

Responsive Philanthropy

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IN THIS ISSUE ■

NCRP at 45: What it means to be philanthropy's critical friend 1

By AARON DORFMAN

Working with grassroots leaders has changed our foundation (and business) for the better 3

By DANIEL LEE

What should philanthropy look like 45 years from now? 7

"Disruption is my jam:" 7 Former board chairs discuss NCRP's greatest accomplishments 10

A message from the President and CEO 2

NCRP at 45: What it means to be philanthropy's critical friend

By Aaron Dorfman

Fundamentally, NCRP exists to ensure that philanthropy is responsive to those with the least wealth, power and opportunity in American society, and that it serves public purposes rather than the interests of those who control the purse strings.

As I reflect on NCRP's 45-year history, I think about the amazing con-

tributions of Bob Bothwell and Rick Cohen, NCRP's first 2 executive leaders, and the incredible work done by the dozens of talented, driven staff who put their hearts and minds into holding philanthropy accountable.

I also think about the many passionate, smart people who have served on NCRP's board of directors over the years, and especially about those who have served as board chair. Without their vision and courage, NCRP wouldn't be what it is today, and philanthropy would have less of a positive impact on society.

NCRP's greatest contributions over the past 45 years can be grouped into 2 related buckets: accountability and so-

cial justice. The field has made progress in both areas since 1976, but there is still more to be done.

HOLDING PHILANTHROPY ACCOUNTABLE TO THE PUBLIC GOOD

NCRP has helped lawmakers and the public realize that private philanthropy shouldn't be thought of as an entirely private endeavor. Because of the substantial preferential tax treatment donors and foundations receive, private philanthropy should be thought of as a partially public enterprise in which donors and all American taxpayers join forces in pursuit of the common good. Foundations (continued on page 15)



challenging grantmakers
to strengthen communities

and donors must therefore be accountable to society more broadly.

When NCRP was founded, most foundations didn't share any information whatsoever with the public, and there was no sense that foundations should be accountable to anyone outside their organizations. All of NCRP's work over the last 45 years is based on the idea that it's legitimate to question and challenge what wealthy people do with tax-advantaged dollars, through foundations or other giving vehicles. Four efforts stand out to me as having most helped advance this argument:

1. Transparency is essential for there to be accountability, and NCRP has pushed for greater transparency since the founding of the organization. In 1980, NCRP introduced its first report on foundation accountability, *Foundations and Public Information: Sunshine or Shadow*, at the annual conference of the Council on Foundations. In part because of the massive amount of attention that report received, many foundations soon after that began publishing annual reports. Voluntary transparency has continued to improve over the past 4 decades, though the increase in giving through donor-advised funds and LLCs has made a portion of domestic giving far less transparent.

2. NCRP later worked with Sen. Dave Durenberger, R-Minn., to add additional relevant information to the 990-PF tax form that foundations file with the IRS, giving the public more insight into foundation operations and spending. Voluntary transparency only goes so far, and government-mandated transparency plays an important role, too.

3. In 2009, NCRP released *Criteria for Philanthropy at Its Best*,¹ which included 4 criteria and 10 aspirational benchmarks against which foundations could be assessed. It was an attempt to raise the bar about the standards to which foundations should be held. The field had a strong reaction to the report, and NCRP was called "presumptuous" and "breathtakingly arrogant" by the leader of one large foundation.²

4. From 2013 to 2016, NCRP assessed a dozen of the nation's largest foundations through the organization's Philamplify initiative.³ The assessments were made public, and some funders made changes based on those reports. (One of my personal favorite moments from this initiative was the video NCRP produced about the Hess Foundation.⁴)

In recent years, there has been an explosion in public critique of philanthropy. Scholars, journalists and philanthropy

serving organizations have sharpened the conversation in helpful ways and have advanced how we all think about philanthropic accountability.

However, philanthropy remains mostly unaccountable. Most donors and foundations aren't sharing power at the governance level. While we've seen a handful of foundations expand their boards, too many still have small, homogeneous boards.

Government oversight is, in many ways, weaker than it has ever been. The exempt organizations division of the IRS has been starved of resources, and they investigate or audit an incredibly small number of foundations each year.

The audit rate for tax returns filed by tax-exempt organizations in fiscal year 2020 was estimated at 0.13% by a recent Treasury Department inspector general report. Individual filers were 3 times as likely to have their return audited, and business were 5 times as likely. Audit rates in the exempt organization division at the IRS, low as they are, appear to be falling still.



In 2015, NCRP President and CEO Aaron Dorfman attempted to get access to the secretive Hess Foundation as part of NCRP's Philamplify initiative. Watch the entire video here: <https://www.youtube.com/watch?v=SjbWhWCCRIQ>

New and Renewing Members and Supporters

Arch Community Fund
Barr Foundation
Bonfils-Stanton Foundation
California Wellness Foundation
Center for Leadership Equity and Research
David and Lucile Packard Foundation
Deaconess Foundation
Dyson Foundation
Embrey Family Foundation
Family Agriculture Resource Management Services
The Fund for New Jersey
George Gund Foundation
Greater Washington Community Foundation
Heising-Simons Foundation
IAF
JustFund
Marguerite Casey Foundation
Max M. and Marjorie S. Fisher Foundation
Perrin Family Foundation
Public Welfare Foundation
Sagner Family Foundation
Schott Foundation for Public Education
Solidaire Network
Stemstac Foundation
Tides Foundation
Unitarian Universalist Veatch Program at Shelter Rock
Weingart Foundation
Youth Forward

Some attorneys general have stepped in to play a more robust role, notably in New York, Minnesota and California. But it's not enough. In the coming years, I hope to see more donors and foundations voluntarily sharing power, and I also hope to see more robust action from regulators.

ENABLING SOCIAL JUSTICE NONPROFITS TO DRIVE SOCIETAL CHANGE

NCRP has helped donors and foundations make a meaningful contribution to building a society that is more fair and just. This is perhaps the most significant way NCRP has influenced philanthropy over the past 45 years.

There is more funding than ever for advocacy, community organizing, civic engagement and other strategies that allow people who have been oppressed to build power, change systems and pursue justice.

The nonprofits funded to do that important work have dramatically improved American society. While still not enjoying full equality or freedom from oppression, there is no doubt that our society is better now than it was in 1976 for LGBTQ people, for people of color, for women, for people with disabilities and for others who have been marginalized.

Nonprofits and their funders helped drive those change. There were 5 things NCRP did that made a difference:

1. In the late 1980s and into the 1990s, NCRP issued reports critical of United Ways and community foundations for their lack of support for people of color and for social justice work. Those critical reports were not always received well at the time, but it's clear that United Ways and community foundations are now much more responsive to people with the least wealth, power and opportunity than they used to be. They still have room to improve,

but it's undeniable that they have been getting better.

2. From 1979 to 1988, NCRP was part of a coalition of organizations that, through a massive multi-faceted campaign, succeeded in getting the Combined Federal Campaign (CFC) – the workplace giving program for employees of the federal government – to open participation to advocacy organizations in addition to nonprofits that provided services. There has been approximately \$50 million annually going to advocacy organizations through the CFC every year since then. The total given to advocacy groups through the CFC might be upwards of \$1.5 billion at this point. Some of that money has supported conservative advocacy organizations, but much of it has been for progressive causes, too.
3. From 1997 to 2007, NCRP published dozens of reports examining conservative philanthropy.⁵ Those reports helped liberal and progressive donors and foundations realize how they were being outspent and out-organized by people who had a very different vision for what kind of society they wanted to create. The reports contributed to the creation of new entities like the Center for American Progress and the Democracy Alliance. The most popular and influential from that series of reports were *Moving A Public Policy Agenda*⁶ and *Axis of Ideology*.⁷
4. From 2009 to 2012, NCRP documented the incredible benefits for families and communities when foundations and other donors invest in community organizing, advocacy and civic engagement. Through the *Grantmaking for Community Impact Project*,⁸ NCRP studied the work of 110 nonprofits in 7 different parts of the country and found



In 2019, NCRP unveiled its *Movement Investment Project*, dedicated to encouraging foundations and wealthy donors to move money to grassroots social movements.

that for every dollar invested in organizing and advocacy, communities reaped \$115 in benefits. The summary report from that series, *Leveraging Limited Dollars*,⁹ has been used by hundreds of foundations to protect or expand their funding for these strategies that help people who have been oppressed fight for justice and liberation.

5. In more recent years, NCRP has helped donors and foundations think about power. *Power Moves*,¹⁰ the self-assessment toolkit NCRP released in 2018, has been downloaded by thousands of foundation staff and trustees, and many are using the tool to improve how they build, share and wield power in pursuit of justice. Through the *Movement Investment Project*,¹¹ NCRP is helping funders get better at supporting movements, a critical ingredient for driving policy change and societal change more broadly.

There is no doubt that progress is being made on increasing funding for social justice. Between 2003 and 2015, support for social justice strategies hovered around 9% of all domestic grantmaking – “spiking” to 11% during the election years of 2008 and 2012. Beginning

around 2015, a broad-based increase in social justice funding began, and in 2018 (the most recent year of complete data available), 14% of domestic grantmaking was for social justice work. Preliminary data for 2019 indicate the upward trend continued.

Crucially, it looks like increased funding for social justice is coming from more than just the largest, most identifiably “progressive” foundations. NCRP split Candid’s FC1000 dataset into 2 parts responsible for roughly equal total grantmaking in any given year: the largest 100 foundations and the next-largest 900. The share of funding for social justice from the relatively smaller 900 foundations doubled from 5.5% in 2014 to 11% in 2018.

In spite of that progress, however, there is still much to be done. Foundations and high-net-worth donors still do a terrible job getting resources to groups led by Black people, Indigenous people, Latinx people and other people of color. That must change if we are going to move our society forward and help America live up to its ideals. Social justice funding is still only 14% of the grant dollars given out by the nation’s largest funders. We can and must do better.

American philanthropy has made extraordinary contributions to improve society over the past 45 years, and our

nation and its people are better off because of it. In the coming years, NCRP will continue to challenge donors and foundations to operate in ways that benefit those with the least wealth, power and opportunity. ■

Aaron Dorfman is president and CEO of NCRP.

Notes

1. See <https://www.ncrp.org/about-us/philanthropy-at-its-best>
2. See https://www.huffpost.com/entry/ncrp-at-its-most-presumpt_b_172086
3. See <https://www.ncrp.org/publications/philamplify/assessments>
4. See <https://www.youtube.com/watch?v=SjbWhWCCRI0&t=31.6s>
5. See <https://www.ncrp.org/publications/pstm=4981>
6. See <https://www.ncrp.org/publication/moving-public-policy-agenda>
7. See <https://www.ncrp.org/publication/axis-of-ideology>
8. See <https://www.ncrp.org/publications/grantmaking-for-community-impact-project>
9. See <https://www.ncrp.org/publication/leveraging-limited-dollars>
10. See <https://www.ncrp.org/initiatives/power-moves-philanthropy>
11. See <https://www.ncrp.org/initiatives/movement-investment-project>