



# Paths Along the Way to Racial Justice: Four Foundation Case Studies

When the Philanthropic Initiative for Racial Equity (PRE) began its work in 2003, many foundations had long histories of supporting varied efforts to improve the lives of people of color, address civil rights or tackle various systemic issues. But at that time, far fewer specifically named structural racism or structural racialization as a frame for their grantmaking. As structural racism analysis and concepts have evolved over the past 20 years, forward-thinking foundations have increasingly taken intentional steps to address the root causes of racism and disparities through grantmaking.

This retrospective publication provides PRE with an opportunity to highlight some of the principles, lessons and challenges of this work as experienced by different types of foundations. More than 30 foundations have been represented at PRE's Racial Justice Funders Labs, which are invitation-only workshops geared toward funders who already have a stated commitment to addressing structural racism. Any one of them would have made an excellent case study, as would many other foundations that are taking steps to advance racial justice.

To select the subjects of the four case studies in this volume, we sought out institutions that have engaged in intentional practices to strengthen racial justice grantmaking. We deliberately selected a diverse group of private foundations that are at different stages of integrating structural racism analysis in their work, so that both small and large funders could relate and learn from their experience. Another important criteria was that the selected foundations were willing to openly share their journeys from the perspectives of not only staff and board, but also grantees.

We are extremely grateful that Woods Fund Chicago, The Z. Smith Reynolds Foundation, The California Endowment and the Akonadi Foundation all generously agreed to invest significant time in interviews and share internal material with us. And perhaps most refreshingly, we thank them for working with us to review and improve the case study drafts without attempting to reshape our telling of the stories we heard.

Prior to selecting these foundations to highlight as case studies, PRE had been fortunate to work with all of them in different ways. Staff from each foundation has participated in PRE's Racial Justice Funders Labs in the past two years. With The California Endowment, PRE helped coordinate and facilitate a two-day Racial Justice Training Institute for more than 100 staff and grantees of the Building Healthy Communities initiative. Akonadi and Woods Fund Chicago representatives have participated in PRE's Racial Justice Funders Roundtable and other convenings, sharing critical lessons with peers along the way informally and through their own communications. Staff of The Z. Smith Reynolds Foundation, including former President Tom Ross, participated in some of PRE's very first funder gatherings. Ross also was notable as one of the first White foundation presidents from the South willing to talk about issues of structural racism and privilege in ways that made it seem more possible for others to also name and tackle.

One of the most important criteria for PRE in selecting these four foundations for case studies was their willingness to share challenges and missteps along the way. These experiences are often the most valuable learning moments for funder peers and grantees. While we did not engage in as comprehensive a research process as we would have for an assessment or consultation, we reviewed key documents and interviewed a sampling of players from the various roles mentioned. We have tried to capture different perspectives on these foundations' efforts to address structural racism, including critiques when interviewees have felt comfortable to share them (some anonymously). Yet we recognize that despite the offer of anonymity, power differentials within foundations, and between foundations and their grantees, may impact the interviewees' ability to be candid. Understanding that this dynamic exists, we hope that the case studies invite further discussion and exploration.

The foundations that so generously shared their histories with us are at various stages of development as racial justice grantmakers. We thank them for letting us walk with them for a moment on their journeys.



## Four Foundation Case Studies

### Woods Fund Chicago



Woods Fund Chicago recently named racial equity as the core principle guiding its work. In the case study, the Woods Fund shares some lessons about moving from principle to practice. One of its first steps was to ask questions about organization's racial analysis in the application process, which proved to be necessary to change the dynamic in a community organizing culture that treated race issues as implicit, rather than an intentional focus. While managing board and staff transitions, Woods Fund Chicago examined grantmaking data to inform their approach to racial equity, and will continue to experiment and deepen its strategic approach.

### The California Endowment



The 16th largest foundation in the country, The California Endowment is in the fourth year of a 10-year commitment, the Building Healthy Communities (BHC) initiative. A place-based grantmaking initiative in 14 California communities, BHC has been described as a different type of grantmaking for TCE – an integration of activities, a greater coordination with community sites on policy advocacy, and a process of applying a structural racialization framework. PRE's case study on BHC provides an opportunity to share this foundation's story about its learning at an early implementation stage.

### Z. Smith Reynolds Foundation



The Z. Smith Reynolds Foundation has a long history of tackling the impacts of racism in the South. It recently began shifting from an embedded, implicit value of racial equity to an explicit goal with which the foundation is increasingly and publicly identified. Amidst North Carolina's civil rights history and current racial justice efforts, the foundation has been working to put some teeth in its equity goals while maneuvering political challenges, building capacity of grantees and creating a dialogue on race and social justice throughout the state.

### Akonadi Foundation



Akonadi Foundation is one of the very few foundations in the U.S. that has explicitly integrated a racial justice framework into its grantmaking from the start. It has a 14-year history that holds many lessons for funders looking to make the greatest impact on deeply rooted issues of racism. The foundation's ecosystem approach to grantmaking, investment in movement building and prioritization of shifting cultural norms demonstrates the "how" of applying a structural racism framework to local grantmaking in Oakland, California. At the center of Akonadi's work is a relationship-based approach to strategic partnerships with community groups.



## CASE STUDY

# Woods Fund Chicago

## Adopting Racial Equity as a Core Principle

by Lisa McGill

<b>Leadership</b>	Grace Hou, president and CEO; and Patrick Sheahan, board chair
<b>Year Founded</b>	1994
<b>Mission</b>	Woods Fund Chicago seeks to help create a society where people of all racial and ethnic groups across all levels of social and economic status are empowered and have a voice to influence policies that impact their lives and where all communities are free of poverty and racism.
<b>Current Program Area</b>	<ul style="list-style-type: none"><li>• Community organizing</li><li>• Public policy</li><li>• Arts and Social Justice (by invitation only)</li><li>• The intersection of community organizing and public policy</li></ul>
<b>Staff Size</b>	6
<b>Endowment Size</b>	\$68 million
<b>Average Grant Size</b>	\$35,000
<b>Geographic Area</b>	Chicagoland Area



One evening in March 2010, in a crowded room at the Art Institute of Chicago, Deborah Harrington approached the podium to a chorus of applause. The outgoing president of Woods Fund Chicago, Harrington was about to receive the Handy L. Lindsey Award, an honor named for one of the Chicago area's most distinguished champions of diversity and inclusiveness in philanthropy awarded annually by Chicago African Americans in Philanthropy.

In her speech that night, Harrington took the opportunity to challenge her peers to look beyond diversity. Standing before many of Chicago's most influential philanthropic leaders, she declared that while diversity and inclusiveness were critical commitments for any foundation, they were "ultimately not powerful enough to drive the changes to ensure advancements toward racial equity<sup>1</sup>."

Harrington spoke of a racially equitable world – one in which the distribution of resources, opportunities and burdens is not determined or predicted by race, and in which structural racism no longer guides policies that limit opportunities among people of color. A commitment to a racially equitable world, she said, is implicit in much of the grantmaking done by Chicago's progressive foundation community. But what would happen if foundations made ending structural racism their explicit goal? What if racial equity became the unambiguous principle by which their organizations operated?

With her speech, Harrington hoped to inspire the audience to adopt a new way of tackling social injustices that are seemingly intractable. In essence, she was proposing a sea change in the way most foundations and grantmakers approach racial inequity – challenging them to address the roots of structural racism as the direct target of their grantmaking rather than its downstream effects, or hoping that reducing racial inequities would somehow be a byproduct of boosting diversity within their organizations.

Like many metropolitan centers, Chicago is certainly in need of a new approach to tackling structural racism. Despite considerable investments by foundations and others over the last five decades, Chicago remains a deeply segregated city. Metropolitan Chicago's neighborhoods and schools are almost as racially segregated as they were in 1963, when Martin Luther King Jr. delivered his "I Have a Dream" speech<sup>2</sup>. Two-thirds of the city's nearly 1 million African Americans live in communities that are at least 80 percent black. The median income of African-American households in Chicago is \$29,371 – roughly half that of White households<sup>3</sup>. The median income of Latino households in Chicago is less than two-thirds the median income of White households; that median dropped 13 percent between 1999 and 2008, compared with a decrease of only 8 percent for White Chicagoans<sup>4</sup>. Latinos also rank at or near the bottom among Chicago workers in terms of education and wages<sup>5</sup>. Meanwhile, racial gaps in academic achievement have been increasing for decades, with Chicago's African-American students falling behind all other groups at an accelerated rate.<sup>6</sup>

Real transformation, argued Harrington, will require wide adoption of a racial equity lens to bring into focus the ways in which race and ethnicity shape experiences with power, access to opportunity, treatment and outcomes. And it will require a new level of activism among foundations themselves. “Individually and collectively, from the front lines to board rooms, to affinity groups of color and beyond,” Harrington said, “we must advocate for racial equity.” In fact, she was already doing just that. The year before, under her leadership, Woods Fund Chicago had become one of the few grantmaking institutions to name racial equity as the core principle guiding its work.

## Making a Statement

Woods Fund Chicago’s roots date back to 1941 when Frank Woods, a prominent Nebraska-based lawyer and telephone company executive, incorporated a foundation called the Woods Charitable Fund. One of his sons, Frank Woods Jr., eventually relocated to Chicago where he created a local office for the Fund and became a nationally recognized leader in philanthropy. Known for his risk-taking and his commitment to increasing opportunities for disadvantaged people by changing the conditions and systems that affect them, Woods Jr. was instrumental in making community organizing the foundation’s core grantmaking strategy. He was also a noted supporter of equal opportunity initiatives before the civil rights era<sup>7</sup>.

In 1993, four years after Frank Woods Jr.’s death, the foundation formally split into two entities: the Woods Charitable Fund in Lincoln, Nebraska, and Woods Fund Chicago. Since then, Woods Fund Chicago has become a nationally recognized leader for its social justice grantmaking – focusing on four core program areas:

- ▲ **Community organizing**, supporting grassroots organizations that shape public policy through activism
- ▲ **Public policy**, supporting policies that address poverty and help low-income people attain higher living standards
- ▲ **The intersection of community organizing and public policy**, strengthening both community organizing and public policy advocacy through an integrated approach
- ▲ **Arts and social justice**, supporting endeavors that combine artistic pursuits with local activism

As its story suggests, Woods Fund Chicago has a long history of funding organizations and initiatives working to combat structural, societal barriers that bar individuals in Chicago’s less-advantaged neighborhoods from equal access to opportunities and advancement. “They have always supported community organizing in Chicago’s low-income communities, making sure that people of color who are most disenfranchised are at the forefront of driving change,” says Jenny Arwade, executive director of the Albany Park Neighborhood Council.

For added historical context, it may be worth noting that the dominant Chicago organizing community used to be hostile to the notion of highlighting race explicitly – it was shunned as divisive, unwinnable and ideological, and derided as “identity politics.” At the same time, Chicago’s philanthropic community (not unlike in other places), with few exceptions, has been virtually silent on race. In recent years, Chicago’s persistent racial inequities, residential segregation, growing economic stratification, political power imbalances and changing racial demographics have prompted more openness to, and interest in, finding new strategies to address racial disparities.

In 2008 the conversation at Woods Fund Chicago about how best to achieve these longstanding goals started to shift for several reasons. First, there was the data. A 1995 independent evaluation of the Woods Fund’s grantmaking found that only a small percentage of its grants were going to minority-led nonprofits, especially those in the city’s predominantly African-American neighborhoods. After Ricardo Millett, who is Afro-Latino of Caribbean descent, took the helm in 2001, and being Afro-Latino of Caribbean descent was the first person of color to serve as president of Woods Fund Chicago, a similar staff-led analysis found that very few of its community organizing grants were going to Chicago’s South Side – which includes the city’s lowest-income communities. In 2004 Woods Fund Chicago created the South Side Initiative, a special grantmaking program designed to increase organizing capacity in those communities. Through this initiative, the foundation awarded \$222,000 in grants to eight South Side organizations over two years. At least four of those groups were so successful in their work that they were later awarded grants in the foundation’s regular funding pool for community organizing. Yet there was a growing sense among the Woods Fund’s staff that one-off efforts of this sort were not enough.

Second, there was the reality check of the 2008 economic recession – which had an immediate and disproportionate impact on Chicago’s low-income communities of color. The systemic barriers that had long limited opportunities and options in these communities quickly became even more blatant. Meanwhile, the election of Barack Obama<sup>8</sup>, the first Black U.S. president, was seen by some as signaling the end of racial barriers for Black Americans – ushering in a period in which the term “post-racial” gained greater currency. But the notion of a post-racial America was sharply at odds with what Woods Fund Chicago’s grantees were experiencing in their communities.

At about the same time, the Woods Fund’s staff realized that while having a diversity checklist on its grant applications helped ensure that its grantees’ leadership and boards reflected the communities they served, meeting those diversity goals did not necessarily track with racial equity outcomes. Indeed, questions about the kinds of work

grantees were doing to promote racial equity weren't part of the application process at all. "On the application, it was all about the [diversity] numbers," says Lori Clark, executive director of the Jane Addams Senior Caucus, a Woods Fund Chicago grantee organization working to preserve and create affordable housing for Chicago-area seniors. "But there weren't questions like what are you doing, and how are you thinking about racial justice? How are you trying to implement that?"

Another realization was that nearly all the issues the Woods Fund's grantmaking aimed to combat – violence, poverty, lack of access to education and affordable housing – could be traced back to the systemic racism that created those inequities in the first place and now allowed them to continue. "The things we have funded for years are all imbedded in it," says Woods Fund Chicago board chair Patrick Sheahan. "The cumulative effect of institutional racism over time has generated policies that have created constriction on the lives of people," adds Jay Travis, a program officer at Woods from 2012 to 2013, who was also a former grantee. "This has limited their ability to reach their full potential and fully participate in society. Woods Fund Chicago wanted to bring that to the forefront of the conversation."

While it was the Wood Fund's staff who created the initial

structural racism into all aspects of their operations. Woods Fund Chicago is committed to raising awareness in the philanthropic community to support this work.

With this statement, Woods Fund also signaled its intention to lead by example: what it would soon require of grantees it would also require of itself.

Most Chicago area foundations were not particularly surprised by the announcement, given Woods Fund's long history of work at the intersection of race and poverty and its commitment to grassroots change. Neither were the foundation's grantees. "The reality was that it was a natural and welcome progression of what they had already been supporting," says Arwade. But the statement did open up new opportunities for grantees as well. Several grantees commented that they found it refreshing that at least one grantmaker was allowing them to discuss the "elephant in the room" – and, moreover, was willing to fund work in this area. "To have a foundation that not only supports community organizing but supports it in a way that promotes racial justice? We thought – those are people we want to work with," says Katelyn Johnson, executive director of the Action Now Institute. Adds Alie Kabba, executive director and founder of the United African Organization: "Finally, someone was saying we could talk about this. Many foundations don't want to address it. Now, we could finally

***“The Woods Fund Chicago believes that structural racism is a root cause of many challenges facing less-advantaged communities and people, and serves as a significant barrier to enabling work and eradicating poverty. The Woods Fund encourages and supports organizations, initiatives and policy efforts that lead to eliminating structural racism.”***

push toward an explicit stance on racial equity, most of the board agreed with the shift in direction as they began to understand its importance to the overall success of the work. In 2009, the foundation publicly released its new "Racial Equity Core Principle":

The Woods Fund Chicago believes that structural racism is a root cause of many challenges facing less-advantaged communities and people, and serves as a significant barrier to enabling work and eradicating poverty. The Woods Fund encourages and supports organizations, initiatives and policy efforts that lead to eliminating structural racism. Success in this area will be evident when there is equal distribution of privileges and burdens among all races and ethnic groups, and when a person's race or ethnicity does not determine his or her life outcomes. Woods Fund will support organizations that pay disciplined attention to race and ethnicity while they analyze problems, look for solutions, and define and document success. Ideally, these organizations will incorporate an analysis of

say 'racial equity' in a proposal."

## Moving from Principle to Practice

Having made a public commitment to racial equity, Woods Fund then needed to figure out how to operationalize its new core value. How exactly would the foundation infuse racial equity into its overall strategy? And what would the foundation's new racial equity focus mean for its grantmaking?

Almost immediately, the implementation process was slowed by significant staff and board transitions. In March 2010, Deborah Harrington left the foundation, kicking off a transition period that lasted until February 2012, when current president Grace Hou took the reins. During this same period the foundation's board was experiencing natural turnover, with seven new members joining the board between 2010 and 2013.

The arrival of each new board member prompted questions about what the racial equity core principle would look like



in practice. “Every time a new person came onboard, they looked at the statement and asked, ‘What does this really mean, and how do we interpret it?’” recalls Sheahan.

Part of the confusion stemmed from the fact that there are many ways to interpret the term “racial equity” – and not everyone at Woods Fund shared the same understanding. “We realized quickly that the term itself could get in the way if it wasn’t clearly defined,” says Sheahan. “We knew that we needed to define what it meant for the foundation – and particularly what it meant for our grantmaking – so that we could be transparent about how and what and why we would interpret something the way we might, and so that we could ask the same questions in a fair manner of all grantees.” The foundation’s consensus on basic definitions for racial equity, racial justice and structural racism – all terms that have overlapping but subtly distinct meanings – were just recently shared publicly with the larger community.

#### **Woods Fund Chicago uses the following definitions<sup>9</sup> of structural racism and racial equity:**

**Structural racism** is the cumulative impact of past and present policies and practices. Racial divisions, disinvestment, disenfranchisement and discriminatory policies have produced and exacerbated income inequality and disparate access to resources and opportunities for generations of Chicagoans. This is evidenced by deep racial segregation across communities and severe disparities across nearly every quality-of-life indicator – from education and health to incarceration and jobs.

**Racial equity** is a multi-issue framework that confronts racial disparities to produce fair outcomes and opportunities for all communities. It provides proactive tools, synergistic strategies and more effective policy to address structural problems. The racial equity framework provides new tools to explicitly address the racialization of policy debates that criminalize communities and limit organizing potential. Racial equity strategies connect leaders and organizations across communities and bring solutions to scale. Racial equity creates crucial spaces for those most impacted by inequities to build power and lead through collective practice and collective voice.

Woods Fund Chicago also made the decision to consider “diversity” and “racial equity” separately within their due diligence process. They look at diversity as part of assessing a grantee’s governance and use a racial equity lens when evaluating program or strategy. Before that distinction was made, conversations about one were mixed up with the other. “It was actually very clarifying,” says board member Josina Morita. “Diversity is something that we value as

good operations of any organization, which is different and separate from whether they are doing racial equity work in terms of their values or explicitly in their organizing and policy work. We still emphasize diversity, but now it’s part of the overall evaluation of good operations of our grantees.”

With its racial equity definitions beginning to take shape and a new leadership team in place, Woods Fund Chicago began to focus its attention on creating a new strategic plan that would carry the organization forward in its declared direction. A key part of that plan would be figuring out how to shift grantmaking strategy so that all of the Woods Fund’s programs and initiatives were in line with its new racial equity focus in order to bring about a new level of impact in Chicago’s communities of color.

## **Making Headway: The Racial Justice Mini-Grant Initiative**

When Grace Hou took over as president in February 2012, one of her first acts was to convene a series of “listening sessions” with clusters of grantees across Chicago. As a former Woods Fund grantee herself, Hou was familiar with the organizing and policy work of many of the grantees in Woods’ portfolio. But now, she wanted their input on how the foundation could operationalize its new core principle – particularly through its grantmaking. “We thought that the sessions would help us, as a grantmaker, to see how our grantees look at this issue and what resources they needed in order to advance racial equity more specifically in their work,” explains Hou.

“They brought us together to lay out what it means for an organization to have a racial equity focus,” says Arwade. “There was a candidness to the conversation, and they did a lot of listening to grantees. They also were very clear that they were evolving as a foundation, thinking about who they were supporting and how they were providing that support.”

Ultimately, more than 70 percent of the foundation’s grantees participated in the Spring 2012 sessions. Several grantees suggested that Woods Fund Chicago start by providing small grants designed to help grantees explore what applying a racial equity lens would mean concretely for their organizations.

Hou and the Woods Fund board agreed. In August 2012, they launched the Racial Justice Mini-Grant Initiative, offering small grants (averaging \$8,000) to existing grantees who wanted to build their capacity to incorporate racial equity analysis into their work. Woods Fund Chicago offered grants (on a six-month cycle) in three categories:

- ▲ Training grants to help grantees develop a shared understanding of racial equity issues and how to apply racial equity analysis to their work
- ▲ Research grants to help them identify the root causes of racial injustice and use that information to inform their



Photo by: Sarah Jane Rhee, [www.loveandstrugglephotos.com](http://www.loveandstrugglephotos.com)

community organizing and policy work

- ▲ Communications grants to help them explore how to create effective messaging strategies that could shift public discourse around racial equity issues

The mini-grants signaled the Woods Fund's first opportunity to put resources behind its racial equity values – and the response among grantees was immediate. “It’s a struggle to get funders to fund this type of work,” says Clark. “There were a lot more of us interested in the racial justice work than they realized there would be.”

Woods Fund Chicago received roughly 35 proposals, ultimately offering small grants to 11 organizations through two rounds of funding.

The Action Now Institute, which focuses on racial justice in the teaching profession, used its mini-grant as an opportunity to carry out additional research in support of its efforts to increase the percentage of teachers of color in the greater Chicago area. The Albany Park Neighborhood Council engaged the Western States Center to run a two-day training – with follow-up consultations – designed to help its leaders and staff further develop their shared capacity for implementing a racial justice framework. The Jane Addams Senior Caucus used its grant – supplemented by additional funding raised by leveraging the Woods grant – to train staff and deeply explore how it might use racial equity analysis in its work.

The Woods Fund's mini-grant initiative sent a clear message to both grantees and the broader philanthropic community about its commitment to making headway on this issue alongside its grantees – even as it was still figuring out

its own big picture strategy. But learning was by far the foundation's biggest intention with the mini-grants program. “We presented the mini-grants as a pilot so that people realized we were looking at this as a learning experience, not just for grantees but for us as well,” says Travis, the program officer who oversaw the initiative. “Ultimately, we wanted to use their experience and input to inform our grantmaking.”

To that end, one requirement attached to the grant was that each recipient organization would participate in at least one gathering at the end of the grant period to share their learning with Woods Fund Chicago and with one another. Those sessions generated constructive feedback. Most grantees suggested that a yearlong grant – or longer – would have given them more time to accomplish their work and build out their organizational capacity. Grantees also agreed that coming together at the front end of the grant period would have been extremely useful, so that they could share with one another not just their projects, but also the resources (including the training institutes) they planned to utilize along the way. Several grantees, as documented in a 2013 internal update on the initiative, shared how much they appreciated the authentic dialogue that was emerging around these issues.

“Coming out of the mini-grant, we changed our mission, values and vision statement,” says Clark. She reports that the Jane Addams Senior Caucus' board recruitment process and staff hiring choices have also changed dramatically. Additionally, the Caucus formed a racial justice leadership team within its membership and even created a new staff position – racial justice organizer – to help ensure that a commitment to racial equity will remain a core part of its identity. “In all our grants now, there is a clear racial justice component, no matter what the grant is,” says Clark. “There is not a funder that does not know we are doing this work.”

## Lessons Learned

### There is no perfect way to start this work.

Would it have been better for Woods Fund to have had an implementation plan in place before publicly declaring racial equity as a core value? It's impossible to know, says Woods Fund Chicago president Grace Hou. But she thinks that leading with the announcement helped hold the foundation accountable to it during the period of major leadership transition that followed. Also, announcing its intention first – then figuring out how to translate it into practice – was consistent with Woods Fund's desire to invite

**“Taking on racial equity as a core principle means committing to a living process in which the foundation is in constant learning mode. That principle also needs to influence every aspect of a foundation's work – from the way it invests its funds and how it conducts and prioritizes grantmaking, to its hiring choices and training for new board members and staff.”**

**“Still, the Woods Fund’s leadership is quick to clarify that charting the path of racial equity work will remain a generative and iterative process. “We’ve made progress structurally but we’re still in the development phase,” explains Morita.**

others into the conversation. “If an organization does not want lots of input, it might be better to have a plan in place first,” says Hou. But the most important thing is to start the conversation, keeping in mind that “there is no direct path to get there.”

### **Adopting a racial equity lens means that everything will change – not just your mission statement.**

“You can’t adopt this mission and not change anything else,” says Morita. Taking on racial equity as a core principle means committing to a living process in which the foundation is in constant learning mode. That principle also needs to influence every aspect of a foundation’s work – from the way it invests its funds and how it conducts and prioritizes grantmaking, to its hiring choices and training for new board members and staff. “It should be explicit to new board members and staff that “this is part of who we are,” she says. “It should be built into discussions about everything.”

### **Define what you mean by racial equity work.**

Sheahan advises doing a thorough literature review, as well as developing an understanding of what has worked for other foundations and what hasn’t, and what is practical in a grantmaking sense. Others on the board add that in defining what racial equity work is, foundations must also decide what it is not. They must grapple with how to get board members on the same page, discover points of contention, and take the time to work through a mutual understanding of the work as it relates to the foundation’s goals. “Working in a community where a majority of people are of color is not racial equity work,” explains Morita. “Health work is not automatically racial equity work without an explicit frame.”

### **Foundations should leverage grantmaking data to build a case about the need for a racial equity lens.**

Woods Fund Chicago had to acknowledge (and address) its own failures of equitable grant distribution in some of the hardest hit (primarily African-American) communities in the Chicago metropolitan area. An independent evaluation of its grantmaking in 1995 showed that only a small percentage of its grants went to minority-led nonprofits, especially those in low-income neighborhoods on the South and West sides. When foundation staff members did a similar analysis in 2003, the dearth of grants in the South Side, in particular, was still glaring. The foundation was faced with its own reality check: How can we say racial

equity is a core value when we don’t empower communities of color to organize and solve their own problems? That data across its grantmaking portfolio became a powerful tool for the Woods Fund’s leadership to develop a structural response to how it needed to change its grantmaking and partner with its grantees to move a racial equity agenda forward.

### **Announcing a racial equity lens is one thing, operationalizing it is another.**

Woods Fund Chicago has a lot more learning and work to do to figure out how to advance racial equity and systems change. As Hou observes, “Through its work and grantmaking, Woods Fund Chicago is trying to play a part in the dismantling of structural racism as it is the root cause of many challenges facing communities. In approaching this work, it has been and will continue to be a learning and evolutionary process – but we intend to have specific and bold next steps soon.”

Most foundations are faced with the same challenge. In addition to becoming clear on what it means by racial equity, there’s still a lot to learn about how to move from organizational change to external impact in partnership with grantees. For Woods Fund Chicago, this will require further collective learning, more experimentation, and more substantive and long-term investments in equitable systems change strategies. It will also require the development of new skills and the creation of more supports to sustain success – as well as more evaluation, documentation and dissemination of lessons, failures and successes. Woods Fund Chicago has laid some important and impressive groundwork, fostering and sharing leadership and learning. With continued support and focus, more strategies and solutions for closing racial gaps can emerge.

## **The Journey Continues**

The listening sessions and mini-grants were just a few of many inputs that helped shape Woods Fund Chicago’s new three-year strategic plan so that it more fully reflects the foundation’s racial equity goals. Finalized by the board in 2012, the new plan highlights six priority areas – financial strength, grantmaking, an engaged board of directors, relationship building, evaluation and institutional culture – and identifies a series of goals and objectives for each area. Not surprisingly, Woods Fund’s commitment to racial equity is most strongly represented in the grantmaking piece of its strategy, where “incorporating racial equity as a priority framework in WFC’s grantmaking” is explicitly named as a key objective.



Still, the Woods Fund's leadership is quick to clarify that charting the path of racial equity work will remain a generative and iterative process. "We've made progress structurally but we're still in the development phase," explains Morita. "It's still an ongoing process to define what it means for us as a foundation." But the foundation has committed to continuing to help grantees explore how to incorporate racial equity analysis into their work through convenings and trainings. It has also revised its grant application process to explicitly ask prospective grantees how racial equity informs their work.

Grantmaking is not the only area that will continue to be reexamined by the foundation. For example, creating an investment policy that reflects Woods Fund's values, notably around the racial equity framework, is part of the new strategic plan. The board recently included language in its investment policy that sets targets for socially responsible investing and investing with fund managers of color. The foundation has also integrated racial equity into its operations – including using racial equity principles in human resources practices and staff evaluations. In October 2012, the staff participated in a racial equity training retreat – another first for the organization.

"We view all of these activities as opportunities to integrate racial equity into all aspects of our work, not just our grantmaking," explains Morita. "It's been a great time to look at how to become a racial equity organization from the inside out."

Woods Fund Chicago plans to extend the kinds of conversations they're having internally and with their grantees to the wider philanthropic community – including other local and national funders – so that a much broader set of organizations begin to examine more explicitly the deep and suppressive role that structural racism plays in so many communities across the United States.

Ultimately, Woods Fund hopes that the next few years and beyond will bring real transformation in that regard, and that the foundation and its grantees are able to demonstrate that sustainable change is possible if racial equity is the central principle guiding one's work. "We want to demonstrate to the field of philanthropy that racial equity is an effective model for grantmaking that gets to the structural inequities that exist in our society and actually changes the equation of what's possible," says Morita. Adds Sheahan, "The only way we're going to get there is keep having the discussion, keep engaging our grantees in that process, and keep learning. We're now on the journey."



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Lisa McGill would like to thank writer Jenny Johnston for her contributions to this case study.

## Endnotes

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## CASE STUDY

# Z. Smith Reynolds Foundation

## Advancing Racial Equity in the New South

by Lisa McGill

<b>Leadership</b>	David L. Neal, President, Board of Trustees; and Leslie Winner, Executive Director
<b>Year Founded</b>	1936
<b>Mission</b>	To improve the quality of life for all North Carolinians.
<b>Current Program Area</b>	Community Economic Development, Environment, Public Education, Social Justice and Equity and Strengthening Democracy
<b>Staff Size</b>	16
<b>Endowment Size</b>	Value of trust as of December 31, 2013 is \$429 Million.
<b>Average Grant Size</b>	\$52,500
<b>Geographic Area</b>	State of North Carolina

### Z. Smith Reynolds FOUNDATION

In 1963, North Carolina's then-Governor Terry Sanford launched a bold plan to address the entrenched and rising poverty that was threatening to overtake the state. At the time, 37 percent of North Carolina residents had incomes below the federal poverty line, a quarter of the state's adults over age 25 were illiterate, unemployment was rampant, economic growth was stagnant, and racial tensions were flaring.<sup>1</sup>

To address these mounting problems, Sanford created a first-of-its-kind statewide anti-poverty initiative called the North Carolina Fund. The Fund, which had both Black and White leadership by design, was a massive experiment in mobilizing the poor through increased grassroots community activism, civic engagement and economic development. In its five years of operation, the Fund created a flurry of new education, health, job training, housing and community development programs designed to empower low-income communities across the state – and across class and color lines – to lift themselves out of poverty.

Some, including a few ambitious politicians running for Congress in North Carolina, opposed the work of the Fund. First, it encouraged disadvantaged citizens to become civically active and enter the decision-making processes of their communities – which was antithetical to the paternalistic views of how to treat the poor at the time. For the old conservative guard, a group of newly engaged North Carolinians portended an emerging voting bloc that might not swing its way. Second, it was the height of the civil rights struggle, and a large percentage of the North Carolinians helped by the Fund's program were African-American. Anti-poverty workers were accused of sparking civil unrest, and Fund leaders were accused of “meddling in politics.”<sup>2</sup>

Nonetheless, the initiative brought about bold new changes across the state and went on to become the model and inspiration for President Lyndon Johnson's War on Poverty.

The North Carolina Fund had several major private funders, chief among them the Ford Foundation. Also at the table, along with the Mary Reynolds Babcock Foundation, was the Z. Smith Reynolds Foundation, a small North Carolina-based family foundation that was just beginning to flex its philanthropic voice. Despite fielding warning calls from across the state urging it to cease funding a project so “radical,” ZSR did not back down. Mary Mountcastle, a current ZSR family-member trustee, recalls, “I've heard stories from family members that it was definitely controversial. But they did not back away in supporting what they believed in.” As it happened, participating in the North Carolina Fund proved a formative moment for the growing foundation, accelerating its journey down the path of understanding the complexities of race and inequality, and how to tackle these issues head-on in North Carolina.

ZSR was established in 1936 in honor of Z. Smith Reynolds – the youngest child of tobacco magnate R.J. Reynolds – who mysteriously died at his home in Winston-Salem when he was just 20 years old. Created by his siblings as a family foundation to benefit the people of North Carolina, it is now the largest general purpose foundation in the state and ranks among the 100 largest philanthropies in the country. It is also widely considered one of the most progressive funders in North Carolina.

Currently, ZSR's grantmaking has five focus areas: community economic development, strengthening democracy, environment, public education, and social justice and equity. Each includes a set of strategies around racial and ethnic issues. “Injustice is the living legacy of our

state's history of racial exclusion and segregation," explains David Neal, ZSR's president. "We cannot make progress without addressing the plain truth that opportunities and outcomes in nearly every area – be it health, education, environment or any other indicator – follow racial lines." He adds, "Foundations and nonprofits alone cannot end these disparities, but we take seriously our responsibility to make progress where we can."<sup>4</sup>

## Putting Race on the Table

ZSR's move to embrace racial equity as a core value has evolved over time. But its commitment to putting (and keeping) race on the table has remained constant.

The foundation has long been willing to name race as a priority issue that must be addressed in North Carolina. But like many other well-meaning organizations in the late 60s and 70s, it found itself advocating for the inclusion of racial minorities in decision making without leading by example. For decades, ZSR's board was made up of family members, all of them White. But around the time that the North Carolina Fund closed its doors, the board opened up to include non-family members, inviting the first African American, Dr. Joseph Gordon, to join in 1970. The board also made the proactive choice to hire Tom Lambeth, a native North Carolinian, in 1978 as its first full-time executive director. Previously a grantmaker at the Smith Richardson Foundation and assistant to Governor Sanford, Lambeth was well-respected among progressive leaders in North Carolina for his commitment to civil rights and education. Lambeth, in turn, hired ZSR's first staff, which included an African-American woman.

In the 1980s, with Lambeth at the helm, ZSR's majority-family board decided to draw in even more diverse perspectives by creating an advisory panel – a rotating group of 15 diverse individuals from regions and sectors across the state – to help expand the breadth and depth of its thinking. Over the years, the advisory panel has included journalists, legislators, industry heads and others who have brought a

broad range of social, ideological and political viewpoints to foundation discussions. While this advisory panel has no grantmaking power, it has proved a rich sounding board.

The advisory panel's influence was evident in changes to the foundation's grantmaking in the 1980s and 1990s, especially. As the philanthropic community across the country began to think more strategically about nonprofit capacity building, and public and private partnerships, ZSR, under the guidance of the advisory panel, paid special attention to grantees and partners who could help support these types of efforts in minority communities. During that time, the foundation was the first to provide seed funding for visionary projects, such as the Child Care Lending Initiative of the Self-Help Credit Union in North Carolina, a collaborative that advocates for communities of color and others left out of the banking mainstream, supporting research on financing opportunities for child care providers. Lending to home-based and center child care providers is an integral part of its portfolio today. The foundation also helped support the launch of the North Carolina Institute of Minority Economic Development (now NCIMED) with a seed grant to diversify North Carolina's business community. NCIMED remains the only organization of its kind in the country that focuses on business diversity as an economic driver for states. These types of grants were accompanied by startup support for statewide infrastructure and technical assistance groups, such as the North Carolina Center for Nonprofits, to champion the evolving and diverse needs of nonprofits in North Carolina.

"We started the advisory panel to help us think about what the foundation should be doing that we weren't doing," says Tom Lambeth.

Indeed, it was a proposal developed by the advisory panel that prompted the foundation in 2000 to launch an initiative that made its focus on race even more overt. "The Race Will Not Divide Us" initiative was a one-year, \$1 million effort to bring attention to race issues and create cross-racial dialogue throughout North Carolina.



### Goals of ZSR's "Race Will Not Divide Us" Initiative were

- ▲ to stimulate new activity and innovation, particularly among groups or in geographic areas where little has been done to improve existing tensions among people of different races;
- ▲ to support and sustain pioneering race relations models to ensure that these valuable efforts do not wane for lack of support and to ensure innovation in addressing emerging challenges;
- ▲ to identify and spread the lessons of successful models of race relations work, so that the impact of these models can be increased and these efforts receive statewide attention; and
- ▲ to create a network of leaders in improving race relations to ensure that they can continue to challenge each other and learn from one another's efforts.<sup>3</sup>

***“We needed to develop strategies to help our organizations use a racial equity lens, and examine how their organizations were relevant to the greater diversity and changing demographics of North Carolina,” says program officer James Gore. “It’s not just the responsibility of organizations in communities of color to do that. It has to be a broader engagement of many organizations and interests.”***

As part of the initiative, the foundation made grants to 23 organizations throughout North Carolina to assist them in tackling issues of race in their communities. Grantees ranged from faith-based organizations, such as Neighbors in Ministry, to cross-racial community organizing groups, such as the Southeast Regional Economic Justice Network. Grants were awarded to several youth programs, including Youth Empowerment and Big Brothers/Big Sisters, and emerging nonprofits in the growing immigrant community, such as El Pueblo Inc. Projects addressing public policy issues, such as the Community Building Initiative, were also funded.

The initiative “helped us keep race in the forefront,” observed family-member trustee Jock Tate in 2001, suggesting that it increased the foundation’s determination to explore new ways to address issues of race internally, assist grantees in confronting these issues, and elevate the conversation about racial disparities as widely and broadly across the state as possible.<sup>4</sup>

## **The Shift to Racial Equity**

By the early 2000s, more and more of ZSR’s grantees were starting to wrestle with racial equity and how to incorporate a racial equity lens into their work – sometimes on their own, sometimes at the prodding of the foundation.

ZSR learned a great deal from the “Race Will Not Divide Us” initiative – not least of which is how hard it can be to get other organizations and foundations across the state to talk about race directly. “I remember making pitches to some organizations about why this was important,” observes Tom Ross, who joined the foundation as executive director when the initiative was winding down. “I would hear ‘Yes, we know it’s important, but we feel like we’ve tried and never been successful.’ And I remember saying, ‘Yes, but you can’t stop trying.’”

When Ross came on board as executive director after Lambeth’s retirement, he was already known as a problem solver. A former judge in North Carolina, Ross was credited with restructuring a state sentencing system that increased community-based alternatives for nonviolent offenses and was known for systems-change leadership. Ross led ZSR from 2001 to 2007, guiding the foundation through a strategic planning process that helped establish evaluation metrics and identify clear program areas for the first time, which are still in place today. The foundation also began shifting racial equity from an embedded, implicit value to an explicit goal with which it was publicly identified.

Under Ross’s tenure, ZSR began investing more heavily in minority-led nonprofits, including asset-building groups such as the African-American-managed Generations Credit Union and the Latino Credit Union. With Ross’s encouragement, it also invested in the groundbreaking Funders’ Collaborative for Strong Latino Communities, a project of Hispanics in Philanthropy (HIP) to build the capacity of Latino nonprofits across the United States. Leveraging a challenge grant from ZSR, 22 fledgling Latino nonprofits in North Carolina were supported in the first year of HIP’s project.

The foundation’s increased focus on racial equity was also fueled by what was happening in the larger landscape of North Carolina – including major shifts in the state’s core demographics. Since 1990, the state’s Latino population has exploded by an incredible 943 percent.<sup>5</sup> Today, 63 of the state’s 100 counties are at least 5 percent Latino, whereas 20 years ago none of them were.<sup>6</sup> North Carolina has also become a haven for many other immigrant populations, now boasting the fourth largest population of Hmong in the country.<sup>7</sup> In the last decade, North Carolina’s African-American population has increased by 17.9 percent. Even more striking is the fact that for the first time in history, the majority of the state’s youth population is non-White.<sup>9</sup>

The state’s racial and gender wealth gaps are also widening. North Carolina now has the seventh largest wealth gap between White and non-White households in the country. Seventeen percent of the state’s Whites live in asset poverty, but this figure is 47.8 percent among people of color.<sup>10</sup>

The foundation was already trying to address systemic disparities in North Carolina communities through its formal diversity accountability policy, which gives the board leeway to decline to fund nonprofits whose boards do not reflect the communities they purport to serve, or to withhold grant funds until they submit diversity plans to the foundation for executive director approval. But the foundation felt that it needed to do more. “We needed to develop strategies to help our organizations use a racial equity lens, and examine how their organizations were relevant to the greater diversity and changing demographics of North Carolina,” says program officer James Gore. “It’s not just the responsibility of organizations in communities of color to do that. It has to be a broader engagement of many organizations and interests.”



## The Racial Equity Initiative

In 2011, under the leadership of current Executive Director Leslie Winner – a former state senator, civil rights lawyer and trailblazer in her own right – ZSR launched a second statewide initiative to gain traction against the structural inequities that remained prominent in the state. The Racial Equity Initiative was a pilot program designed to move the foundation's grantees from racial representation to true inclusion in nonprofit decision-making, and to increase their capacity to address racial equity. The goals of the Racial Equity Initiative were threefold:

- ▲ Help grantees to see the relevance of racial equity and its impact on their field
- ▲ Build capacity for grantees to be more effective in their racial equity efforts
- ▲ Build a base of shared definitions and frameworks around structural racism

This effort with grantees was coupled with internal priority-setting around the goals and objectives of each program area to include specific racial equity targets.

The initiative kicked off with a series of daylong racial equity convenings, held at different locations throughout North Carolina. The foundation invited all of its grantees to the sessions. In all, 312 people representing 209 organizations participated. Afterwards, more than 90 percent expressed interest in further trainings and additional opportunities to advance their skills in these areas. “So much of what we were hearing from grantees was, ‘We share this value and want to do this work, but we don’t know how or we don’t have the capacity,’” says Joy Vermillion Heinsohn, the foundation’s director for programs.

In response, early in 2012, the foundation put out an RFP offering targeted technical assistance grants to self-selected grantees who wanted to venture deeper into racial equity work. Ultimately, the foundation awarded eight six-month grants to 11 organizations<sup>11</sup> – an investment totaling approximately \$60,000. These grantees agreed to come together with ZSR staff for two peer-cohort convenings, one during the grant period to receive a more advanced level of racial equity training, and one after the grants ended to share learnings from their work and discuss the sustainability of their new efforts.

Grantees used their funds to pursue a wide range of capacity-building activities and implementation steps. The Asheville City School Foundation held a racial equity

retreat with its board, where participants identified racial equity objectives and revamped their board recruitment strategy. The Southern Coalition for Social Justice (SCSJ) worked with three other grantees to deepen their collective understanding of systemic racism, and integrate racial equity goals into their policies and practices.

Other groups, especially mainstream organizations such as the North Carolina Wildlife Federation (NCWF), witnessed how a small grant could go a long way to build their capacity *and networks* around a racial equity agenda. With its grant, for example, NCWF gathered 20 of its chapter leaders,

staff and board members for a series of facilitated meetings designed to introduce them to the concept of racial equity, and to begin figuring out how to expand its work and presence in communities of color. But with the latter task, they quickly hit a roadblock. “We realized we don’t even know what the Hispanic- or African-American communities *think* about conservation,” says NCFW’s Canavarro. They decided to contact several of the other ZSR grantees they had met at the racial equity convening, who helped them connect with African-American and Latino community leaders across the state. The resulting in-depth interviews yielded valuable information that helped NCWF launch a new action plan.

Like other grantees, NCWF felt the capacity grant helped them make real progress in a short time and with little funding. But they all seemed to agree that the work wasn’t over. “We made good strides, but we are nowhere near where we envision being,” says Canavarro.

## Continuing the Journey

It is not yet clear whether the Racial Equity Initiative will be a time-limited program, extend into further work, or get integrated into the foundation’s overall grantmaking. But many of ZSR’s grantees are endorsing the foundation’s efforts to wade further into this area. “What I’ve seen in the last three or four years is a really important change,” says Anita Earls, executive director of the Southern Coalition for Social Justice. “I think what they’ve been trying to do is courageous, and I hope they will help us figure out how to take this work to the next level.”

The foundation is the first to acknowledge that amplifying the focus on racial equity is inherently difficult work – not just because understanding the structural bases for the disparities is challenging, but also because the social and political context in North Carolina is changing. In recent years, the state’s politics and policies have shifted to the conservative right. Statewide battles over immigration reform and the controversial passage of the state’s voter ID



law – widely viewed as racially discriminatory by nature – have set off alarm bells among progressives. And dramatic cuts to public education and social services are having a disproportionate impact on low-income communities, many of them communities of color.

The current climate in the state has again led to heightened resistance that, for many, harkens back to earlier movement protests, and the controversy that often surrounds that resistance.

A powerful network of religious and grassroots leaders in North Carolina, under the umbrella of “Moral Mondays,” has gained significant momentum protesting the rising threats to safety-net programs for underresourced communities in the state. While ZSR has not funded any of the direct work behind the protests much of which is conducted by 501c4s or individual leaders, this is a moment to consider what it means for the ongoing social and racial justice efforts of the 501c3 grantees whose long-term capacity and infrastructure ZSR has supported, and their ability to seize upon such critical moments.

“How can we and the grantee community build on possible opportunities raised by this momentum to address racial disparities in our state? It’s something we are asking ourselves,” noted Vermillion Heinsohn.

we continued to fund it,” she says. “We need to continue to stand up for what we believe in and not back away.”

## Lessons

Although diversity is important to a foundation’s racial equity goals, it is not enough to drive systemic change. In the late 1990s, the foundation began to collect information on its grantees’ staff and board diversity. By 2009, it began to hold grantees more accountable to board and staff diversity as a precondition of funding. The foundation’s diversity policy had an impact – but it did not address two other problems that soon seemed rather glaring. First, a number of grantees were adding diversity to their boards but not truly including those new voices in the conversation. “There were some number of organizations that focused on token diversity but not inclusion, or inclusion but with structural deficits,” says program officer James Gore. Second, bringing in diverse perspectives did not in-and-of itself guarantee that anything the organization actually *did* through its work would change.

“We were trying to look at it more as a change issue: How could we help change institutions and communities in a more systematic way?” says former executive director Tom Ross. For answers, the foundation, under the leadership of current Executive Director Leslie Winner, turned to its grantees, asking them two questions: How do you draw

**“How does a family foundation honor its heritage and acknowledge its privilege, while staying true to the evolving values of the family’s philanthropy over generations? It’s a question that has been at the forefront of ZSR’s work, irrespective of leadership changes, political trends and economic realities in the state.”**

“Given the broad range of activists who have come together, the Moral Mondays movement has reflected a better intersectional lens recognizing how race, gender, economic concerns and environmental policies impact each other,” added Gore. “It has already affected some grantees to more strongly consider the connections of these factors.”

Still, both stressed that they and their predecessors recognize the racial and social justice work the foundation seeks to support “is long-term and bigger than any one moment, event or crisis. This work is generational in nature.”

Irrespective of what happens with the issue of the day, the foundation shows no signs of backing away from helping its grantees tackle structural racism – and from confronting it themselves as an organization. In that regard, board member Mary Mountcastle sees yet another connection between the work the foundation is doing now and the work it did through the North Carolina Fund 50 years ago. “Some people wanted the foundation to stop funding that work, but

upon racially diverse perspectives in your work? And, what challenges does your organization face in bringing racially diverse perspectives in your work? Thanks in part to these conversations, the foundation established racial equity targets across each of its program areas, launched its Racial Equity Initiative, and continues to create additional alignment across the foundation.

When you begin to implement a racial equity framework, you have to start at home. The reality is, the foundation’s wealth was generated by a once-thriving tobacco industry supported by the labor of low-income workers, especially racial minorities, who seldom reaped the full benefits of their enterprise. There is no getting around it. So, the question begs: How does a family foundation honor its heritage and acknowledge its privilege, while staying true to the evolving values of the family’s philanthropy over generations? It’s a question that has been at the forefront of ZSR’s work, irrespective of leadership changes, political trends and economic realities in the state.

At the height of the civil rights movement, the foundation's all-White board made the intentional decision to become more racially and culturally diverse. Internal changes were followed by the establishment of an advisory panel of diverse leaders to keep the foundation honest about race relations and other emerging issues facing the state.

The foundation then matured and delved into the structural barriers that limit opportunities, especially for people of color, across the state. This commitment began to include systematic efforts and dedicated resources for evaluating not only the progress of grantee organizations, but also the foundation's progress on racial equity targets across grant clusters and portfolios.

"This is not the kind of thing that can be a three-year initiative and then you expect to be done with it," says Joy Vermillion Heinsohn, director for programs. "Is it a part of your foundation's culture to want to push the envelope? Do you feel like you have trusted relationships with grantees to be able to engage in this type of conversation, and are you going to be willing to listen to what they say they need? You have to figure that out."

That willingness to "figure it out," as Vermillion Heinsohn suggests, continues to inform emerging work as the foundation intensifies its efforts to address widening disparities throughout the state.

Racial equity grantmaking takes courage – and the willingness to stand behind your investments. ZSR stood firm in its commitment to the North Carolina Fund, despite some of the controversy, because it believed it was the right thing to do. When the foundation decided to require its grantees' boards to reflect the diversity of the communities they served, it once again stepped out on principle – and didn't back down, despite some grantee pushback. Current family-member trustee Mary Mountcastle recalls one arts organization calling the foundation's diversity policy "overbearing." Mountcastle's response? "I asked, 'How are you going to market to and attract more diverse audiences with such a predominantly White board and staff?' I told them that their success will be affected if they don't think about how to work effectively in a multiracial and multicultural context like North Carolina is today."

And, the foundation is the first to admit that it has had its own internal struggles with how far to push that commitment. "There was some concern that this wasn't a good way to spend money because we weren't likely to get the kind of change for which we were driving," says former Executive Director Tom Ross. "And some people wanted to push harder and faster than others." Ultimately, the discussion came down to what an effective intervention would look like. In other words, says Ross, "What would matter?"

"Racial equity is an issue that scares people," adds board member Ilana Dubester – arguing that this reality makes the foundation's commitment to achieving it all the more important.

At a time when grants are scrutinized and program priorities are judged, the lesson is to stay the course, take risks, and believe that you will come out on the right side of history.



**Lisa McGill** is the principal of LM Strategies Consulting, a firm that works with philanthropies to help them advance relationships and sustain impact in underresourced communities. McGill has consulted on projects for a variety of foundations, including the W.K. Kellogg Foundation, the Robert Wood Johnson Foundation, the Charles S. Mott Foundation, the Jim Casey Youth Opportunities Initiative, and the Kresge Foundation. She has content expertise in youth-to-adulthood transitions. McGill is the author of *Constructing Black Selves: Caribbean American Narratives and the Second Generation* (NYU Press) and the co-author of several publications in the philanthropic sector.

Lisa McGill would like to thank writer Jenny Johnston for her contributions to this case study.

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Photo Credit: "To Be Rather than to Seem: Reflections on Race in North Carolina, 2001 Annual Report." Z. Smith Reynolds Foundation, 2001. Web. 15 May 2014. <<http://www.zsr.org/sites/default/files/images/2001ZSRAnnualReport.pdf>>



## CASE STUDY

# The California Endowment: Racial Equity Grantmaking in a Place-Based Initiative

by Maggie Potapchuk

<b>Leadership</b>	C. Dean Germano, Chair of the Board; and Robert K. Ross, President and Chief Executive Officer
<b>Year Founded</b>	1996
<b>Mission</b>	To expand access to affordable, quality health care for underserved individuals and communities, and to promote fundamental improvements in the health status of all Californians.
<b>Current Program Area</b>	<p><b>Health Happens with Prevention:</b> implementation of the federal health law by enrolling uninsured children and adults in affordable coverage and by pursuing the opportunities created by the law to expand prevention.</p> <p><b>Health Happens in Neighborhoods:</b> make changes in neighborhood conditions to promote safety, health and fitness and will pursue policy changes at the local, regional and state levels to create health-promoting environments.</p> <p><b>Health Happens in Schools:</b> change policies and practices in school districts to improve attendance and reduce suspensions/expulsions, enhance nutrition and physical activity and support the physical, social and emotional needs of young people. This includes a focus on the status of boys of color.</p>
<b>Staff Size</b>	137
<b>Endowment Size</b>	\$3,562,148,280
<b>Average Grant Size</b>	\$102,545.23
<b>Geographic Area</b>	California



Over two days in 2010, executive and senior staff of The California Endowment (TCE) shared a unique experience with representatives from each of the 14 sites in the foundation's Building Healthy Communities Initiative. Together, foundation and community leaders read and discussed storyboards from each community depicting an unsettling history that isn't taught in schools. Some little-known facts about the rural city of Salinas, one of the 14 sites, were shared on the storyboard:

"The land currently occupied by the city of Salinas was historically settled by Native Americans known as Ensen."

"Large Spanish land grants for the Catholic missions gave way to Mexican land grants for smaller rancheros."

"During the 1870s and 1880s [there] was land reclamation undertaken by Chinese labor to clear and drain the swamps."

Each community's storyboard became a symbolic message, validating the struggles and legacies of their elders.

This workshop on structural racialization was a departure from other foundation-led "place-based" initiatives, as it specifically addressed structural racism in the context of place. Understanding the history of each community from the perspectives of indigenous communities and different racial and ethnic groups, including their histories of resistance against injustice and exploitation, was an important starting point for foundation and community leaders as they embarked together upon an ambitious 10-year initiative to reduce health disparities.<sup>1</sup>



Power dynamics are always present when foundations participate in the civic square. An even deeper power dynamic exists when foundations invest in place-based initiatives, especially in communities of color. In recent years, place-based initiatives have received attention in philanthropic literature<sup>2</sup> – specifically, in relation to leadership, evaluation and the role of the funder. These publications sometimes discuss issues of diversity, inclusion or racial disparities. But racism, racial equity and privilege are rarely mentioned.



TCE's ambitious 10-year, \$1 billion statewide Building Healthy Communities (BHC) initiative stands out for its intentional efforts to integrate a racial equity framework into a place-based grantmaking approach to social change. A health conversion foundation<sup>3</sup> and the 16th largest foundation in the country, TCE launched BHC in 2010 in 14 California communities.<sup>4</sup> The initiative's goal is "to support the development of communities where kids and youth are healthy, safe and ready to learn."

This case study examines aspects of TCE's place-based initiative and its early implementation in relation to racial equity principles and grantmaking practice. Though only at the four-year mark, there are some critical observations and possible lessons for philanthropy from the BHC experience to date, which can advance discussion about place-based work in the field.

## An Evolving Analysis of the Social Determinants of Health

BHC emerged out of a reflective process at TCE. After 10 years of grantmaking focused on health access, workforce diversity and disparities, the foundation wanted to make more impact and shifted its focus to the root causes of health inequities. Dr. Robert K. Ross, TCE's president & CEO, describes the organization's changing focus. "The key contributors are what we recognize as the 'social determinants' of health: poverty, racism and hopelessness," he says. "These factors feed the heavy burden of disease and despair in low-income communities, and these disease conditions are largely preventable ... So with our eyes open, we have decided to stop dipping our feet and jump into the pool on the matter of these social determinants of health."<sup>5</sup>

After extensive research and development, the foundation designed and launched BHC in 2010 in 14 urban and rural communities throughout California. Linking policy and systems change strategies with sustained levels of community investments, the initiative in its early design sought to achieve 10 outcomes:

1. All children have health coverage.
2. Families have improved access to a health home that supports healthy behaviors.
3. Health and family-focused human services shift resources toward prevention.
4. Residents live in communities with health-promoting land use, transportation and community development.
5. Children and their families are safe from violence in their homes and neighborhoods.
6. Communities support healthy youth development.
7. Neighborhood and school environments support improved health and healthy behaviors.

8. Community health improvements are linked to economic development.
9. Health gaps for young men and boys of color are narrowed.<sup>6</sup>
10. California has a shared vision of community health.<sup>7</sup>

The initial BHC framework did not explicitly mention race or equity, except in language focused on health gaps for men and boys of color. In interviews, staff were asked to share how they came to apply a structural racialization analysis to BHC's grantmaking. "There was not a critical moment," shares Charles Fields, regional program manager. "We have been on an evolutionary path – when you notice the significant disproportionality in health outcomes, that's based on race, gender and sexual orientation; it's based on class; it's based on geography." This reality is clear when looking at just a few of the racial disparities of health across the state:

- ▲ "Black Californians are two to three times more likely than other racial or ethnic groups to be hospitalized for preventable conditions such as asthma, diabetes and heart disease"<sup>8</sup>
- ▲ Compared to other racial and ethnic groups, Native Hawaiian/Pacific Islanders have some of the highest rates of diabetes; Filipinos, Vietnamese and South Asians also have diabetes rates higher than the California average, despite having a generally younger population.<sup>9</sup>

### The Three Big Campaigns within the Building Healthy Communities initiative are:

1. Health Happens with Prevention: We will take full advantage of the implementation of the federal health law by enrolling thousands of uninsured children and adults in affordable coverage and by pursuing the opportunities created by the law to expand prevention.
2. Health Happens in Neighborhoods: We will make changes in neighborhood conditions to promote safety, health and fitness in the 14 BHC sites and will pursue policy changes at the local, regional and state levels to create health-promoting environments.
3. Health Happens in Schools: We will change policies and practices in BHC school districts to improve attendance and reduce suspensions/expulsions, enhance nutrition and physical activity, and support the physical, social and emotional needs of young people. We have a particular focus in this campaign on the status of boys of color who currently suffer outrageously high rates of suspensions, expulsions and dropouts.<sup>13</sup>

- ▲ “Significant racial and ethnic disparities exist in infant mortality rates. African-American infant mortality rates were nearly three times higher than those of whites in 2008 ... Latinos who have over half of the births in California, had the highest actual number (1504) of infant deaths in 2008<sup>10</sup> ... Maternal mortality rates increase for all races/ethnicities over the last decade in California. African-American women were three to five times more likely than any other group to die from pregnancy-related causes. United States-born Latinos had the second highest mortality rate in 2008, which was nearly double their 1999 rate.”<sup>11</sup>
- ▲ “Rates of doctor-diagnosed asthma are highest in Native Hawaiians/Pacific Islanders (28 percent), American Indians/Alaska Natives (26 percent), and African Americans (21 percent). In addition, the rate of preventable hospitalizations for asthma in the African-American community is over three times that of any other race or ethnic group, due in part to lower quality outpatient care.”<sup>12</sup>

Today, TCE has an equity action agenda that “recognizes that race/racism and social determinants adversely affect the health and well-being of historically underserved communities in California – race and place matter. To improve health where we live, we need to focus on the structural elements that perpetuate inequity and engage in systems change.”

## Integrating Racial Equity into BHC

For TCE, part of the process of integrating a racial equity framework was establishing a common language and analysis among foundation staff and grantees. In 2011, TCE hosted a Systems Thinking and Race workshop for executive leadership, TCE staff and grantee representatives from BHC sites. It was led by Philanthropic Initiative for Racial Equity;<sup>14</sup> John A. Powell, at the time, the executive director of Kirwan Institute for the Study of Race and Ethnicity at The Ohio State University;<sup>15</sup> Rinku Sen, executive director of Applied Research Center (now called Race Forward) and Colorlines; and other key racial justice leaders.<sup>16</sup> This two-day workshop was described in interviews as a turning point that provided necessary conceptual grounding for BHC. Regional sessions with grantees followed.<sup>17</sup>

Interviewees cited four elements in which TCE began applying a racial equity framework:

## Strategy

Though community organizing and public policy advocacy were always part of TCE’s grantmaking, these strategies are now core to BHC accounting for 85 percent of TCE’s grantmaking compared with 15 percent in the past.<sup>18</sup> Tia Martinez, consultant and grantee, describes TCE’s current theory of change as seeking to “build power among marginalized oppressed people and give folks the skills they need to use their power to actually change systems.” Internally, this process is described as five distinct and integrated strands of work:

- ▲ Building resident power
- ▲ Enhancing collaborative efficacy
- ▲ Fostering youth leadership
- ▲ Creating a new narrative
- ▲ Leveraging partnerships

Dr. Anthony Iton, senior vice president of Healthy Communities, communicates to staff that “we will be unsuccessful unless all five things are happening simultaneously in each of our cluster areas.”<sup>19</sup>

## Staff Development

The BHC initiative has been described as a different type of grantmaking for TCE – an integration of activities, a greater coordination with community sites on policy advocacy, and a process of applying a structural racialization framework. After a major personnel shift in 2009<sup>20</sup>, more program staff were hired who have an orientation to building community power, awareness of race, class differences, and being “comfortable” with community organizing. Dan Boggan, a former TCE board chair, shares that this transition was not easy but probably one of the most important ones for the organization – in his words, “making the change from staff telling you how to spend the money, to staff members in the communities trying to help people decide what is most important to getting things done, and building capacity in these communities so they can turn those dials toward success.”

The foundation is at an early stage of building staff members’ knowledge and skills when it comes to integrating racial equity in their work. To develop an organization-wide understanding of health equity, in the last two years TCE has focused on creating a common language and understanding of the concepts with programmatic staff during quarterly staff meetings. (It was noted that there has been limited engagement of operations staff in this process).

**“TCE has an equity action agenda that “recognizes that race/racism and social determinants adversely affect the health and well-being of historically underserved communities in California – race and place matter. To improve health where we live, we need to focus on the structural elements that perpetuate inequity and engage in systems change.”**

Dianne Yamashiro-Omi, who was TCE's director of equity and diversity during the launch of BHC, reflected on the progress made during her tenure. "As a foundation talking about addressing racial equity, diversity and inclusion, the question was are we walking our talk?" she recalls. "Those discussions led us to conduct a diversity audit ... which led us to create a diversity review committee, and we developed a process to collect data on board, staff, and grantees." According to Yamashiro-Omi, the diversity audit was a process established to ensure that such practices would outlast staff transitions, leading the foundation to assess whether its institutional policies and practices were supportive of equity and to create new performance markers for each department. One example of the impact of the organization-wide diversity audit was that TCE's board established a policy to identify and work with investment managers of color.<sup>21</sup>

### Board Commitment

One critical component of the progress TCE has made to date is the board's support of racial equity approaches. The board has been primarily people of color since TCE's inception. "The board committed to a 10-year initiative that is huge and really a bold vision," shares Jim Keddy, a current staff executive and former board member who is White. "The board already had existing sensitivity and high level awareness of these concerns, and issues [such as racism] were regularly were discussed in board conversations."

**“If we don't change power dynamics, just having those new policies is not going to make a difference ... The design shifted to a deeper investment of power building and lighter touch on prescriptive policy change.”**

### Capacity Building

TCE invested in providing a comprehensive menu of technical assistance and training programs for the 14 sites, including topics such as community organizing, power analysis, language equity and communication, racial justice training, and intergroup relations. Though innovative in the context of building communities' knowledge and skills regarding racial equity, especially for a place-based foundation initiative, the use of these technical assistance resources by grantees has been uneven. "Just thinking about our workplan, I really need a technical assistance strategic plan that is driven by community priorities," explains Rene Castro, TCE's Long Beach community hub director. "There are about 20 different examples of how we used technical assistance, but it's not maximizing and building upon the experience ... you have to understand community priorities, do an assessment; at the same you are updating a community action plan, monitoring it, etc." Next steps in this arena are integrating racial equity frameworks into the technical assistance tools that can best meet the needs within each BHC site's strategic plan, coordinating assessment of TA providers in each community, and connecting learning processes across sites.

## Organizing and Policy Advocacy with a Racial Equity Framework: School Discipline Reform

The logistics of implementing policy campaigns within a time-limited initiative like BHC can be a challenge. But the foundation has demonstrated a commitment to working on policy change in tandem with building power in communities. "To focus only on policy change is a subtly racist argument and ignores the fact of systemic devaluation of certain populations and the exclusion of those populations in the decision-making venues," says Iton. "If we don't change power dynamics, political, economic, etc., just having those new policies is not going to make a difference ... The design shifted to a deeper investment of power building and lighter touch on prescriptive policy change." Now, TCE sees policy change as a measure of change in community power.

With this approach, BHC's support has contributed to important statewide policy reforms related to school discipline. In each of the 14 communities, one of the first discussions with community members was, "What do we need so that children are healthy, safe and ready to learn?" The answer from many of the communities was addressing the overuse of school suspensions.<sup>22</sup>

This priority is underscored by a recent report from UCLA that revealed startling statistics, such as "nearly one out

of every five African-American students, one in nine American Indian students, and one in 13 Latino students in the state sample were suspended at least once in 2009-2010, compared to one in 17 White students, and one in 35 Asian-American students."<sup>23</sup> While African-American males have extremely high suspension rates, the group with the second highest rate is African-American females whose suspension rates are higher than Latino and Asian males.<sup>24</sup> The study shows that suspensions are often punishment for minor infractions, such as missing a uniform shirt or being late to school due to the bus being delayed. Yet the consequences are not minor – a suspended student not only misses learning time, but as a consequence is also "left unsupervised, and has an increased risk of dropping out and becoming involved in the juvenile justice system."<sup>25</sup> These extreme disciplinary measures are disproportionately pushing students of color out of the educational system.<sup>26</sup>

In addition, a policy brief by the Executives' Alliance to Expand Opportunity for Boys and Men of Color describes how economic and social insecurity combined with violence, limited opportunity and trauma culminate

**“We are both trying to move things in communities, but communities are as well moving us ... It is becoming a more iterative process with the external and the internal.”**

in a harsh reality for boys and young men of color. “In California, African-American children are 2.5 times and Latino children 1.3 times more likely to suffer from abuse than White children ... Studies have shown that maltreated children are more likely to be incarcerated. In California, African-American children are disproportionately represented in the foster care system by four times.”<sup>27</sup>

Beginning in the spring of 2011, a coalition emerged among residents and statewide leaders to move this issue to the legislative agenda. Through BHC, TCE invested in organizing that had been building for 15 years in Los Angeles and nationally on school discipline. Three key components of the coalition’s work were building power within communities, connecting grassroots change makers and changing the narrative. On this latter component, TCE was described as playing a key role. “Paying attention to the bully pulpit was one of the most important roles for a foundation,” reflects Marqueece Harris-Dawson, executive director of Community Coalition, a BHC grantee. “And they were able to build unity and passion and have a great turnout for the campaign.”

In 2012 a critical group, the Alliance for Boys and Men of Color, joined the coalition as preparations for the legislative session began. The Alliance’s vision is that “All Californians stand to benefit by doing everything possible to ensure that young men of color have the chance to grow up healthy, to get a good education, and to make positive contributions to their communities.”<sup>28</sup> Coordinated by PolicyLink, the Alliance is a partnership with statewide advocates, communities and TCE, and is connected with youth organizing at the BHC sites. Over a thousand young men testified at regional hearings, and within BHC sites, young leaders of color began to emerge.<sup>29</sup> Ten school discipline reform bills were introduced in the state legislature; seven passed through the committee process, and five were ultimately signed into law by California’s governor.

## **Emerging Lessons For Philanthropy from BHC and Other Place-Based Initiatives**

While many appreciate TCE’s leadership, some community leaders and grantee organizations express concerns that are often true of other foundation-led place-based initiatives, such as how to include the community’s voice in grantmaking decisions. These concerns echo some of those found in recent publications and articles that have critiqued foundations conducting place-based work. For example, in *Core Issues in Comprehensive Community-Building Initiatives: Exploring Power and Race*, Benjamin

Butler and Rebecca Stone discuss power and race issues among stakeholders (funders, residents, technical assistance providers and managers) and share how foundation behavior sets the tone within many comprehensive community building initiatives.

“Foundation behavior can help or hinder that process, depending on to what extent the funder takes responsibilities for redirecting attention from itself and its power position over resources to the other resource sectors. Instead, foundations have begun to promote the idea of being philanthropic “partners” in community initiatives, which tends to emphasize their role as resources rather than redirecting attention away from them ... Those on the receiving end of the funds tend to point to ways in which foundations act as de facto ‘senior partners’ in these new relationships, continuing to tightly control initiative resources, to insist on approving local leadership, and to pass judgment on whether their community partners are measuring up.”<sup>30</sup>

Staff of foundations may defend this behavior because they believe that the stakes for the foundation are high. Yet the highest stakes really rest with the community residents involved, since many of the issues are life-and-death; they have to live with the risks they take in their community and the potential political fallout. Residents are also taking great risks when they trust powerful individuals and organizations – which are often mostly White – after historically being betrayed by authority figures who make policy decisions, and by leaders who may not be able to handle political pressure. They are uncertain whether their knowledge and leadership will be encouraged and supported, or if it will be a repeat of “father knows best”<sup>31</sup>.

In the literature on this subject, common pitfalls of foundation-led place-based initiatives include starting the process, figuring out the foundation’s role in the context of power dynamics, and determining what strategies to invest in. Add the integration of a racial equity framework to the mix and there are additional challenges – particularly in an initiative as large-scale as BHC.

TCE is aware that there are many bumps in the road, and is putting capacity in place to learn while doing. “In seeking to create positive change in communities, we rarely experience smooth sailing,” says Jim Keddy, TCE’s chief learning officer. “We run into unanticipated opposition; we discover that our strategy is based on wrong assumptions; and we suffer sudden shifts in the environment caused by forces often outside of our control.” Fields explains that the learning process is two-way with communities: “We are both trying



to move things in communities, but communities are as well moving us ... It is becoming a more iterative process with the external and the internal.”

Preliminary lessons learned from integration of racial equity into the BHC initiative are offered below.

## Respect the Community’s Leadership to Govern, Plan and Act – Independently

When determining community outcomes based on a theory of change<sup>32</sup>, what sometimes gets lost is prioritizing the needs of the community. Junious Williams, CEO of Urban Strategies Council, describes this struggle. “When I hear foundations say ‘resident-driven initiatives,’ it’s actually more like ‘Driving Miss Daisy.’ Residents may be driving the vehicle, but they are not deciding where the vehicle is going,” shares Williams. “It is a difficult transition going to a place-based portfolio ... Grantmaking decisions don’t seem to have changed hands and are still largely in the hands of a program officer ... That is really a structural problem, and probably not unique to them [TCE] and some of the other place-based initiatives. There is a real reluctance to actively engage and align the decision-making of the local resident governance body with the grantmaking of the foundation.”

TCE entered into communities with a specific framework, inviting predominantly institutional leaders and fewer grassroots leaders to the table; and with only basic

when residents were ready for them ... I think we eventually got there; we extended the planning process in almost every site for that reason.”

Interviewees observed that BHC’s traction in the school discipline policy arena was partly due to TCE tapping into work already happening on the ground – mature movements with track records but lacking resources. This is an example of how a foundation can help build community power by resourcing existing groups doing racial equity work.

Any foundation making this level of investment will want to track outcomes at the community level. But rather than imposing a framework, evaluation process or theory of change, it is critically important to allow autonomy and support for each community to define its priorities, and create a community strategic plan through an engagement and planning process. Before launching BHC, TCE supported a planning process at every site.

## Deploy Foundations’ Credibility and Resources in Ways that Promote Racial Equity

Creating an inclusive table means having community residents and grassroots organizations as well as institutions and political leaders from each community involved. Conflicts will inevitably arise – especially when institutional policies are challenged by grassroots groups, and when there are differences regarding addressing racism and

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knowledge of how this initiative sits within the history of the communities’ past efforts and racial history. “Planning was messy,” says Community Coalition’s Harris-Dawson. “At the very beginning cards were not on the table ... why certain people are here and others not. Transparency improved definitely over time, as relationships got built and expectations became clearer.”

Iton shares, in retrospect, what might have been done differently in the planning process. “Start with deep community organizing, maybe 18-24 months unscripted,” he says. “Organizing with people coming together, and focus on some early wins on areas they see as problems and issues. Just have them get used to working together as residents, and then put to them to the task of putting together a plan and facilitated opportunities for both the community-based organizations and the system players to come to the table

historical baggage between groups. In initiatives started by foundations, what is the ongoing role of the foundation when such differences and conflicts arise? Fields shared some of his observations on this question when working with institutional and grassroots leaders. “That’s another thing we have to be really transparent about – we both believe in insider and outsider strategies, and so we are going to support good system leaders,” he says. “We are going to support good partnerships with our systems leaders and with our systems, and we will also strongly support organizing and advocacy at the grassroots level.” Yet who is defining “good” or “success,” and assessing the unintended consequences of systems’ practices and policies can be persistent issues. Reflecting on TCE, Urban Strategies Council’s Williams says, “I think they are better than most foundations. Over my career there are different foundation people who resort to power dynamics, and they [TCE] have

done so less than any other foundation. They have a culture of selecting people as program officers who don't go crazy with money or power."

In another example, Ross shares how foundations can use an advocacy role in moving an equity agenda. "We have discovered, in the early years of the BHC effort, that thoughtful, surgical application of our civic standing and reputation matters to community leaders – and that they want us to spend 'it' on their behalf," says Ross. "On occasion, this requires stepping out of character on behalf of grantees, and utilizing our voice as well. Why build, preserve and protect our respective brands and reputations if we are not going to spend it? Spend that damn brand."<sup>33</sup>

Though always being aware of power dynamics in any given situation is important for foundations, it is equally important to apply a racial equity analysis to interpret the facts, define success, and assess decision-making and grantmaking processes.

## Apply a Racial Equity Framework in Evaluation Processes

There are many models of how to engage communities to collect input and data. The question is how to do it with an equitable and inclusive process that ensures community voice and leadership. Typically data is filtered through a foundation initiative's goals, rather than based on the community's interpretation and priorities. Barbara Major's article *How does White Privilege Show up in Foundation and Community Initiatives?* discusses this point. "In the White foundation model, the community is forced to do what is unnatural ... Many different types of indicators can be useful, but foundations tend to value most what they can count. We as a community have to show what has been accomplished using the foundation's way of knowing (numbers) and not necessarily our way of knowing (living it and seeing it every day)."<sup>34</sup> Part of the ongoing feedback for evaluation reporting to foundations is ensuring that grantees, along with the clients and/or community they are accountable to, are the ones in the drivers' seat defining success.

For the BHC evaluation process, local evaluators were hired for each site instead of relying on a statewide evaluation process centralized within the foundation. Though the community evaluator will be in a position to contextualize community issues, he or she will still need to translate data to track five key evaluation points:

- 1) how community and policy units are working together,
- 2) power-building among residents,
- 3) collaborative structures,
- 4) changes being realized locally and statewide, and
- 5) how TCE structures and process are adapting to community capacity needs.

However, TCE's data parameters are not explicitly focused on racial equity. Maya Wiley, former executive director of the Center for Social Inclusion, has argued that evaluation should not be race neutral. "The core elements require an understanding of racialized nature of dynamics in relationships, biases and capacities," says Wiley. "We have to use a matrix that includes intended and unintended consequences, attitudes and biases, and capacities related to making the restructuring we seek informed by how race operates, not just what race is."<sup>35</sup> Though TCE has begun addressing power issues through evaluation, bringing a racial equity framework to the evaluation process would be a good next step.

## Conclusion

Four years after BHC began, The California Endowment is working deeply in places, connecting policy change with community needs and "spending its brand" by communicating a strong message for equity. Though still early in the BHC timeframe, TCE is committed to strategic developmental learning processes – observing and reflecting on the new territory of integrating racial equity into foundation grantmaking and internal operations. The jury is still out on the actual impacts of this initiative across the 14 communities. Nonetheless, there is much to learn from TCE's BHC Initiative at this point, especially with regard to the foundation's role in working with communities with a structural racialization analysis. Hopefully many other foundations will be inspired and welcome a reflective gaze on their work as well.



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Potapchuk was previously the senior program associate at the Joint Center for Political and Economic Studies for the Network of Alliances Bridging Race and Ethnicity. She serves on the leadership teams of Within Our Lifetime Network and Baltimore Racial Justice Action, and on the editorial board of the *Understanding and Dismantling Privilege* journal.

## Endnotes

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## CASE STUDY

# Akonadi Foundation:

## Movement Building – Locally with a Structural Racism Analysis

by Maggie Potapchuk

<b>Leadership</b>	Quinn Delaney, founder and president of the board
<b>Year Founded</b>	2000
<b>Mission</b>	To support the development of powerful social change movements to eliminate structural racism and create a racially just society.
<b>Current Program Area</b>	<p><b>Arc Toward Justice Fund</b> – a vision of equity for youth of color in Oakland, with grants that work to end the patterns of harm and injustice generated by structural racism; and to advance solutions and opportunities that allow youth of color and their communities to thrive.</p> <p><b>Beloved Community Fund</b> – supports events that reclaim public space in Oakland, in order to affirm and celebrate the collective memory, shared histories, social identities and cultures of communities of color living in the city, as well as events that provide a platform to discuss pressing issues and struggles.</p>
<b>Staff Size</b>	5
<b>Endowment Size</b>	\$25 million
<b>Average Grant Size</b>	Arc Toward Justice: \$85,000 Beloved Community Fund: \$5,000
<b>Geographic Area</b>	Oakland, California



After eight years of giving to social change work anonymously through the Tides Foundation, Quinn

Delaney and her husband Wayne Jordan realized that anonymity might be hindering the way they wanted to work with grantees and what they were hoping to achieve. “Doing site visits got us super hungry for a different connection,” reflects Delaney. “It was really a desire to be closer to the ground, more engaged with the organizations and the leaders, seeing what they’re doing and what we may contribute.”

This recognition of the importance of relationships was a catalyst and then programmatically intrinsic to many key turning points along the way for the Akonadi Foundation,<sup>1</sup> established in Oakland, California, in 2000 with a \$2 million initial investment. Delaney, who is White, continues, “When we were thinking about starting the foundation, we were moved by all the things we had just seen and heard from all these leaders around the issues of race. And of course, my husband being African-American ... we all have had different experiences with race, he in a different way than I, that was part of the personal coming into what is the prime lens and issue that is at the heart of what needs to be changed in our society.”

Melanie Cervantes, who was the foundation’s first staff member and is now a program officer, provides additional context for the foundation’s initial focus on race. “Akonadi grew out of the experience our board had intentionally supporting youth of color organizing that was using a race lens in powerful and innovative ways,” she recalls. This was in 2000 when young people were leading the fight against Proposition 21 [the Juvenile Crime Initiative<sup>2</sup>] in California, which was seeking to criminalize youth of color.” What was most noteworthy about the opposition to this draconian legislation was that young people of color became politically engaged in this campaign to a degree that has not been seen since.<sup>3</sup>

Witnessing how the youth of color protesting used the race lens in powerful and innovative ways, Delaney and Jordan were convinced that the new Akonadi Foundation<sup>4</sup> should focus explicitly on racial justice. Beth Rosales, who staffed their anonymous donor-advised fund, expresses her reaction to the mission: “Quinn and Wayne’s decision to focus on racial justice blew my mind and everyone else’s minds. It was an incredible leap politically, especially for the philanthropic field. They wanted to acknowledge and recognize the racial justice work that many grantees were engaged in – hoping to lift a very important issue that warranted expanded discourse around the nation and funding in philanthropic circles.”



Knowing they did not have all the answers, Delaney and Jordan launched Akonadi with a series of brown bag lunches to begin an open discussion with the field. They simply started the conversation with no predetermined framework; as Delaney puts it, “We are starting a foundation on racial justice and we aren’t really sure of our direction – please tell us your ideas.” From the beginning, they welcomed ideas, lessons and directions from community leaders and grassroots activists about what was necessary to support their work in the Bay Area. The centrality of this relationship-based approach is reflected in the foundation’s original mission, which was to “work with others to eliminate racism, with a particular focus on structural and institutional racism. It has sought partners who work within an analytical framework that defines and addresses the underpinnings of institutional racism.” These partners included not only grantees and colleagues, but also movement-building organizations nationally and locally, as well as issue-based organizations working on structural change.

In the 14 years since its birth, Akonadi Foundation has emerged as one of the very few foundations in the U.S. that explicitly integrates a racial justice framework into its grantmaking. Rooted in this focus on race and relationships, Akonadi Foundation has a unique story to tell and lessons to share.

## Akonadi’s Journey

Delaney and Jordan’s understanding of how to best address racism has evolved through their grantmaking experiences in communities of color. By the time Akonadi was formed, their analysis was explicitly centered on an understanding that racism is institutionalized; and they were committed to advancing racial justice approaches. As the organization’s only board members, Delaney and Jordan wrestled with the challenge of using an institutional racism framework – struggling with the question, “How can a small family foundation effectively address a complex insidious issue with a relatively small investment?” As Delaney says, “We were clear we were not focused on diversity training, and it wasn’t about people across races getting along with each other. But it wasn’t structural racism either.” Delaney was exposed to the concept of structural racism through her interactions with John A. Powell who, at the time, was director of the Kirwan Institute on Race and Ethnicity at Ohio State University and a fellow Tides Foundation board member.

Akonadi made a deep investment in learning about structural racism throughout its early years. In 2003, Akonadi engaged a consultant to discuss definitions of structural racism with thought leaders from labor, faith organizations and nonprofits, and to advise the foundation on grant strategy.<sup>5</sup> Also, around 2005, a book club was started – first internally and then later with peer funders

– as a space to explore ideas about structural racism. Though somewhat theoretical, the meetings helped increase participants’ comfort levels in talking about the concept of structural racism and deepened their understanding of how it manifests locally and nationally. Cervantes shares that the book club “played a critical role in developing our analysis and refining our practice around grantmaking to impact structural racism.” This institutional learning process led to shifts in Akonadi’s framework for grantmaking. These shifts emphasizing social movements as the primary vehicle for addressing structural racism are reflected in Akonadi’s revised mission statement adopted in 2007 to “support the development of powerful social change movements to eliminate structural racism and create a racially just society.”

The Akonadi movement-building framework consists of:

- ▲ making racial justice an explicit and direct focus;
- ▲ providing long-term investments in organizations that are developing or advancing an analysis of structural racism and that are committed to proactive racial justice action;
- ▲ encouraging local innovation and success;
- ▲ helping people come together to share how they think, talk and strategize about racial justice;
- ▲ supporting the interconnected strategies of building power, shaping policy and transforming culture; and
- ▲ nurturing cross-generational leadership.<sup>6</sup>

This framework broadened the scope of Akonadi’s funding and clarified the purposes of local and national grantmaking. To put the movement-building framework into practice, three new funds were designed: Building a Movement (BAM), Race and Place (RAP), and Strategic Opportunity Support<sup>7</sup>(SOS)<sup>8</sup>.

Through the RAP Fund, Akonadi played a convening role, bringing together local grantees in Oakland to think, talk and strategize about racial justice. The fact that Delaney and Cervantes knew the organizational landscape from their own backgrounds in community organizing, cultural work and progressive political campaigns was a great advantage. As Roger Kim, former director of Asian Pacific Environmental Network, shares, “One of key strengths of the foundation, Quinn and Melanie in particular, is their intimate knowledge of their grantees and the work, as well as the political and economic context in which the work that

takes place – they know who the players are, the issues, the organizations and the ecosystem. They know movement-building players and issues we faced, as well as the political context and obstacles that we confronted.”

## Building Movement Capacity for Structural Change

Akonadi puts community-organizing groups at the heart of its movement-building framework not only because organizing is an effective strategy, but also because organizing groups value and involve those most impacted by racism. Around 2008, Akonadi began exploring what supports needed to be in place for community organizing to be robust and sustained. Capacity-building funding and ecosystem grantmaking emerged as two key strategies that would strengthen and sustain both racial justice organizations and the movements they supported.

### Capacity-building Funding

Building grantees’ capacity to work on structural racism has been core to advancing Akonadi’s movement-building framework. With support from The California Endowment, Akonadi invested \$875,000 in capacity building between 2010 and 2012. Fifteen RAP grantees received an average of \$15,000 each for a capacity-building project of their choice, and they participated in six facilitated, learning-community meetings<sup>9</sup>. The funded projects ranged from communications messaging work, to fund development, to evaluation and strategic planning.

Nikki Fortunato Bas, executive director of East Bay Alliance for a Sustainable Economy (EBASE), received one of the early grants. She explains how it helped EBASE deepen its racial justice commitment and integrate it more explicitly in all operations of the organization; it was “developing protocols to put racial justice into practice and institutionalize it within our organization.”

In 2012, Akonadi established the Race and Place capacity-building fund’s movement-building grants to build social-movement capacity by nurturing alliance-building and addressing systemic issues. Seed money was provided for multiple organizations to come together to jointly develop strategy and create a space for learning, exchange and mutual support. For example, Californians United for a Responsible Budget (CURB) wanted to incorporate grassroots organizing into its efforts to reduce the prison population. With a capacity-building grant from Akonadi, CURB joined forces with A New Way of Life, an organization of formerly incarcerated people, and Critical Resistance, a membership organization with a mix of formerly incarcerated adults and other activists. The three organizations built a statewide collaboration that included sharing best practices, connecting with other sectors like public education teachers, and developing a shared strategic communications plan, which included online advocacy.

## Ecosystem Grantmaking

With its movement-building framework, Akonadi funds grantees by using a variety of strategies, including policy advocacy, research, cultural work and training. To build capacity at the movement level, the first step, as Cervantes shared, was “shifting the board’s conversation from only evaluating each grantee organization’s achievement on particular outcomes, to evaluating the organizations and the portfolio as a whole with a filter on how the grantees’ work is connected and working toward collective impact.” The key strategic questions then became “What is needed to build a movement?” and “What role could the foundation play in supporting it?” The board and staff began discussing these questions in 2008. Delaney realized what had been missing, as they reviewed their grantmaking portfolio with a movement-building lens: “the interrelatedness of both issues and approaches ... Understanding how, for example, education issues are tied to housing issues, and are tied to transportation issues, and are tied to jobs. Which is all obvious; but when we were doing our grantmaking, we weren’t thinking of it in that way.”

Based on their experience applying these questions in Akonadi’s grantmaking, in 2011 the foundation adopted a definition of “ecosystem grantmaking”:

Understanding the importance of the diverse web of relationships among communities, organizations and political formations that Akonadi supports. Much like a healthy ecosystem in nature, successful movement building requires a range of intersecting approaches through a set of distinct stages over a sustained period of time. Three of the most salient aspects of an ecosystem are diversity, interconnectedness and relationship to the larger environment.<sup>10</sup>

Julie Quiroz, a former Akonadi consultant, explains the framework further. “Ecosystem grantmaking is not like traditional grantmaking that focuses narrowly on providing individual support to organizations,” says Quiroz. “Rather, it is an understanding of the landscape you and your partners are operating in, and how you are collectively making an impact.” Building upon the core strategy of community organizing, an ecosystem grantmaker then identifies complementary organizations that are aligned and supportive of the organizing campaign. Funding an ecosystem of strategies with support for organizing at the core helps consolidate power in the community while also connecting grantees to emerging regional and national infrastructure. This approach may also align local organizing campaigns with a broader strategy or national campaign.

Ecosystem grantmaking differs from what is commonly referred to in philanthropy as “strategic grantmaking.” Whereas “strategic grantmaking” is driven by a set of outcomes predetermined by a funder, ecosystem grantmaking is informed by community-level strategies

and motivated by a long-term vision to build movements that can achieve long-term social change. In ecosystem grantmaking, community organizing is the core strategy to develop traction and infrastructure to lead to transformational change.

## Bringing It Home to Oakland

In early 2012, as Akonadi embarked on a new strategic-planning process, Delaney recalls her frustration at that time with the ongoing entrenched and systemic racism in Oakland: “We had been working on funding national alliances, and work here in Oakland, and patting ourselves on the back for working on structural racism while at the same time communities in Oakland were suffering,”

shares Delaney. “The amount of violence in communities of color was huge; police intervention was forceful and traumatic; the expulsion rate of students of color was astronomical. We felt a great dissonance between our supposed great work and the reality of people’s lives in our own community. We felt called to work in our own city to address the very real and overwhelming issues of racial injustice right here.”

The statistics were appalling. Homicides in Oakland were on the rise with most of the victims being Black males. From 2002-2007, 557 people were murdered in Oakland, the state’s second highest homicide rate after Compton.<sup>11</sup> And while Black youth comprised only 29.3 percent of the total Oakland school-aged youth population, they made up 78.6 percent of the total arrests for low-level offenses.<sup>12</sup> Also, East Oakland’s high school dropout rate hovers at 40 percent, and 44 percent of adults over 25 don’t have a high school diploma.<sup>13</sup>

Reflecting on this state of affairs and conscious of their small size and reach, in 2012 Akonadi embarked on a new phase of grantmaking that is much more locally focused. Described by one interviewee as “figuring out how to come

home,” Akonadi redefined its grantmaking to solely focus “time, energy and resources on making the promise of racial justice a reality for young people of color in Oakland.”<sup>14</sup> In the new theory of change, the foundation’s commitment to Oakland is reframed with a vision of structural and cultural transformation that includes changing the perception of youth of color and the policies that target them.

Two new grant portfolios launched in September 2013 reflect this intent. The Arc Toward Justice Fund was created to “achieve equity for youth of color in Oakland ... which will include deep shifts in the perception of youth of color, and the policies and practices that impact them.” The Beloved Community Fund was established to “affirm and celebrate the collective memory, shared histories, social identities and cultures of communities of color living in Oakland.”<sup>15</sup>

Akonadi Foundation is now focusing all its funding and capacity building support to achieve racial equity for youth of color specifically at the intersection of criminal justice and education. A sampling of the current grant portfolio provides examples of how Akonadi is putting its new priorities into practice, including grants that

- ▲ advocate for equitable implementation of a new Local Control Funding Formula to create more equitable funding for school districts.
- ▲ develop intergenerational dialogues to support low-income Asian youth to heal from personal trauma, and campaign for change in Oakland Unified School District.
- ▲ create opportunities at school sites to shift attitudes of adults, and create new cultural norms built on restorative justice practices.
- ▲ engage young men in media production as part of organizing against policy proposals that criminalize youth, such as youth curfews.<sup>16</sup>

Having evolved as a funder in tandem with the youth of color community organizing field, Akonadi now has a better understanding of what it may take to transform policies, practices and culture. Jackie Byers, director of the Black Organizing Project, observes that Akonadi’s “process is consistent with their vision, from the questions they ask during the application to the explicit focus on racial justice and movement building. They are willing to put real



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investment into community organizing, which speaks to their ongoing commitment to leadership coming from those most impacted by the systems we are trying to change.”

## Lessons Learned

Akonadi Foundation’s 14-year history holds many lessons for funders looking to make the greatest impact on eliminating structural racism with limited dollars. Some of those lessons are offered here.

### Be explicit about structural racism analysis – starting with the application process.

Grantees may not always use the language of structural racism, even though they may indeed be employing strategies to address root causes. Akonadi is interested in analysis that is shaped by people most impacted by racism rather than using a funder-created framework to steer the due diligence process. For this reason, the foundation added questions to its grant application to help grantees articulate their structural racism analyses, such as “How does your organization think about/talk about structural racism and racial justice movement-building? (i.e., How do you see racism structuring resources/policies? How do the structures of racism engage/impact different race/ethnic groups differently?)”

an analysis of racism but may not have broken down all aspects of our theory. This process helped us tighten our way of talking about structural racism in our daily work.” Akonadi continues to develop its questions for grantees in the application process and site visits.

### Integrate processes for the foundation to intentionally learn from the community, specifically on how the foundation can add value.

When supporting movement-building work, it is crucial to be well-informed, especially to ensure that the foundation is meeting community needs, and listening for how it can be a catalyst or strengthen the work happening in the community.

In the Akonadi Foundation’s first strategic-planning process, the interviews and focus groups included the usual suspects: organizational leaders, academics and current grantees. In the second one, they expanded and deepened their process – conducting more than 90 conversations with individual leaders and organizations to learn the trends and potential opportunities. The process informed whether their theory of change reflected what was happening on the ground. This engagement process also included strategic-thinking sessions with grantees, community and system leaders

**“One of things I love is they came out to one of our community meetings; they were not just taking in our interpretation of the community. They participated in small-group sessions with parents and students, which showed their commitment to hear from people most impacted and do it in a way that is respectful.”**

Grantees are also asked questions when their grants end, such as

- ▲ What were your organization’s racial justice movement-building goals, and what was your progress toward them?
- ▲ Did your organization make any changes to your internal structure, processes or practices that helped it to better reflect your racial justice analysis?
- ▲ Please provide at least one example of how your organization used a structural racism analysis and/or a racial justice movement-building approach in an effective or enlightening way.

Asking these questions sets in motion a process for grantees to have internal discussions if needed, to better define their structural racism analysis and how it plays out in their work. As Mari Ryono, former Mobilize the Immigrant Vote (MIV) coordinating director, describes, “I remember Akonadi asking explicit questions for grantees to break down their racial justice theory. This was one of the most positive things, especially for a POC [people of color] racial justice organization like MIV which clearly comes with

to provide feedback on initial drafts of their plan. Jackie Byers, director of the Black Organizing Project and current grantee, shares her experience with the process: “They spent time not only in one-on-one interviews, they pulled us together in spaces to give ideas and critique their ideas. That process, in and of itself, was significant. One of things I love is they came out to one of our community meetings; they were not just taking in our interpretation of the community. They participated in small-group sessions with parents and students, which showed their commitment to hear from people most impacted and do it in a way that is respectful.”

The principle of listening closely to the community extends into Akonadi’s developing approach to evaluation. In its new grantmaking program, Arc Toward Justice Fund, Akonadi is working with grantees to collectively identify baseline data to track, such as graduation rates, decreases in violence, and decreases in contact with police and the juvenile justice system. Delaney shares an important realization for her regarding the evaluation process. “The biggest aha for me was realizing what to evaluate, and the importance of relationship between and among organizations and leaders



as being a very important thing to evaluate,” she shares. “I’m a really linear outcomes-based thinker so thinking of something as relationships has taken awhile to take hold ... If an organization on education is partly dependent on tax policy, they have to work together and it is a long-term effort.”

While Akonadi’s grantmaking has benefited greatly from these inclusive planning processes, it should be pointed out that with a two-person board, the foundation does not have an ongoing mechanism for community engagement and feedback within its organizational structure. “We don’t have an advisory committee to the board now,” Delaney observes. “During the last strategic plan, we brought in groups of people, but it’s not ongoing.” One of the questions for the foundation is “What will make sense, based on current capacity, to consistently integrate community perspectives and voices in its strategy and decision-making on a continuing basis?”

### **Cultural work is transformational, and a critical element of racial equity work.**

As Akonadi’s structural racism analysis evolved, so has its understanding of the role of cultural work.

Akonadi’s new strategic plan notes, “This comprehensive approach will require the shifting of public and private resources from punitive strategies to new systems and ladders of opportunity, as well as resourcing the forms of cultural expression, and individual and collective healing work needed to address the acute and accumulated impacts of trauma experienced by youth of color in Oakland.”<sup>17</sup> In addition, Akonadi’s theory of change now includes as an indicator of success, “shifting the cultural norms and narrative about race.” Culture plays a role, as Cervantes says, in “where we can make a difference in how the organization progresses. The cultural work really impacts and pushes forward the policy and practice piece so there is sustainability and greater depth.”

Taj James, executive director of Movement Strategy Center and one of the consultants in the foundation’s recent strategic planning process, observes: “People will resist focusing on structural issues if they don’t have a cultural understanding of racism within and how it plays out in systems. Akonadi recognizes how culture shapes the perception of young people of color. They are asking ‘What are the strategies to shift the perceptions that influence how voters perceive youth of color? How policymakers, police officers, teachers behave toward youth of color?’” James also notes the importance of Akonadi intentionally including art, culture, and creativity for identity development, resistance and self-representation in communities of color as a specific grantmaking component.

### **For a foundation implementing racial justice grantmaking, it is important to align policies and practices with the organization’s racial equity values.**

While Akonadi’s structure of a two-member board is not considered a best practice, having a small board and staff has allowed this foundation the latitude to adopt a structural racism analysis without facing the resistance to examining the complex dynamics of racism that is more common in larger foundations. Because Akonadi has been focused on equity issues since its formation, the question of aligning policies and practices with a racial equity framework never specifically came up for the foundation. For example, the foundation always had staff of color. In 2005, Akonadi also changed its investing firm to one that is socially responsible, diverse in investment approach and aligned with the organization’s values.

Nevertheless, organizational values are sometimes easier to implement outside the walls of an institution than internally, especially when it comes to racial equity. For Akonadi, their decision-making process is evolving from hierarchical or positional power decision-making to more of a consensus decision-making model. Recently there has been growing recognition within the foundation that the decision-making process must be assessed in the context of the board and staff racial demographics – a White woman president and staff who are women of color.

Delaney offers some thoughtful reflections on these internal dynamics. “We were able to approach some of the assumptions and culture in a way we were all able to see it and understand it,” she shares. “Prior to this [most recent strategic planning] process, I’m not sure we lived our values as an institution. We had a diverse workforce, but that is not at all the same thing. It was a White professional culture in the office ... I don’t know that we were truly, until very recently, walking our talk.” Though it is slow-going, the board and staff are now more aware of each other’s differences, and this recent work has led to more transparency and thoughtfulness on how the team works together.

## **Conclusion**

The experience of Akonadi suggests that foundations can be most effective when they know how to balance the changing roles required of them in movement building – when to be a catalyst, supporter, messenger or silent partner. Akonadi continues to figure out that balance, which requires thoughtfulness and respect for grantees, as well as being well-informed by stakeholders.

As a small foundation with limited resources, the vision that the Akonadi Foundation and its grantees share can

**“The experience of Akonadi suggests that foundations can be most effective when they know how to balance the changing roles required of them in movement building – when to be a catalyst, supporter, messenger or silent partner.”**

only be achieved if more foundations develop a systemic, intersectional and root-cause analysis of racism in grantmaking. Beyond its own grantmaking, Akonadi Foundation has played an important leadership role with funders locally by helping establish the Bay Area Justice Funders Network in 2008. Akonadi provided the initial staffing, office space and seed money to support this network. There are now more than 125 people attending meetings, with an active programmatic schedule.

Speaking to the field of philanthropy, Cervantes points out, “We need to create deep partnerships with folks on the ground, to hear what they see as necessary to support their work. This practice of deep listening is a tool that informs our actions and is something that we as a field are underutilizing – particularly because we all want to have deep impact in the world.” From Akonadi’s perspective, funders are not just along for the ride – their actions and roles need to be thoughtful and aligned in order to support long-term change on complex issues. Says Delaney, “I think it requires the realization around what it can take for real change and realizing that one campaign alone is not going to change everything, partly because everything is structural and interwoven.”



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Potapchuk was previously the senior program associate at the Joint Center for Political and Economic Studies for the Network of Alliances Bridging Race and Ethnicity. She serves on the leadership teams of Within Our Lifetime Network and Baltimore Racial Justice Action, and on the editorial board of the *Understanding and Dismantling Privilege* journal.

## Endnotes

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## Photo Credit:

The Akonadi website image is a stacked compilation of poster designs from various artists. First image: “Nicaragua” by Rene Castro. Second and third image: “Yo Vengo de Otro Lado,” and “Untitled,” by Malaquias Montoya, 1981. Fourth image: “West Oakland for the People” by Favianna Rodriguez.