

Funding Racial Justice and Equity Organizations

Recommendations and insights for funders from organizations that received MacKenzie Scott grants



Collaborative Learning
from Impact Philanthropy

Insights

ISSUE #2
FEB 2023

 PANORAMA GLOBAL

Racial Justice Funding

In spring 2020, the murders of George Floyd and many other Black victims like Breonna Taylor and Ahmaud Arbery sparked a long-overdue reflection on racial injustice. Floyd's murder ignited historic protests—what may have been the largest protest movement in U.S. history— leading to increased pledges and donations from individuals, foundations, and corporations to support racial justice and equity groups

In response to the heightened visibility of racial injustice in society and philanthropy, in July 2020, MacKenzie Scott gifted \$587 million to racial justice and equity organizations, 91% of which were run by leaders of color. Scott, whose generosity comes with little fanfare and restrictions, gained attention because of her trust-based model of large, multi-year gifts. According to Scott's [Yield Giving website](#), she has gifted \$4.1b to date to advancing racial justice and equity.



Panorama Global convened a peer learning community of 13 U.S.-based racial justice and equity organizations that received a gift from Scott during 2020-2022. This cohort of leaders met over four months to build community through dialogue and learn from one another's experience as they managed the influx of funding to advance racial justice and equity.

This report reflects the collective knowledge and insights of racial justice leaders in the peer learning community,² who are on the frontlines working to achieve and sustain an equitable future. These recommendations provide the philanthropic sector with guidance on how to shift funding practices toward equity and encourage funders to join forces to drive transformative change for racial justice and equity.

- 92% of the peer learning community organizations are led by people of color
- 40% of the peer learning community organizations are led by women
- Average number of staff members per peer learning community is 47

What is racial justice funding?

This type of grantmaking is awarded to benefit people of color, particularly organizations that address racial inequities and structural discrimination. While this grantmaking effort focuses on serving people of color, organizations may adopt an intersectional approach that addresses various issues like education, health, and gender inequalities.

Priorities of peer learning community organizations

- Increase staff counts
- Expand or deepen their programs
- Grow or create reserve funds
- Improve their internal infrastructure

Six Recommendations for Funders

RECOMMENDATION 1

Make bold, long-term, and strategic commitments to support racial justice and equity.

In 2020, racial justice and equity groups received significant attention and support, including unforeseen contributions from Scott and other funders. However, as protests began to dwindle, so did donations. Scott's giving was instrumental during this time. One grant recipient said, **"The MacKenzie Scott grant is risk capital, money that's ready, and we don't have to raise."**

One grant recipient said, **"Funders will pressure us to scale up. Then they pull back when we're 'too big.' Once we struggle less, we're no longer interesting."** For many grant recipients, achieving racial justice requires flexible and adequate financing to combat institutional and structural racism and to revert decades of disproportionately restricted funding that limited them from establishing more financial stability.

"We would like to dispel the myth of overabundance. The grant allows for growth and expansion, but we anticipate a gap next year."

💡 Insights

- Funders are uniquely positioned to move the needle toward long-term funding and strategically prioritize racial justice and equity so that pledges and commitments are not a trend or hot topic.
- Investing in systems change requires a commitment to reverse racial inequalities through timely direct services, policy change, and long-term strategies that will repair the intergenerational and systemic impact of racism on families and individuals.
- Racial justice and equity organizations need increased and continued support regardless of whether they have received Scott funding.



RECOMMENDATION 2

Explore racial justice and understand inequity.

There is educational work that funders and staff of philanthropic organizations can do to learn and examine how racial disparities exist across society and within philanthropic institutions. This includes understanding the long history and impact of inequitable giving and exploring best practices for investing in racial justice and equity organizations.

One of the most challenging elements of this exploration is holding space for critical reflection with nonprofit partners and taking action to make philanthropy more equitable. **“We don’t have the right political coalition for us to push back on philanthropy. There is no safe space.”**

💡 Insights

- Understand and value the complex work nonprofit leaders are doing to achieve racial justice and equity.
- Funders should have honest conversations with grant recipients and listen to their expertise rather than impose unrealistic outcomes, expectations, and goals.

RECOMMENDATION 3

Abandon instant gratification and invest in systems change for the long-term.

Scott grant recipients disclosed the often-unrealistic expectations set by funders, particularly regarding the time it takes for systems change and how it's measured. By taking steps to increase awareness about racial inequities and its complexities, funders gain a clear perspective into the unfair distribution of resources and better understand the structural challenges in advancing racial justice and equity; it may take years to see transformative change. Instead, as one grant recipient noted, **“Funders expect runners to win their first race.”**

💡 Insights

- Creating systems change is a long-term commitment that requires ongoing investment and honors the expertise of racial justice and equity leaders to achieve results that may not be linear.
- Scott’s multi-year investment eschews instant gratification and offers redress for the misconception that nonprofits can operate with less time, people, and overhead.
- Funders can leverage their influence by ‘calling in’ other funders and aligning for increased support over the long-term.



RECOMMENDATION 4

Scale back and embody a trust-based approach to unleash greater funding.

Scaling back and identifying ways to streamline bureaucratic processes and costs can allow for even greater investments which can equalize the distribution of resources. Why descale? Historical under-investment in communities of color and restricted funding for racial justice and equity organizations have affected leadership development, decreased nonprofit financial stability, and impeded long-term planning. One grant recipient noted, **“Philanthropy should step back and let the community be thought leaders. Focus on giving the community resources.”** By de-scaling and de-centering, the philanthropic community can amplify the voices, expertise, and needs of racial justice and equity organizations over their own.

Scaling back philanthropic organizations may include eliminating processes and structures that micromanage grant recipients. Micromanaging reinforces an oppressive top-down approach rather than collaborative communication practices. This drains considerable time from grant recipients’ core work and invalidates and devalues the strategy and talent of their leadership. **“We don’t get paid [by funders] for our time that they require for meeting with them, writing reports, writing proposals, etc., which means we have to raise the money to do it. A common application and common chart of accounts would help,”** said a grant recipient

“If philanthropy wanted to truly share power, they’d share the power of their endowments, which is their real power.”

💡 Insights

- The Scott giving model is an efficient process grounded in trust, and grant recipients felt heard and valued as leaders and experts.
- As some philanthropic organizations move towards a more trust-based model, they may consider addressing the beliefs and structures that hinder the ability to provide large-scale, unrestricted gifts.
- Deploy funds using a racial equity lens and examine how philanthropic structures and practices further inequality.
- Funders can be more intentional and have greater impact by providing large and unrestricted gifts and using their endowments for social impact investments.

💡 Insights

- For grant recipients, hiring additional staff to distribute workload also equates to investing in a liberating work culture.
- Allow organizations to support the psychological and emotional well-being of staff, as the nature of this work can be draining and exhausting.
- Invest in the internal infrastructure needed for leadership development at all levels, from building the board to supporting those newer to the workforce. As one grant recipient said, “If we don’t have the operations, the culture falls apart.”

RECOMMENDATION 5

Invest in grant recipients to build supportive and liberating workplaces that confront white supremacy.

Scott's funding allowed grant recipients to develop their first-ever reserve fund, save money for operating costs, hire more long-term employees, and provide competitive wages and more generous benefits. Several grant recipients invested funds in the next generation of racial justice and equity leaders by expanding professional development opportunities and external engagement on-the-ground activities to co-create an innovative and inclusive organizational culture.

Other leaders sought to deepen trust, healing, and renewal in their teams by designating rest periods, such as a week off every quarter or two weeks during summer and winter. **“When you’re doing heavy work, you must create ways to give people permission to unplug,”** said one grant recipient. Grant recipients also found ongoing challenges and adjustments in building trust in remote work environments, finding it hard to build a robust culture of empathy and belonging without in-person interactions. Investing to bring staff together in-person is as important as in-person stakeholder engagement. One grant recipient said, “Relationships are our infrastructure. The more we lean into our relationships and build those, that has held up through everything else in the pandemic.”

“When you’re doing heavy work, you must create ways to give people permission to unplug.”

RECOMMENDATION 6

Give nonprofits time to be more strategic in their grant allocations and define scale for themselves.

“We get the ‘how are you spending the money’ question all the time, from funders and staff,” said one grant recipient. Receiving large unrestricted gifts can come with immediate pressures on nonprofit leaders. There is pressure to quickly decide how to use the money and reach scale and impact. Some grant recipients in this cohort defined scale as leadership development, expanding the organization’s geographical footprint, or rooting the work more deeply in cultural values and community priorities. For others, scale means exploring the freedom to set new directions and domains of work, such as moving from direct service provision to policy advocacy.

The decision-making process for using funds varied from one grant recipient to the next. Some decisions were made by active board members or by senior staff, while others involved their whole staff and community stakeholders. Meanwhile, some regranted the funds to other racial justice nonprofits to ensure they have resources to create lasting change.

“We get the ‘how are you spending the money’ question all the time, from funders and staff.”

💡 Insights

- Organizations need time to be equitable in their decision-making process regarding how funds are allocated.
- Bigger is not always better, as organizations seek growth that is sustainable. One grant recipient remarked, “New programs, policy adoption, or expansion may not be advisable every single year.”
- For impact, don’t overlook supporting organizations’ communications and evaluation capacity.

Conclusion

The upsurge in giving, particularly windfall gifts from MacKenzie Scott, allowed racial justice and equity organizations to mobilize and advocate at a crucial period in U.S. history. Higher levels of unrestricted giving enable organizations to plan for sustainability and provide opportunities to scale on their own terms, invest in the next generation of leaders, and cultivate supportive and balanced workplaces.

These takeaways are conversation starters representing voices of committed leaders in the racial justice and equity field. These recommendations are practical steps for funders to adopt a trust-based approach to achieving and sustaining an equitable future.



Acknowledgements

We thank the racial justice and equity peer learning community participants for their collective knowledge-sharing, in-depth engagement, and unwavering commitment to ending racial injustice.

About the Insights series

Insights is a report series capturing knowledge and reflections from Panorama Global's Collaborative Learning from Impact Philanthropy (CLIP) peer learning communities. CLIP aims to shift norms and practices in the philanthropic and nonprofit sectors for making and managing large, unrestricted gifts. CLIP provides actionable tools, resources, and communications to ensure social sector organizations that benefit from large unrestricted gifts are equipped to maximize the use of this funding. CLIP serves as a conduit to amplify the voices of leaders and organizations on the frontlines of social change doing mission critical work.

¹ Cohort participants were selected based on their mission to serve communities of color and address racial inequalities and structural discrimination. An equity analysis was conducted to invite a diverse group of leaders and organizations.

About Panorama Global

Panorama Global is a social impact nonprofit that empowers changemakers through radical collaboration.

For more insights and information gathered as part of our Collaborative Learning from Impact Philanthropy work, visit panoramaglobal.org/impact-philanthropy

This publication is funded, in part, by Ford Foundation, The Conrad N. Hilton Foundation, and Skoll Foundation.

Our goal is to achieve maximum impact by partnering with visionary leaders to co-develop solutions to hard problems. We use our voice when it counts, and initiate projects when we see gaps that need to be filled.

Web: PanoramaGlobal.org

LinkedIn: [Panorama Global](https://PanoramaGlobal)

Twitter: @PanoramaTeam

Phone: +1 206.420.2518

© 2023 Panorama

2101 4th Avenue, Suite 2100, Seattle, WA 98121 USA