, you will find the emerging trend of the globalization of philanthropy, which is a dynamic process in which actors exchange ideas and practices and engage in shared learning.

Data Comes of Age in Philanthropy

by Jeff Williams

It is time to retire the adage that individuals and organizations are “swimming in data” or “lost in a sea of data.” Those sentiments may have been apt in 2010 when the internet was barely 20 years old as a public construct, and we created as much information every two days as existed from the dawn of time to 2003 (Siegler, 2010). Ten years on — especially as it relates to both people and philanthropic organizations — data is more like air than water. It surrounds us; in 2019, the top web properties in the world handled nearly 270 million interactions each minute (Desjardins). And it has become an afterthought; like air, data is noticed only when it is polluted or available in less-than-expected quantities.

If my organization knows something that your organization does not know, that gives me a strategic advantage — which is the primary argument for keeping data tightly held. But in an era when data is more widely available than any time in history, the odds of truly keeping data private are low. In a world where data is widely available, the effectiveness of philanthropy hinges on how well and how quickly nonprofits, foundations, and donors can act upon data that everyone has (or shortly will have).

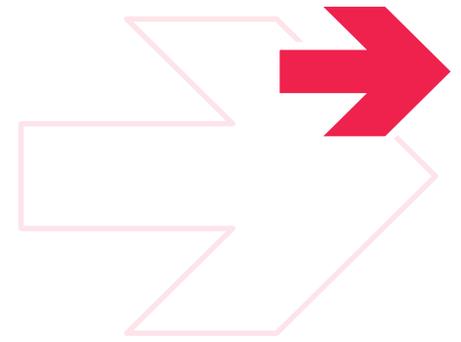
And therein lies the challenge. As data has become as common as air, we see confounding and competing factors that challenge philanthropy and the quest for the common good:

- Privacy versus Transparency
- Ubiquity versus “Bitlining”
- Data versus Knowledge

PRIVACY VERSUS TRANSPARENCY

That more data is available about programs and services from government, business, and nonprofits alike is generally a good thing. But the opposite side is an erosion of privacy, with potential harmful effects if data is used to identify at-risk individuals (see 2019 Trend, “[Powering Communities While Protecting Individuals](#)”). This debate is not new — between 1890 and 1913, Louis Brandeis wrote essays that both extolled the virtue of privacy as well as the duty of publicity (and coined the memorable phrase, “Sunlight is said to be the best of disinfectants”).

What is new in 2020 versus the 1900s is that the quantity of data, ease of access, and speed of retrieval have been exponentially improved. Striking that balance between privacy and transparency is paramount for the philanthropic sector, which often works with the most at-risk populations and communities. Witness the 2020 debate, and subsequent release of the data about which entities received a Payroll Protection Program loan. “COVID-shaming” caused several eligible foundations and nonprofits to return funds in the face of substantial negative public opinion, which was exactly what some organizations feared prior to applying for the loans. Balancing individual privacy and community transparency will be a key factor in building, maintaining, and reinforcing community trust in the philanthropic sector.



UBIQUITY VERSUS “BITLINING”

Philanthropy and policy makers often assume — and rely upon — widespread access to the internet. Worldwide, the research firm Statista (2020) estimates that nearly 60% of the total global population has access to the internet, and more than four billion people have reliable access to the mobile internet. Facebook, Mailchimp, WordPress, and Constant Contact are a few of the free or low-cost tools that have revolutionized — and democratized — the ways that nonprofits can communicate and engage with clients, volunteers, supporters, and policymakers.

But averages mask variation. The COVID-19 pandemic is highlighting disparities in high-speed internet access in the United States — especially in communities and school districts with high rates of poverty. Philanthropy has stepped in with emergency assistance for devices and for bandwidth, and governments have released information showing where high-speed access is available, but this is not a permanent solution either for foundations or for the affected communities (Bermudez, 2020; Yoon, 2020).

Redlining is the term that described the systematic denial of services by race in the United States, especially in response to the National Housing Act of 1934. “Bitlining” could be described as its modern equivalent — when high-speed internet access bypasses communities of color, areas with high unemployment rates, and rural areas alike. Lack of access to high-speed internet is the latest way that people — and the foundations and nonprofits that serve them — will not have equitable participation in educational attainment or the workforce.

DATA VERSUS KNOWLEDGE

The director of a nonprofit and an elite Olympic athlete breathe the same air — but their bodies process that air at very different rates of efficiency. That analogy holds true for the relationship between “data” and “knowledge.” Data is most useful when it is converted into knowledge — that is, data which is placed in a larger context and that aids decision-making.

The COVID-19 crisis has given us several examples of data converted to knowledge — think of the [maps from Johns Hopkins University](#) or [Covid Act Now](#) at the international or national level. At a more local level, look at what the [Atlanta Regional Commission was able to do](#) within weeks of the crisis, using previously commercially available data (made public for free to COVID-19 researchers from several providers) to display how residents of multiple Georgia counties stayed in place versus continued regular activities during the COVID-19 outbreak.

How individual philanthropic organizations balance privacy and transparency, address equity of access, and act upon data to create and share actionable knowledge will be key to both fulfilling their missions as well as changing their communities for good.

The shift from data to knowledge requires expertise, storage and processing capacity, internet bandwidth, and available data — and only data is most widely available today. As we wrote in last year’s Trend, “[Data Science for Social Impact](#),” an entity’s inability to balance transparency, privacy, access, and responsible data analysis “threatens to split the world between those who know, and those who do not.”

CONCLUSION

Philanthropy has a lot to gain from using data, both in their own programming purposes and for their larger communities. And, unlike many other sectors of the economy, philanthropy also has an outsize role in determining whether others gain or lose from technology based on how the confounding factors play out in each community. Not all communities are on an equal playing field by geography, knowledge, or access to resources — and neither are all nonprofits equally up to the challenge. How

individual philanthropic organizations balance privacy and transparency, address equity of access, and act upon data to create *and share* actionable knowledge will be key to both fulfilling their missions as well as changing their communities for good.

Philanthropy's Next Gen Is Starting to Make Big Changes

by Michael Moody and Kevin Peterson



The emergence of the next generation is by definition a “trend” to watch in any field. As the younger generation begins entering the workforce and taking professional roles, they bring new needs, new ideas, new desires and demands. This leads to necessary adaptation and changes to practice. This is certainly true in the field of philanthropy.

The next-gen-driven transformations in philanthropy seem more dramatic than just normal generational succession. Today's next gen — especially millennials and Gen Zers — is by many accounts revolutionizing giving and the nonprofit sector, while raising core questions about philanthropy itself in unprecedented ways. They are reconfiguring the donor landscape, upending norms in nonprofit organizational practice, and even blurring sector boundaries in ways that are redefining how people think of the best way to “do good.”

The next gen is — or soon will be — influencing everyone and everything connected to philanthropy.

To understand the trends being pushed by the current next gen, we have to recognize that we live in a more multigenerational world than at any point in history. People are living longer and staying active as donors, volunteers, and philanthropic professionals longer. As the older members of Gen Z enter adulthood (some are already in their 20s), they begin their careers in nonprofit organizations where baby boomers and perhaps even members of the “silent” or “Greatest” generations still work and/or serve on the board. It is not unheard-of for four generations of giving families be engaged in their joint philanthropic enterprise, and very common for three gens to sit together at the board table.

So, the changes brought by the rising next gen are emerging in this multigenerational context. And this can often lead to difficulty and friction, especially to the extent that the next gen becomes increasingly bold and the older gen remains resistant.

NEXT GEN CHANGEMAKERS

It is clear that so-called “next gen donors” are not just fundamentally transforming giving, but redefining the role of philanthropy in society and rethinking what being a “changemaker” entails. Research on millennials (currently aged 24–39) overall shows that while they still give their time, talent, and treasure, they want a closer and more active relationship with the groups they support, and with other supporters (Influence|SG, 2020 & Case, 2019). As the book *Generation Impact* reports, those next gen donors with the capacity for *major* giving — whether deriving from their own wealth creation, or due to their inheritance of a historic wealth transfer — similarly want to be more hands-on, and to learn and give with their peers (Goldseker & Moody, 2020). This new cohort of big donors (including Gen Xers, currently aged 40–55) embraces many of the fast-emerging, boundary-blurring innovations in how to deploy their considerable wealth for good. In fact, they are willing to change whatever they need to about accepted philanthropic practice in order to try to achieve greater impact.

Beyond the “how” of giving, the next gen also sees the role of the philanthropic sector fundamentally differently than previous generations. They do not consider supporting



traditional nonprofits to be the only way to “do good” and advance the causes they are so passionate about. As one recent commentary notes, “millennials are everyday changemakers,” preferring to make intentional acts of social good in all aspects of their life — including in their careers, consumer decisions, and political activities (Case & Yu, 2017). They want to organize movements and support campaigns. They want to use their market power — as a particularly large generational cohort — to force change — e.g., by buying sustainable or fair-trade products, or taking jobs at socially responsible companies.

In short, the rising generations of donors want to give and to create change in a variety of different ways. They see giving to nonprofits as just one option — and often not the best one.

NEXT GEN NONPROFITS

It is no secret that the events of 2020 greatly impacted and reshaped the workplace. Yet those watching closely had already noted how, with millennials coming to represent the largest population in the workforce, and Gen Z hot on their heels, organizations and working norms were already being revolutionized before the crises of this year (Fry, 2020). And nonprofit organizations were already undergoing these same changes.

Both generations were told growing up they could make a difference in this world, and as adults they are actualizing this belief. These generations see their time (as employees or volunteers) as being as important as money to support causes they believe in. Compared to prior generations, more millennials and Gen Zers expect their professional roles and their passions to be in alignment (Korngold, 2018). They are also more focused on mission and issue loyalty than on brand or organization loyalty (Case, 2019). This means that while the next gen has a natural affinity for nonprofit careers, they don't see working for a nonprofit as the only way to do good in their professional lives. Many will prefer to work for a socially responsible, triple bottom line company, or a hybrid organization like a B Corps. This will have implications for the nonprofit workforce, of course.

These emerging generations have also grown up with an abundance of volunteer opportunities, and in many cases community service was even required of them at some point. They certainly want to give their time and talent as well as their treasure, and to do so in meaningful, direct ways. Volunteer managers in nonprofits are now adapting to these highly motivated but somewhat demanding cohorts of new volunteers.

Board service is, of course, a particularly important volunteer activity. While millennials and Gen Zers currently hold less than 17% of nonprofit board seats, according to BoardSource (2017), they are extremely eager to increase that number substantially. This presents both an opportunity and a challenge to nonprofits.

[Next gen donors] are reconfiguring the donor landscape, upending norms in nonprofit organizational practice, and even blurring sector boundaries in ways that are redefining how people think of the best way to ‘do good.’

Nonprofit organizations have to be keenly aware of the dynamics that come with having a multi-generational board. What motivates baby boomers to serve — and how they prefer to engage — is different from millennials or Gen Zers, and understanding these differences is pivotal for the onboarding and retention of next gen board members, as well as the smooth functioning of multi-gen boards. Smart nonprofits are starting to ramp up mentoring programs as well, not only to build skills among the next gen but to help create essential cross-generational relationships.

If done right, one great benefit of better engaging the next gen as nonprofit professionals, volunteers, and board members is that they can help the organization live into a commitment to diversity, equity, and inclusion. This is not only because of the commitment of the next gen to these ideals, but also

because of the sheer fact that younger generations are much more diverse than any that have come before. Gen Z is almost evenly split between people of color and white people (Parker & Igielnik, 2020).

THE NEXT GEN IN 2020 AND BEYOND

The crises of 2020 have revealed this emerging next gen revolution in philanthropy even more vividly, as the next gen has jumped onto the frontlines in responding to these crises. For example, next gen members of giving families have been pushing those families to increase their foundation payout, to take risks and try new tools like no-interest loans, to incorporate an explicit racial justice lens in their giving decisions, and much more (Moody & LaJoie, 2020).

More broadly, millennials and Gen Zers of all financial levels have responded using all the tools in their toolbelts — and even invented some new tools. They have changed their purchasing habits to support local and BIPOC-owned businesses, joined and/or organized movements and demonstrations, used their social media

to call attention to injustices and push for change, and more. Some observers are saying that the resurgence of the Black Lives Matter (BLM) movement in 2020 will be a generation-defining influence on Gen Z (Laughlin, 2020). Compared to other generations, members of Gen Z are more likely to support BLM and participate in a BLM-related protest, and to engage in frequent conversations around racial justice and related issues (Laughlin, 2020).

These next gen responses to 2020 are not one-time actions or temporary reactions to an unusual time. They are illustrations and expressions of where the next gen intends to take philanthropy in the coming decades.

And these changes that the next gen is bringing will require fundamental adaptation in our field, from the advisors who work with next gen philanthropists to the nonprofits who connect with them as volunteers or board members. The good news is that the next gen is anything but apathetic about making changes, whether through philanthropy or some other means.

Philanthropy will not “return to normal” after 2020. Because of the next gen, it will never be the same.



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The Dorothy A. Johnson Center for Philanthropy aims to be a global leader in helping individuals and organizations **understand, strengthen, and advance philanthropy.**

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We envision a world shaped by smart, adaptive, and effective philanthropy that helps to create strong, inclusive communities.

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Dorothy A. Johnson Center

FOR PHILANTHROPY

201 Front Ave SW, Suite 200

Grand Rapids, MI 49504

P: 616.331.7585

johnsoncenter.org

