

OPINION

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In the Trump Era, Nonprofits Need a New Social Contract With Foundations

By Vu Le

The nonprofit world woke up last week to a surreal and terrifying new reality, one that must force us all to operate differently. To see our nation choosing walls, divisiveness, xenophobia, and demagoguery over love, hope, diversity, and community is devastating.

The people nonprofits serve felt the pain immediately. We have kids chanting "Build that wall" in school lunchrooms. We have women wearing hijabs being attacked. (Trump supporters have been assaulted as well.) I personally know Latino parents trying to answer their kids' questions about when they will get deported. Many of my LGBTQ friends and colleagues are in despair.

We cannot just hope it will all be OK. The new presidency threatens to undo all the progress nonprofits have worked so hard to make: progress on climate change, gender equity, marriage equality, support for the poor and homeless, and the push for diversity and inclusion throughout society. Millions of people may lose their health insurance. Hundreds of thousands of Dreamers may be exiled.

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As nonprofits work to oppose all the ways in which a Trump presidency threatens the people we serve, we need money and support — and that must come from a new social contract with foundations. Grant makers must end, once and for all, the destructive funding philosophies and practices that have hampered nonprofits' ability to achieve success.

To face a future that is terrifying to many of us and the people we serve, foundations must think and fund differently. Here are some places to start:

Stop saving for a rainy day; it's pouring right now. It is likely, given the volatility of the stock market, that endowments will earn less in the coming years. When this happened during the recession, many foundations cut back on total giving. This is no time for that. When our communities are hurting, the right response from foundations is not to hunker down and save for

a rainy day. It has been raining on many people, and now a monsoon is coming. The 5 percent annual payout rate required by law is the floor for foundations, not the ceiling. If there was ever a time to increase it, it's now.

Trust nonprofits and free up their time to do their work. Every day nonprofits put precious money and hours into a Frankenstein-style effort to gather bits of money, navigate restricted funding, and customize proposals and reports. We must stop wasting each other's time with petty concerns like overhead. All grants should be made to support general operating costs, and everyone needs to focus on outcomes and results, not which grant maker is paying for pencils, who paid for insurance, and whether those things add up to less than 10 percent of a grant award.

The hundreds of millions of hours we lose each year playing funding Sudoku and tailoring grant proposals and reports should instead go to working on our missions. There are models for how to do this differently, including the Whitman Institute's nine principles of trust-based grantmaking and the Peery Foundation's focus on putting grantees first.

Fund marginalized communities directly and in significant amounts. Grant makers talk about equity a lot, yet they still tend to support large, established organizations with which they have relationships. These organizations play an important role and provide critical services, but a basic tenet of equity is that the people most affected by injustice should be leading efforts to address it.

The coming storm threatens particular groups of people the most — Muslims, immigrants and refugees, people of color, women, LGBTQ individuals, people with disabilities. We must invest in organizations led by these people, not simply continue to go with whoever writes the best grant proposals or has the best funding relationships. And we must invest more than just token

amounts.

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Embrace and fund community mobilizing and advocacy. Advocacy, with all its complexity and messiness, is often treated in our field like a luxury. But all nonprofits, direct-service or not, must take a role in advocating on the issues that affect our communities. This is more urgent and important than ever.

I've talked to enough foundation executives to sense that many are uncomfortable with advocacy work, especially to promote social justice. I was told by program officers on more than one occasion this year to remove the words "redlining" and "racism" from grant proposals I wrote, even though those are exactly what my organization and many nonprofits are fighting against. Foundations need to stop discouraging advocacy work and start spending on it. Increase funding for existing advocacy efforts, and help direct-service providers get involved in system change.

Greatly increase funding for leadership development, especially of leaders of color. If we have any hope of mobilizing for a just and inclusive society, we must develop the kind of leaders we need. The long-lamented fact that less than 1 percent of grant making goes into leadership development

is even less acceptable now, in light of what many of our communities are dealing with.

For all the hand-wringing about our lack of diversity, people of color — who represent 30 percent of the U.S. work force — make up only 18 percent of nonprofit employees, according to Community Wealth Partners. Just 8.4 percent of foundation presidents and CEOs and 17 percent of executive staff overall are people of color, the diversity coalition D5 found in its 2016 "State of the Work" report. These numbers will only change if foundations significantly increase their investment in leadership development, immediately. Our society is shifting demographically and in its collective values. There is a lot of fear and anger out there, and demagogues and authoritarian leaders prey on it. We can only counter it by developing leaders who believe in inclusion and social justice.

Listen to the people most affected by injustice. It's been exhausting to those of us who work with people suffering injustices to propose solutions and see them shot down time and again. The arguments often go like this: You don't have the data; you don't have the track record; you're not big enough; you're not scalable; you don't align with the strategies we crafted after spending two years on strategic planning.

The assumption that marginalized communities do not know what's good for them is infantilizing and deeply inequitable. And it's not working. Moving forward, we need to trust that communities know the solutions to the problems they endure every day, and then we need to fund those solutions.

Support efforts to promote civil discourse. Our society has never been more polarized. We cannot have a functioning community when people with differing opinions and solutions refuse to communicate with one another. More and more, people enter their echo chamber and refuse to leave, in the process demonizing others and destroying any hope of civil dialogue.

Sign up for *The Chronicle of Philanthropy's* free email newsletters to get the latest stories delivered directly to your inbox. Foundations can play a critical role in bringing collegial discourse back. Fund conversations between diverse communities. Fund programs that teach kids (and adults) how to share perspectives and disagree without rancor. Fund happy hours where people who see one another as **SIGN UP NOW** The Enemy might find common ground.

Many foundations see such activities as fluffy outputs, not impactful outcomes. But given the mutual fear, hatred, and demonization and its bearing on our current political climate, we all need to appreciate and promote the intrinsic value of civil conversation.

Support responsible media and journalism. We have reached a sad era in which national elections are little more than reality-TV shows. Our media often fixate not on substance, but on whichever stories promise the most entertainment, the most sensation, the highest ratings and click counts. This gave rise to a candidate who has no policy expertise but who knows how to manipulate the public's thirst for provocation and spectacle.

Foundations can play a part in reversing this. Fund journalism of integrity and substance. Fund journalism programs and news outlets led by people who are too often ignored by the media. Fund nonprofits working to return integrity to our press.

Be more flexible and take more risks. The destructiveness of "strategic philanthropy" has now been acknowledged by many grant makers, even those who pushed the idea. Social injustice by its very nature is volatile and unpredictable, forcing our communities to constantly adapt to survive. Nonprofits are also used to negotiating an uneven landscape and the adaptation that demands. Foundations, however, have been slow to change, to take risks, to accept failure. We can no longer operate that way. Equity requires us to take risks, tolerate mistakes, and learn as we go.

This election should prompt the nonprofit world to re-examine philosophies and processes we have taken as immutable. Too many people are hurting now, and facing the prospect of even greater injustice, for us to waste a moment on the old ways of doing business.

Nonprofits like mine, which works to develop leaders of color and strengthen organizations of color so they can be civically engaged, are resolved to work harder than ever. But we need grant makers to become our true partners. That means dropping old policies and practices that get in the way of progress.

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