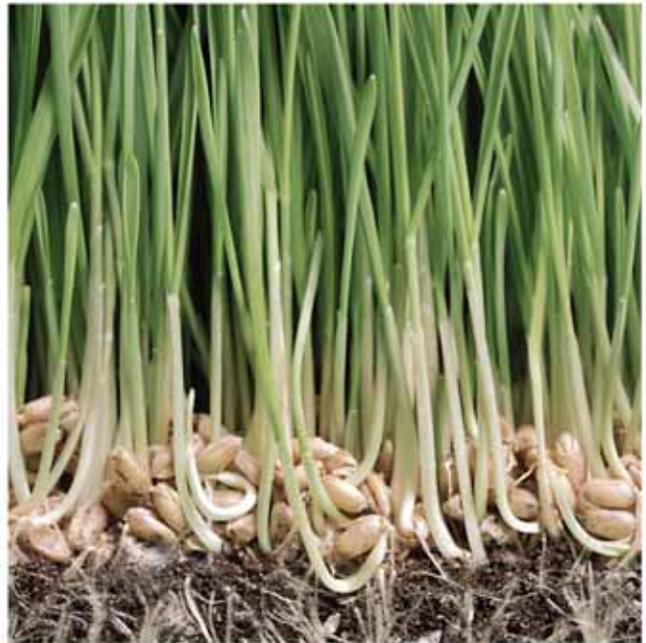


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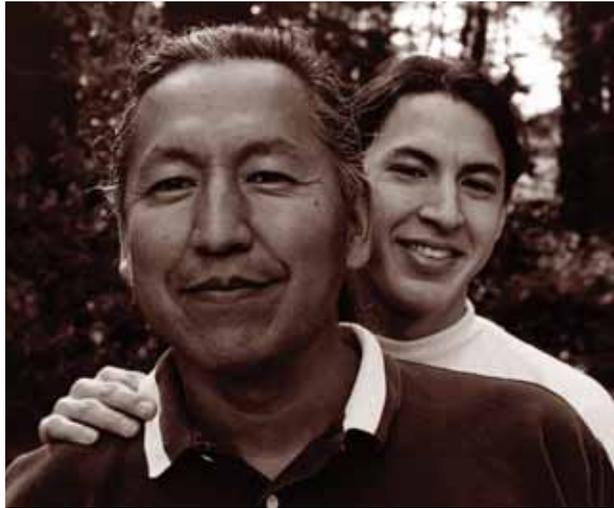


**RACIAL, ETHNIC AND TRIBAL PHILANTHROPY**  
A Scan of the Landscape



**FORUM**  
OF REGIONAL  
ASSOCIATIONS  
OF GRANTMAKERS



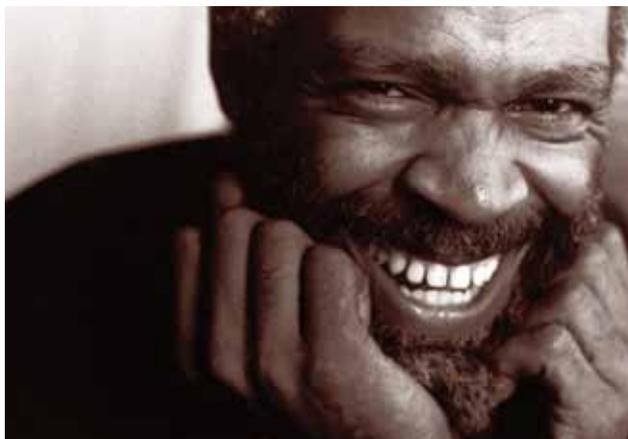


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## PREFACE

Traditions of giving back, self-help, mutual assistance and philanthropy in Latino, Asian American, Native American, Arab American and African American communities are as old and deep as their presence on this soil. Today, increasing numbers of people of color, long stereotyped as receivers rather than givers, are finding innovative ways to leverage personal assets to benefit their communities. Economic and demographic trends have long pointed to the fact that the face of the country is changing. The face of philanthropy is changing right along with it.

It is our hope that this report conveys the important work underway throughout the U.S. to mobilize philanthropic resources in communities of color. This research, conducted by New Ventures in Philanthropy, an initiative of the Forum of Regional Associations of Grantmakers, highlights innovative strategies, extraordinary and passionate leaders, and organizations that are creating pathways to engage the resources of their community for their community.

### *Our goal with this research is two-fold*

- To build awareness of racial, ethnic and tribal funds in a way that strengthens the field, supports connections between practitioners, builds capacity, and elevates racial, ethnic and tribal philanthropy as strong, viable options for donors.
- To enhance the visibility of racial, ethnic and tribal funds among the philanthropic community to promote increased collaboration and partnership between ethnic funds, intermediary organizations, such as private and community foundations, and regional associations.

Towards this second goal, we propose below some ways that the philanthropic community might act on the research findings.

## A Scan of the Landscape

### ***Regional (and other) Associations of Grantmakers***

- As leaders in the community and the sector, associations are positioned to be knowledgeable about and a voice for all philanthropy. Racial, ethnic and tribal philanthropic organizations are an important and unique part of that landscape.
- Racial, ethnic and tribal philanthropic organizations are critical information resources — for your association, your community and your members. They have unique knowledge, perspectives and ideas about community issues and solutions. They bring a new and diverse set of leaders and voices to the table. They have credibility and trust in the communities that they serve, which are a part of the community you serve.
- Associations can pave the way for partnerships, mutual learning and collaboration between these philanthropies and other funders. That might mean creating opportunities to learn more about grantmaking practices, to hear different perspectives on community organizations and solutions, or to explore collaborative funding opportunities.
- Explore opportunities to invite ethnic funds to participate in the life of your association — as members, program participants, in grantmaker education programs or in other ways. Strengthening the effectiveness, accountability and community of philanthropy is at the heart of most associations. This is one strategy to expand the reach of that work.
- Connecting with racial, ethnic and tribal philanthropic organizations expands your relationships with diverse communities. It allows you to tap new perspectives, connect with diverse leaders, and become more inclusive as an organization. Most associations have goals around inclusiveness and diversity. Here is one way to act on those values.

### ***Mainstream Funders (Private independent, family and corporate foundations)***

- These philanthropies have expertise, credibility, trust and knowledge in their community. Though there may be opportunities to invest in their work, they are not simply grantseekers. They can be partners and resources for you.
- Racial, ethnic and tribal funds have knowledge about community needs, organizations, leaders and strategies that can strengthen your grantmaking. Likewise, your knowledge about grantmaking practices and strategies, and your experience with issues and in communities would benefit them. Mutual learning is a win-win.
- Relationships and shared information can lead to collaboration and partnerships. Collaborative approaches and funding not only leverage

resources - it can help foundations develop new insights, approaches and understanding in diverse communities.

- In the same way that private foundations have partnered with and invested in other public foundations — including community foundations and women’s funds — there are needs and opportunities to invest in the capacity and infrastructure of these philanthropies. Such an investment means stronger organizations, more philanthropy and more sustainable resources for communities.
- Relationships and partnerships with diverse philanthropic institutions expose mainstream foundations to new networks, new leaders and new communities. These connections, in turn, can strengthen efforts around diversity and inclusiveness — putting you in touch with potential trustees, grantees, and community partners.

### ***Public and Community Foundations***

- There are many advantages to establishing partnerships with diverse communities and hosting or supporting racial, tribal and ethnic funds. This approach provides a meaningful and culturally inclusive way to serve and reflect an entire community. To expand the pool of ideas and the reach and breadth of philanthropy and its impact. The rationale — and benefits — do not begin or end with simply reaching more donors and growing assets.
- A host/affiliate relationship between a public or community foundation and an ethnic fund is a partnership. Clarity on autonomy, shared power, decision making and mutual benefit is critical. The impetus and mission for a racial, ethnic or tribal fund, at a minimum, is owned equally by the community and the host institution. Our findings explore how the host/affiliate relationship can be structured to maximize success, as well as some cautionary notes.
- If a fund does not exist and you want to start one, begin by learning. Seek out leaders that the racial, ethnic or tribal community identifies as leaders. Understand what it would mean for you to be a partner with and support for that community.
- It may be that an ethnic fund or foundation already exists in your region. There are likely still opportunities for collaboration and knowledge sharing around programs, issues or strategies.
- Public and community foundations have the opportunity and responsibility to serve their whole community. Even if there is a racial, tribal or ethnic fund in your region, your foundation has important work in engaging and serving donors of color. As one fund leader put it: “There is a great deal of wealth in our communities. It’s not

an either/or proposition — either an ethnic fund or a community foundation. It’s both/and.”

## **RACIAL, ETHNIC AND TRIBAL PHILANTHROPY: A SCAN OF THE LANDSCAPE**

### **INTRODUCTION**

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Over the past year, New Ventures in Philanthropy, an initiative of the Forum of Regional Associations of Grantmakers, has focused on learning, research and knowledge building related to engaging donors and growing philanthropy in communities of color as a key component of its work. In March 2005, New Ventures convened a Knowledge Lab on Engaging Donors in Racial, Ethnic and Tribal Communities attended by over twenty practitioners. That first gathering resulted in a recommendation that New Ventures support the collection and mapping of specific tools, practices, services and providers to advance this field. The group affirmed that New Ventures was uniquely positioned to undertake this work – with resources, relationships and mission all aimed squarely at growing philanthropy. They encouraged New Ventures to use those resources, on behalf of the field serving diverse donors, to meet the need for tools and knowledge.

As a result, we began the process of mapping funds and projects, identifying tools, strategies and case studies and determining capacity and information gaps. A second Knowledge Lab, convened in December 2005, brought together twenty-six practitioners to further vet this research, to identify additional knowledge, case studies, and resources that will be useful to the field, and to advise New Ventures about how they can be shared most effectively. We intend this work to be useful for:

- Racial, ethnic and tribal communities and organizations who may seek to establish funds or other philanthropic vehicles to support donors and philanthropy in their communities, and
- Existing ethnic/tribal funds and other donor service organizations seeking to strengthen their capacity to engage donors and philanthropy in their communities.
- The research may also suggest ways in which these communities and organizations can catalyze partnerships and opportunities with “mainstream” funders to strengthen the philanthropic capital and leadership in their communities.

Building on the first lab, existing research and interviews with practitioners, we identified over 85 foundations, funds, programs or initiatives with a primary purpose of engaging donors in racial, ethnic and tribal communities (Black, Asian, Latino, Arab and Native American)<sup>1</sup> and/or supporting philanthropic investments within those communities.<sup>2</sup> For convenience, we refer to them here collectively

as “RETP” — racial, ethnic and tribal philanthropy. Forty-one practitioners, representative of the RETP organizations and types, were interviewed.

RETP falls into four broad and overlapping categories. These categories are detailed briefly below, along with some discussion of their key characteristics, challenges, and implications for knowledge development and field building. First, though, some initial observations about this work.

## **OBSERVATIONS**

1) This is a unique and emergent field within philanthropy, with particular attributes, strengths, competencies and a maturing group of practitioners. Some organizations emerged over 30 years ago, while another large cluster was established over the last 10-15 years. What connects this as a field is a specific focus on donors and investments in racial, ethnic and tribal communities and the ability to control decisions — about donor outreach, about priorities for donor cultivation, and about institutions that warrant investment and community building goals and objectives. It was often noted that their work reaches donors, nonprofits and communities that otherwise may be off the radar without their intentional support. There is incredible growth potential for RETP if capacity is attended to and supported.

At this same time, RETP practitioners noted the importance of operating in partnership with mainstream philanthropy, suggesting a “both/and” proposition. Mainstream and RETP bring particular strengths and assets to the table. They observed that there is room and need for mainstream and RETP organizations to continue to engage in this work independently and collaboratively. RETP practitioners also identified an interest and opportunity for cross-cultural collaboration, with peers across ethnic and racial and tribal groups.

2) Cultural competence is fundamental to understanding and supporting successful philanthropic engagement in these communities. The practice of cultural competence suggests an awareness of one’s own culture (values, behaviors, beliefs), awareness and acceptance of the culture of others, and the adaptation of institutions or environments to allow them to work together successfully. As one person put it, “Cultural competence is the core competence.” It can be argued that RETP inherently begins with a greater degree of cultural competence — because it potentially involves people with closer knowledge, understanding of issues and motivations, relationships, mutual respect, empathy and cultural sensitivity.<sup>3</sup> RETP uniquely builds upon the notion of “identification,” described by Paul Schervish, where donors are motivated to “take care of others for whom I have empathy.”<sup>4</sup> On the grantmaking side, RETP is understood by the community and potential donors as having a primary goal of putting money into “real” community needs and organizations that may not be on the radar outside of that community.

Alternatively, deficiencies of cultural competence in mainstream institutions often lead to failure in projects designed to engage donors of color.<sup>5</sup> Many respondents pointed to projects where community foundations implemented marketing or donor cultivation strategies with no intentionality around changing their institution or worldview to accommodate motives, needs and interests of donors with a different racial experience or perspective. Cultural competence, identification and empathy, sensitivity to race and “knowing what you don’t know” were strengths that respondents offered as essential for whatever organization is doing the work.

3) Collective activity comprises a substantial part of the RETP projects we investigated. Whether through pooled funds, identity-specific endowments or giving circles, much of this work occurs through vehicles that encourage multiple donors and various giving levels. One benefit of the pooled funds is that they achieve scale more quickly. Consequently, the funds can move quickly into grantmaking, which in turn, raises the visibility and credibility of the RETP organization – which can then attract more donors. This “democratized” approach to philanthropy has implications for how funds achieve critical mass, how donor education is delivered, and how community needs are addressed. Another issue is how, or whether, funds or foundations are deliberately encouraging donors beyond the pooled fund stage to help them develop personal philanthropic goals and vehicles.

4) How to leverage “outside” sources of philanthropic capital and the best use of partnerships and investments from mainstream individuals and institutions are important questions for RETP projects. All of the projects value and benefit from mainstream support, which is used to give incentive or match donations, to build capacity and infrastructure, to supplement pooled or annual funds, or to make grants. A key choice is whether outside funds are used to encourage RETP giving or substitute for it. The research also suggested opportunities and advantages for mainstream foundations to collaborate with racial, ethnic and tribal funds in recognition that each partner has unique assets including wealth, flexibility, credibility, community knowledge, and cultural competence. This paper explores several themes related to the availability and strategic use of these dollars, and the long-term success and sustainability of RETP.

5) The human capital of organized foundations supports RETP in important and ways, albeit indirectly. Many RETP founders, donors, leaders or experts have a connection to mainstream philanthropy as board or staff members. The forces behind several giving circles, the champion and board member of a community foundation that led it to establish a Latino fund, the organizer of a new foundation and several others had professional, donor or board relationships with mainstream foundations. This experience led to the notion of organized philanthropy as a strategy for their ethnic group and community. They were able to take their exposure to how foundations operate, what they do, and their practices and

programs to pollinate new philanthropic activity in new communities. This finding suggests an additional positive outcome of mainstream philanthropy's inclusiveness and diversity practices.

6) Research and communication is an important tool to advance RETP. While research and communication are important for the entire philanthropic field, in many ways the research undertaken by these organizations is intended to reframe a conversation about philanthropy in a culturally competent way, and to tell a story that is untold, or at least perceived as being under-represented. "Holding up a mirror" to affirm that "people like us" give and "give in our own way" was a recurrent theme. Research around community issues and needs positions RETP organizations with donors and within their own communities as credible experts, knowledgeable and visible on issues that matter. Others reported the importance of documenting and mapping the assets and philanthropic potential of racial, ethnic and tribal communities to reinforce that RETP begins from a position of strength, rather than want.

7) A heightened amount of macro-level activity is taking place on many fronts to learn about, engage, support and strengthen RETP. A number of the organizations that are involved in this work, or that hope to be, received support from the W. K. Kellogg Foundation. The Focus Funders project sponsored by the California Endowment was established to support the infrastructure and health grant-making capacity of several identify-based funds in California, including RETP organizations. California Endowment and The C.S. Mott Foundation plan to share the lessons and benefits of this experience with other funders to catalyze dialogue and growth. Ford has been a key supporter for several other profiled groups. It seems important to note that by virtue of putting money on the table, these foundations are helping groups to begin, connect or strengthen the work of RETP.

Collaboration and macro-level activity was found in many of the projects as well. Hispanics in Philanthropy recently launched an initiative to develop and/or support multiple Latino funds. The Joint Dialogue on Black Philanthropy has brought together five organizations to identify and grow models to expand black philanthropy and philanthropic vehicles. Several organizations, including First Nations and the Arizona Community Foundation, are involved with developing models and capacity building to support native philanthropy across several tribal communities. Changemakers and Grassroots Leadership hope to develop networks and partnerships to extend the reach and scope of their donor education work for communities of color. Asian Americans/Pacific Islanders in Philanthropy (AAPIP) recently launched a project to work with AAPIP chapters and communities to develop local and national giving circle strategies. There is some interest at the Funding Exchange, an affiliation of progressive public foundations, to support learning and strategies to equip those foundations to better engage donors of color. Many reflected that this activity and "field building" stimulates a new level

of excitement, connection, momentum and hope. They also observed that all of the “field-building” brings with it a new level of work and effort on the part of organizations and their leaders, who are often called upon to “represent” their racial group or the field as a whole. At the same time, these leaders and organizations must attend to their day-to-day needs: to survive, sustain baseline capacity, or grow.

***Finally, a caveat***

It depends. In a report like this, which scans the landscape, one seeks to identify common patterns, practices and goals. We describe the features of that landscape, highlighting those things that may appear frequently, or that may be unique to a particular place. While we attempted to create as thorough a map as we could, it cannot fully represent all of the nuances or details of the work, or the various, diverse communities in which that work occurs. When considering whether a pattern or experience holds true for all ethnic communities, all donors or all funds...it depends.

**CATEGORIES OF RACIAL, ETHNIC AND TRIBAL PHILANTHROPY (RETP)**

***Ethnic Foundations and Funds/Focus Funds***

These funds are defined as “philanthropies established by groups of people with common experiences and culture, where the power of connection lies not in geographical proximity, but rather in shared charitable interests. These publicly supported community funds both raise money and make grants by drawing on local leadership, networks and resources.” (“Democracy in Action,” *Foundation News & Commentary*, November/ December 2004). Included in this category are organizations that organize philanthropic resources from multiple donor types (individuals, corporate, workplace donors) to primarily benefit a defined racial or ethnic community. In order to be included in this category, organizations must have evidenced some degree of individual donor cultivation. Fifty-nine of the organizations researched fall in this category, and there are certainly many others. These organizations are either independent or affiliated.

Independent Funds are freestanding nonprofit corporations and include the Asian Pacific Fund, 21<sup>st</sup> Century Foundation, Associated Black Charities, Black United Funds, Hispanic Federation, Hispanic Foundation of Silicon Valley, the Potlatch Fund, the Black Belt Community Foundation, the Hopi Foundation, The Chicana Latina Foundation, and others. Twenty such organizations were identified in the research.

Affiliated Funds are funds housed within and associated with other institutions; we identified 39 of these funds. Most are affiliated with community foundations, though there is some activity worth noting within women’s foundations and other public foundations. The Destino Fund, the Hispanic Development Fund, endowments at the St. Paul Foundation, black philanthropy initiatives in Chicago,

Dayton, Winston Salem and South Carolina, and several Latino Funds fall within this category. For the most part, these are activities housed within mainstream organizations. As noted above, cultural competence is an important factor. At the same time, research suggests that the legitimacy and “donor worthiness” that can derive from the affiliation with a community foundation is a substantial benefit.

Several key ideas emerged in the research related to the launch, growth, capacity and direction of these funds. The seven key themes, discussed below, include:

- |                                     |                                  |
|-------------------------------------|----------------------------------|
| 1. Mission                          | 5. Leadership                    |
| 2. Size and Scope                   | 6. Organizational Capacity       |
| 3. Philanthropic Offerings          | 7. Fundraising/Asset Development |
| 4. Sources of Philanthropic Capital |                                  |

### ***Mission***

Why and how organizations engaged donors of color as part of their work differed across organizations. Centrality of mission seemed related to how the organization deployed its resources toward this goal. Some of the organizations, both affiliated and independent, are primarily focused on the cultivation of resources from communities of color to support organizations and needs in their racial/ethnic community. Asian Pacific Fund, Black Belt Community Foundation, Hispanic Development Fund, Hispanic Foundation of Silicon Valley, 21<sup>st</sup> Century Fund and Potlatch Fund are examples of funds in this category.

Other organizations, (e.g., Hispanic Federation, Asian Federation, Black United Fund, Associated Black Charities, and The Hopi Foundation) have multiple goals including support and capacity building for their “member” or grantee nonprofits and operating programs. They view the development of an “indigenous” constituency of donors willing to support organizations in their own community as an important and inter-related dimension of their work and mission.

The mission question in affiliated funds can be more complex. The host organizations have a goal to grow and support philanthropy in their community (geographic, gender or otherwise defined). Whether the RETP is viewed as aligning with this core mission seems to correspond to the degree of commitment, ownership, board, staff and financial support received for RETP work from the host. Three scenarios emerged in the interviews and research:

- Community building and representation: ethnic community leaders are convened to help make decisions about how and where to make grants within their community. There is limited focus on fund or leadership development for long-term philanthropy growth. Community visibility and networks are enhanced for the host organization.
- Asset growth: community representatives, donors and leaders are targeted for efforts to develop and grow foundation resources from

a particular racial, ethnic group. Greater marketing and outreach to these groups is undertaken.

- Philanthropic leadership development: foundations go to the community or the community comes to the foundation with a goal of developing philanthropy to serve that community. Parties know they are at the table to do the work of growing philanthropy. Leadership cultivation is inclusive of a range of community and donor leaders. Grantmaking, relationship building and resource development strategies form an integrated body of work. Leaders from the RETP are cultivated as leaders in the mainstream institution. The more successful RETP's seem to fall in this third model. It requires shared understanding, shared commitment, shared power and clear agreements between the foundation and the RETP.

**Size and Scope:** There was a wide range observed in the assets and grantmaking of the funds. For funds with endowments, the endowments clustered in the \$500,000 to \$1,000,000 level. One fund, the African American Legacy Initiative (AALI) in Chicago, reports \$4 million raised to date towards its endowment goal. Annual grantmaking ranged from \$15,000 to \$800,000. Most organizations fell in the range of \$25,000 – \$75,000, with the larger grantmaking budgets appearing in the independent funds. In the case of these funds, and some of smaller affiliated and independent funds, grantmaking included re-granting of mainstream foundation dollars in addition to funds raised from individual/ethnic sources.

**Philanthropic Offerings:** As indicated previously, a core offering for RETP is pooled funds. These appear as both endowed and non-endowed funds. Contributions to these funds vary from no minimum to \$1,000, \$2,500 or \$10,000 contribution levels. All of the affiliated funds we identified offer pooled funds and for most, it is their only ethnic philanthropy offering. Half of the independent funds offer some form of collective vehicle, including pooled funds or giving circles. Five organizations also offer scholarship funds as pooled fund opportunities. Scholarship funds appeal to many donors because of the immediacy and tangible result of the gift. As in the example of the Hispanic Development Fund, the scholarship fund becomes a gateway giving opportunity with a lower threshold, and is a way to cultivate new donors who may deepen their relationship with the fund over time.

Independent funds also offer permanent funds as giving options for personal philanthropy (named funds, scholarship, endowment funds, designated funds, field of interest funds) with higher giving minimums, ranging from \$2,500 or \$5,000, to \$100,000 at the Asian Pacific Fund. In only a few cases, community foundations reported specifically connecting with affiliated ethnic fund donors to talk with them about their personal, permanent philanthropic goals. In some cases, host foundations reported success in lowering their fund minimums or

introducing acorn funds or payment plans as an approach to appeal to a wider, more diverse group of donors.

Unrestricted or discretionary funds are offered as options by the independent funds as a way to support their general operations, member agency support and/or general grantmaking of the organization. In a small number of cases, funds also actively offer and solicit charitable trusts and other planned gifts.

In the interviews, respondents offered questions, lessons and challenges regarding the types of vehicles offered. They included having appropriate institutional capacity to manage and grow multiple types of donor vehicles, whether donors are specifically cultivated over time to give at higher and more sophisticated levels, the diversity and depth of the donor base, and the sheer volume of activity required – especially if the business model requires large numbers of small donors.

### ***Sources of Philanthropic Capital***

The RETP funds profiled rely on a mix of individual and institutional donor sources. Individual donors range from \$20 to \$1 million donors. As indicated above, depending on the mission question, the racial, ethnic and tribal funds may or may not focus primarily on cultivating donors from their own ethnic group. This appeared most frequently in the Native communities. Observers there noted that Native individuals have fewer resources and, as a result, the funds tend to cultivate non-Native individual donors and institutional donors. Other funds, such as the Black Belt Community Foundation, deliberately engage and encourage giving at all levels — from low-wealth to high — to assure maximum community participation in the fund.

Institutional support received from racial-specific businesses or associations, corporate funding, tribal gaming resources, and mainstream foundation grants. Institutional support ranged from 20% to 90% of grantmaking dollars in pooled funds. In some cases, such as the Destino Fund, the foundation established a Business Council to cultivate Latino Business owners and leaders to contribute to the pooled fund at the \$10,000 level. A number of organizations reported developing relationships with Black fraternities and sororities to contribute to pooled funds or to establish/house funds. Alumni or business associations (e.g., the Asian American Yale Alumni) are another form of associational support. In the case of affiliated funds, institutional support can also include direct financial support from the host foundation to seed, match or add to pooled funds. This is often, but not always, the case.

Mainstream foundations can be a key source of institutional support for racial, ethnic and tribal funds. How these funds are used — as leverage (such as matching dollars), to provide program, operating or grant resources, or to strengthen the institution's capacity — was an important distinction. One priority for mainstream dollars, either received or desired by these funds, was funding to support capacity

building and infrastructure. Many in the Focus Funders project, for example, reflected on the tremendous value of the grant from The California Endowment in advancing their marketing, fundraising and infrastructure. For many of the racial, ethnic and tribal funds, mainstream foundation support was critical in launching initial endowment campaigns, either through match or seed money that the foundation provided or helped to raise.

Racial, ethnic and tribal funds also benefited from pass-through or grantmaking dollars from mainstream foundations. In some cases, like the California Endowment project, racial, ethnic and tribal funds were strong partners for re-granting because of their community/racial knowledge, reach and experience. Other organizations raise funds from mainstream foundations to support special initiatives or to boost the total dollars they have available for grantmaking. For some, supplementing grantmaking dollars with mainstream support was essential to achieving critical mass, establishing credibility and visibility through their grants, and attracting new donors. In other cases, added grantmaking funds from mainstream foundations also meant that the RETP funds could focus their ethnic donor cultivation to support endowment building. One observer cautioned, however, that the pass-through approach may not appeal to many mainstream funders. "After all," he said, this means that racial, ethnic and tribal funds are "substituting our judgment for theirs."

Several observers also commented on the organizations that viewed mainstream funding as "an entitlement" or as the sole source for their funds, without simultaneously engaging donors within their own communities to contribute to the fund or to build endowment. They noted that these groups seemed to grow more slowly, if at all, and encountered sustainability challenges.

### ***Leadership Development***

Selecting, growing, training and retaining volunteer leadership for the funds was also a recurrent theme. Independent funds have boards of directors while the affiliated funds have advisory boards. In both cases, the organizations may have supplemental volunteer structures (such as a "vision" committee or "advisory" council) that conduct outreach, provide input and representation, or have fundraising responsibility.

Within the independent funds, leadership development questions include: how to develop and nurture leaders that are knowledgeable about philanthropy, comfortable with fundraising and institution building, and deliberately engaged and cultivated as philanthropic stewards and donor leaders? These questions sometimes arise in a leadership context that is deliberately inclusive of various authentic community leaders across different wealth categories. It was also noted that many of the more established or older funds and foundations are challenged to identify, recruit and develop the next generation of leaders.

A few organizations, particularly independent funds, noted a deliberate board development process that included training around fund raising and/or philanthropy. The Black Belt Community Foundation, for instance, has sent (or will send) all of its board members to the COF Community Foundations 101 trainings as a core board learning experience. It should be noted that not all RETP funds are eligible to participate in these trainings. Many interviewees identified board development support, training and resources as a capacity building need.

The leadership dynamics in the affiliated funds often related to who selected the leaders, whether they are “authentic” leaders, as the community would define it, and whether there is a shared understanding about what they were brought in to do (e.g., fundraise, public visibility, grant decisions, etc). Leaders, as identified by the various funds we interviewed, include donors but also community elders, political, religious, academic and media leaders, successful corporate and business representatives and a variety of others whom the community identifies as leaders for a variety of reasons. Whether identifying and cultivating leaders was tasked to foundation staff or peers also seemed an important choice for the affiliated funds.

### ***Organizational Capacity***

Developing appropriate capacity was a core issue and challenge raised by many of the interviewees. Appropriate staff to support the mission and work of the RETP funds was a core concern; this was particularly the case as funds moved from a focus on grantmaking to fundraising, diversified philanthropic offerings, and endowment building. Staffing profiles have not kept pace as the organizations have grown in complexity and mission. Infrastructure needs included “hard” infrastructure such as technology and contact/donor management. Many noted that “soft” infrastructure was equally critical — meaning policies, procedures, templates, etc. The Latino Funds Collaborative published a complete repository of policies, guidelines and resources around the development of racial, ethnic and tribal funds that many found highly valuable, if they were aware of it. In this, and prior research, it has been noted that the racial, ethnic and tribal funds are not able to access some of the sample best practice and policy documents available through infrastructure groups and associations.

Another growth and capital issue is related to adapting institutions to meet changing philanthropic markets. Deliberate growth or transformation to support a wider range of philanthropic options was raised by a few organizations. Workplace giving programs noted a different challenge — that of re-thinking their business model in the face of declining capital and donors through their traditional sources.

It may be instructive to consider parallel work undertaken by the Women’s Funding Network (Smart Growth) to assess and strengthen the capacity of women’s funds as a model around capacity building for RETP funds. Other lessons and experience

could be gleaned by studying the capacity building and funding extended to community foundations through various initiatives over the past twenty years.

### ***Fundraising/Asset Development***

Most respondents suggested a need and desire for learning and training that would allow them to advance their asset/endowment building and fundraising. Indeed, many considered building this infrastructure critical to their survival and success. While many funds evolved over time to take on a fundraising mission, not all began with one. As one fund director noted, “Giving money away and raising it are two very different things.” Many funds noted a lack of what some called “a culture of fundraising,” and do not have the full range of skills, the structure, or the expectation within the leadership and organization. The need to diversify fund development strategies to include major gifts and reduce reliance on special events was a recurring comment. Others noted a reliance on the “same few people” to donate year after year and a need for funds to move beyond their “comfort zones.” Fundraising staff, whether from the host foundation’s development team or from its own ranks (if independent), was a key issue raised by interviewees. Few indicated they had access to the consultant or staff expertise required in this area. Again, the Women’s Funding Network may offer a useful model. Their WOCIDI (Women of Color International Development Incubator) project specifically targeted strengthening of fundraising skills of women of color who served on the board or staff of women’s funds through a comprehensive curriculum and training. After the first three years, WFN reports that the WOCIDI funds can point to over \$20 million raised as a result of the training project.

### ***Giving Circles***

One of the philanthropic structures appearing frequently on the RETP landscape was the giving circle. In giving circles (which were profiled extensively by New Ventures at the Forum in 2005), donors engage in collective decision-making and educational activities. Donors have the opportunity and the expectation of participating in hands-on learning and decisions around strategy, grantmaking priorities and the selection of grantees. While pooled funds and giving circles share some common features, giving circles are distinguished by their participatory nature — with all donors/members typically having an equal say in the giving decisions. Members come to the table with the goal of learning, giving and being together.

In our scanning, we identified 18 organizations with current or planned giving circle activity. It is likely there are many others. Host organizations included RETP funds, community foundations and women’s funds. The giving circles appeared most often in Black and Asian communities; there was one Latino giving circle identified. In half of the cases, giving circles represented one of several strategies employed by their host organization to engage donors and build philanthropy in a particular racial/ethnic community. Within the ethnic and racial groups, some of the circles were organized around particular age or gender categories, or

particular issues such as women and girls. AAPIP and The Ford Foundation are supporting specific projects to expand or launch giving circles in multiple cities within Asian and African American communities, respectively.

In the RETP environment, giving circles are considered a promising tool to engage donors who may be new to any “formal” or “structured” philanthropic activity. They spanned different levels and styles. At one end of the spectrum were circles with a minimum buy-in of \$150 – \$250. This relatively low giving level can encourage broad and immediate participation. Several African American circles across the south and mid-Atlantic operate at this level, as do some of the Asian giving circles. At the other end are circles, including the African American Women’s Giving Circle in Washington, DC and one started by the Asian Federation in New York, which set a higher buy-in of \$5,000 over one or two years. These circles encourage donors to make a more sizeable commitment – and perhaps their largest single gift to date. In order for it to be meaningful, noted one circle organizer, “it’s got to hurt a little.”

Like other giving circles, those in this sample experienced a range of organizational development phases, challenges and successes. Two particular issues emerged in the research that may be of particular interest in an examination of RETP though they are by no means exclusive to giving circles in communities of color:

- **Support:** In some cases, host organizations offered giving circles as a way to reach their racial/ethnic group and build their funds — only to find that the demands on staff to support the circle’s education, grantmaking, and administration further stressed their already-stretched capacities to serve donors. This relates to organizational capacity topics raised earlier.
- **Scale and Sustainability:** One of the strengths of circles with \$150-250 buy-in is their low barrier to entry, especially as a strategy to get new donors and/or donors from “low-wealth” communities to participate in organized philanthropy. In at least one project, such circles received matching funds from a mainstream foundation to encourage giving and to allow the groups to sustain momentum by having access to a critical mass of funds with which to do grantmaking. In these cases, the circles generated \$10,000 - \$15,000 in grants (with two-thirds or one-half coming from matching funds). Intentionally developing strategies and capacity for recruiting members and growing circles would seem key to sustainability and critical mass beyond the foundation seed support. At these giving levels, this suggests a high volume of activity, organizing and effort.
- In addition, these circles currently receive concerted staff support to facilitate their education and grantmaking — particularly because they exist in low-wealth communities with few philanthropic

institutions or resources serving their racial group. In considering the scale and replicability of such a model, it seems important to consider the availability of resources to cover staff support, and to assess the overall impact of this level of philanthropy on the community.

However, it may be that the overall value of such circles is not measured by the dollars contributed. Rather, their impact may be in exposing members to organized philanthropy, turning them into givers and supporting their development in a culturally-specific environment. To fully capitalize on this gateway experience, it would seem important to deliberately connect giving circle members to a continuum of opportunities to further their philanthropic development.

### ***Philanthropy and Donor Education***

Another important sphere of work, well represented among the projects profiled, is philanthropy/donor education for people of color. Donor education covers “all of the ways in which donors connect with the information, knowledge and experiences that help them successfully manifest their philanthropy.”<sup>6</sup>

In communities of color, as in all communities, education spans experiential learning, education about philanthropy practices and giving vehicles, about issues and the nonprofit sector, and around grantmaking and strategies. The donor education practices in communities of color include three types of projects:

- **Stand-alone donor education:** These projects or initiatives are primarily interested in helping to educate donors about the what, why and how of giving, and typically include workshops, speakers’ bureaus and seminars. Changemakers is an example of an organization that has developed a robust curriculum to help donors to think about values, mission, meaning, giving capabilities, finding organizations, measuring success and developing giving plans. New for Changemakers is a project to collaborate with partners to adapt their curriculum, develop more culturally competent resources, and to “train trainers” who may adapt and apply this curriculum in their communities. This fall, they sponsored a daylong workshop in the San Jose area in partnership with several regional Latino funds. Grassroots Leadership, Inc. uses Changemakers’ materials and other content as part of their philanthropy education curriculum for young African Americans in southern U.S. The Asian American Federation offers multiple workshops in New York for its community, often in partnership with corporations or professional associations. Some education-focused projects noted a challenge in their work: while they provide the learning opportunities, they are not structured or equipped to help potential donors to convert this new information and interest into an immediate giving opportunity.
- **Education plus Giving Experiences:** Here, organizations provide donor education as they are helping donors to connect with vehicles

and giving options that may meet their goals. Many funds, like the Progreso Latino Fund, holds workshops and forums on issues for donors and prospects; many others publish issue papers or research. The Hopi Foundation has worked to educate both its donors and the tribal leadership around endowment and then worked with them to get endowments established. Sponsors for Educational Opportunity engages its interns and alumni through education around wealth and philanthropy and, at the same time, creates pooled funds so that they are “practicing” philanthropy as they learn about it. Others, like the Asian Pacific Fund and 21<sup>st</sup> Century Foundation, provide education around giving traditions and options and work with donors to establish these vehicles. While general philanthropy education typically happens in groups, the “second or third date” to help donors explore vehicles and match to their needs and interest is time intensive, one-on-one and can be highly specialized.

- **Giving Experiences as Education:** The pooled funds and giving circles, which are a predominant offering of the racial, ethnic and tribal funds and foundations profiled, offer experiential learning about philanthropy. Donors to these collective philanthropic enterprises learn together as they write their checks, determine priorities, and participate at various levels of the grantmaking process. “You teach people about philanthropy by turning them into donors,” said one observer. Many pooled funds and giving circles, used learning guides, speakers or readings to help the group to become more informed about issues or organizations. In some cases, expertise comes from program staff at the host foundation or from those within the pool with relevant expertise. Some funds have grantmaking committees composed of certain categories of donors (such as the “founders” and “named funds” at the Destino Fund in Ventura County, California). Others have rotating committees or, in giving circles, committees of the whole. Several groups, including Potlatch, Grassroots Leadership, Diversity Pipeline Alliance, and the United Way of King County, reported offering a chance to experience philanthropy by giving of time and help donors and potential donors to connect with nonprofits as board members and volunteers.

### ***How is the work different in communities of color?***

While there are similarities between mainstream donor education and work in communities of color, there are important nuances and differences. Our interviews and research suggest that race, ethnicity and culture contextualize the meaning and practice of donor and philanthropy education. The dynamics of race, economics, history, tradition, social context, religion and language are ever-present parts of this landscape – sometimes far on the horizon, and often, right in front. Practitioners of color indicated that knowledge, awareness and sensitivity of these dynamics were core competencies for their work. Others noted

that, for them, cultural competence also implied knowing “what I don’t know” and seeking to learn the nuances that may help them serve a community better. This could mean understanding how the issues and giving goals in a Korean or Japanese community may differ from Filipino, or Iranian from Lebanese. Whether a donor is first, second or third generation, or whether a family is inter-racial. It could mean asking the questions that illuminate whether a female donor is interested in funding causes that focus on race more than gender, that support women’s issues, or something else entirely.

For practitioners in the mainstream who would seek to serve and engage donors in communities of color, advancing to this level of cultural competence seems essential. Interviewees noted, with appreciation, those mainstream funds and foundations that appeared to work toward this level of competence. Their achievement in this regard seemed related to the inclusiveness and diversity that informed the rest of the foundation’s values, practices, people and grantmaking. For the most part, however, respondents found that mainstream foundations or advisors were not engaging donors of color at this level. Their outreach may take essentially the same product used with white donors and offer it to Blacks or Latinos without careful consideration to how racial or other experiences and dynamics shape that person’s interests or goals. In other cases, it is just not on the radar of mainstream foundations. As one ethnic fund leader observed, “they don’t know what they don’t know.”

The research and interviews highlighted several other ways in which the racial and cultural context gives shape to donor engagement and education:

- Several practitioners noted an important and distinctive connection between education about philanthropy and learning about wealth accumulation. One observer noted, “You can’t talk about philanthropic assets without talking about building wealth...connecting those two things, so people have assets to give.” This has particular relevance in communities of color that lack a long history of wealth accumulation, wealth opportunities or inter-generational wealth. A number of funds and programs work with professional advisors and other experts to create learning opportunities that are about building wealth and philanthropy. Sponsors for Educational Opportunity (SEO) works with its interns and alumni along a continuum of opportunities -- providing access to professional advancement, education about wealth building tools and practices, education about philanthropy, and opportunities to give. Its approach creates specific knowledge, resources and expectation around money and leadership: its participants will build wealth and leadership and it is their responsibility to give some of it back. The Diversity Pipeline Alliance seeks to build and expand this SEO model through a multi-cultural alliance of professional and academic national networks.

- Many practitioners reflected on the role of informal or “personal” giving in communities of color – a trend cited in much of the research on philanthropy in diverse communities.<sup>7</sup> This includes giving to churches, to family members, to immediate needs, and to communities “back home” (which may be Mississippi or other countries). African American, Latino and Arab American observers all noted that their work seeks to balance acknowledging, supporting and celebrating all forms of giving while helping donors to transition some giving to more formalized structures. This is further complicated if the ethnic fund or education project has a particular orientation around change or social justice. Several respondents suggested that the ability to appreciate and accommodate all types of giving was critical. Some projects, like Faith Partnerships, focus on the intersection of church and philanthropy. Others focus on the intersection of personal/ immediate needs and philanthropy, structuring grantmaking in a way that allows communities and donors to respond to these needs, but more effectively. For example, several RETP funds, such as Hispanic Federation and Hispanic Development Fund, value the flexibility in their programs to support emergency grants for organizations and, in some cases, to individuals. ACCESS, which serves and supports the Arab American community, noted that Muslims in their community often have a cultural and religious orientation towards helping the poor and/or those in need back home. “Which is fine,” said one representative, but “we need to help them give here as well.”
- In some quarters, understanding and trust of the philanthropic sector can also be related to cultural and racial context and immigration. This, in turn, affects how practitioners in various racial communities effectively engage and educate donors. One observer noted that in some immigrant communities, there is little context for NGO’s or nonprofits among donors or potential donors. Helping folks to understand about the nonprofit sector was a theme that emerged particularly in interviews with Asian and Native American practitioners.
- Building awareness among donors of strong, credible and ethical nonprofits in their communities is another aspect of donor education. One interviewee noted that it was important to help Arab American donors, for example, to feel comfortable giving to organizations in their own community and observed that these donors tend to be very cautious, especially now, to assure that they only attached their name and money to organization with creditable charitable purposes. During a recent gathering, sponsored by First Nations Development Institute, representatives of Native funds talked about the need to “control fraudulent nonprofits that claim to be Native led but in fact do not provide resources for Native people.” This has a ripple effect, they noted, on willingness to give to credible Native organizations.

Further, donors may have varying levels of comfort in authorizing anyone else to control their money, a factor with roots in racial history. One Hispanic fund director observed that some donors want to be “close” to their money, and may value racial, ethnic or tribal funds or donor advised funds to remain close, to have more control over where money goes, and to feel assured that the money is going to organizations and issues they connect with personally.

- How ethnicity and race shape donors’ interests, motivations and the types of organizations they may want to fund was also a theme in the conversations. Some donors seek out an ethnic fund because they want to “give Black” or “give Asian” and trust that the organization will help them refine that goal and match it with critical issues and strong organizations. Another philanthropic advisor noted that, in her experience, Asian, Black and Latino donors may have interest in mainstream issues, yet apply a unique lens — one informed by their racial and cultural experience. Recent research by the Coalition for New Philanthropy, for example, found that “African American, Asian American, and Latino donors give to create pathways for people excluded from access and opportunity.”<sup>8</sup> Many noted that donors in communities of color, like all donors, have multiple interests and may not give only to organizations that are “race-specific.” Indeed, some practitioners pointed to a different challenge — getting donors to give to their own communities and/or organizations that reflect their racial group. “How do we make it hip, or acceptable, to give to our own community?” is how one person put it. All of these factors have implications for how organizations work with donors to probe their interests and needs and to provide learning and skills.

### ***High net worth and donor education and engagement***

The inquiry also sought to identify where, and how, practitioners were working to engage donors and build philanthropy among people of color at the high net worth end of the spectrum.<sup>9</sup> The issues raised by practitioners related to the required degree of specialization, credibility and access to donors at this level. Ability to offer knowledgeable, customized care and a breadth and depth of charitable vehicles also speaks to internal capacity and staffing. Two practitioners, 21<sup>st</sup> Century Foundation and the Asian Pacific Fund, indicated that they actively target and work with donors in this category. Mainstream advisors, who have access or credibility with donors in high net worth categories across all races, expressed some interest in specifically building relationships and engaging people of color. Northern Trust Bank, for example, periodically holds a “Dream Makers” retreat, targeting high net worth African Americans and bringing them together for networking and education around business and financial planning, wealth accumulation and retention and, in recent years, philanthropy. Rockefeller Philanthropy Advisors indicated that they want to explore how to connect their mission and expertise around effective philanthropy to connect more with donors

of color. In both cases, the interviewees (both people of color) remarked on the importance of cultural competence if this work was to be successful, and indicated openness to collaborating with other practitioners and existing funds.

## **NEXT STEPS**

In December 2005, New Ventures in Philanthropy of the Forum of Regional Associations of Grantmakers, convened twenty-six practitioners – primarily leaders of ethnic foundations and funds, donor education initiatives and giving circles – for a Knowledge Lab on Building Racial, Ethnic and Tribal Philanthropy. This meeting served as a forum to vet and add to this research, and to begin the creation of knowledge tools and resources for the field. The group also spent time discussing the opportunities and benefits of ongoing collaboration and a network that would support the field of Racial, Ethnic and Tribal Philanthropy.

In November 2006, the New Ventures in Philanthropy initiative at the Forum launched an online Racial, Ethnic and Tribal Philanthropy Knowledge Center ([www.givingforum.org/retphilanthropy](http://www.givingforum.org/retphilanthropy)), which includes:

- A final version of this research paper, targeting the philanthropic community and a collection of materials for distribution and release to the general public and media
- Profiles and a directory of identified RETP organizations
- Case studies and stories drawn from practitioner experiences
- Resource guides and sample documents for practitioners

In addition to disseminating these materials through publications, the internet, convenings, and a media campaign, the Forum will be exploring other ways to support the knowledge and growth of this field, both within RETP organizations and the broader philanthropic sector. We welcome your ideas and suggestions.

**[ Footnotes ]**

- <sup>1</sup> Throughout this paper, we use the terms Black and African American and Hispanic and Latino interchangeably. The practitioners we interviewed used all of these terms with regularity; they are also members of these racial and ethnic groups. In addition, we use the term “mainstream” to refer to foundations and funds that are not ethnically or racially specific, including most private, independent foundations and the majority of community and other public foundations.
- <sup>2</sup> While beyond the scope of this phase of the project, it is important to note the growing number of institutions and organizations that are focus on diaspora giving – enabling giving by U.S. donors to support organizations and needs abroad where donors have roots, family or connections. This scanning did not include organizations that dealt only with diaspora giving, though several in the study support ethnic giving in the US and other countries.
- <sup>3</sup> Practitioners also acknowledged the need for cultural competence within RETP organizations and the ongoing need to be aware, adaptable and responsive to the nuances and cultural differences within and across ethnic and racial groups and sub-groups.
- <sup>4</sup> “Gifts and Bequests: Family or Philanthropic Organizations?” Paul G. Schervish and John J. Havens. In Alicia Munnell and Annika Sunden, (eds.), *Death and Dollars*, Brookings Press, 2003.
- <sup>5</sup> For more on this topic, see *Engaging Donors of Color in Philanthropy, Final Report*, Community Foundations of America, 2004.
- <sup>6</sup> This definition of donor education was developed by New Ventures in Philanthropy, an initiative of the Forum of Regional Associations, as part of its 2004 Knowledge Lab on Donor Education.
- <sup>7</sup> See, for example, *Cultures of Caring, Philanthropy in Diverse American Communities* published by the Council on Foundations, Washington, DC, 1999.
- <sup>8</sup> *Pathways for Change: Philanthropy among African American, Asian American, and Latino Donors in the New York Metropolitan Region*. Center on Philanthropy and Civil Society at The Graduate Center, The City University of New York in partnership with Coalition for New Philanthropy, 2005.
- <sup>9</sup> “High” is defined variously as \$1 or \$5 million in net worth. In its widely read report, the Center on Wealth and Philanthropy at Boston College research found that families with net worth of \$1 Million or more account for nearly half of all inter-vivos charitable giving. *Millionaires and the Millennium: New Estimates of the Forthcoming Wealth Transfer and the Prospects for a Golden Age of Philanthropy*. John J. Havens and Paul G. Schervish, 1999.



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