



EXECUTIVE SUMMARY

MISMATCHED

PHILANTHROPY'S
RESPONSE

TO THE CALL FOR
RACIAL JUSTICE

BY MALKIA DEVICH CYRIL, LYLE MATTHEW KAN,
BEN FRANCISCO MAULBECK, AND LORI VILLAROSA

EXECUTIVE SUMMARY

In the summer of 2020, tens of millions took to the streets in what became the largest mass mobilization in U.S. history, quickly spreading around the globe. Demands for racial justice were front and center as this movement, anchored by Black community organizations and activists, stood up against racist police killings and the pervasive structural discrimination and violence that are costing Black, Indigenous, Latinx, and Asian/Pacific Islander people their homes, jobs, and lives. The COVID-19 pandemic only exacerbated these inequities, throwing the nation's systemic failures into stark relief.

The philanthropic response in this country initially appeared to meet the energy of the streets — swift, courageous, and loud. Hundreds of foundations and corporations released statements supporting the Black Lives Matter movement. Many pledged resources toward tackling racial injustice — pledges that were captured in breathless headlines touting an influx of money to Black organizations and other causes.

For years prior to the mobilizations of 2020, organizers had been calling for more precise definitions of racial equity and racial justice to

guard against the conflation of racial justice, racial equity, and diversity and inclusion work. The Philanthropic Initiative for Racial Equity (PRE) codified those distinctions in [Grantmaking with a Racial Justice Lens: A Practical Guide](#)¹ and provided multiple tools and recommendations for grantmakers to strengthen grantmaking and increase racial justice funding; the most important of these distinctions involves the relationship between working on improved outcomes within existing systems (equity), and building community power to fight for deep transformation of major systems (justice).

[1] Sen, Rinku, and Villarosa, Lori. [Grantmaking with a Racial Justice Lens: A Practical Guide](#). Philanthropic Initiative for Racial Equity, 2019.

RACIAL EQUITY

The original guide describes four important features of a **racial equity lens**:

Analyzes data and information about race and ethnicity

Understands disparities and the reasons they exist

Looks at structural root causes of problems

Names race explicitly when talking about problems and solutions

RACIAL JUSTICE

A **racial justice lens** adds four more critical elements:

Understands and acknowledges racial history

Creates a shared affirmative vision of a fair and inclusive society

Focuses explicitly on building civic, cultural, economic, and political power by those most impacted

Emphasizes transformative solutions that impact multiple systems

In 2016, PRE partnered with Race Forward to update [Short Changed: Foundation Giving and Communities of Color](#).² Initial work revealed significant challenges with the way grants data were reported and coded (see [The Story Behind the Methodology](#), pp. 29–30).

The findings in *Mismatched* come from PRE's yearlong analysis of the comprehensive funding data collected by Candid, an organization that gathers data from private foundations, public charities that award grants to other nonprofits (sometimes called public foundations or intermediaries), and corporations, in the U.S. and globally.³ This report's findings are also based on the development of new search criteria to identify grants specifically for racial equity and for racial justice.

In 2020, PRE discovered problems related to criteria that Candid initially posted on their Funding for Racial Equity page⁴ in 2019. We then began collaborating with Candid on a

process to get feedback from stakeholders and establish criteria for both racial equity and racial justice grants that would offer a more accurate picture of what has been, and is now, being funded.

For this process, PRE and Candid developed revised criteria for a **data set of racial equity grants** tied to the broader definition of racial equity that much of mainstream philanthropy and corporations use. This data set includes any grants that explicitly reference communities of color or grants that were awarded to organizations that are explicit about serving various communities of color as part of their mission. It also includes grant descriptions that mention the word "race" plus at least one of a range of terms such as "access," "opportunity," "inclusion," and "disparities."

Within this data set of racial equity grants, we applied a more rigorous definition for identifying a **subset of racial justice grants**, including

[2] Pittz, Will, and Sen, Rinku. [Short Changed: Foundation Giving and Communities of Color](#). Applied Research Center, 2004.

[3] This analysis, drawn from Candid's comprehensive database, differs from previous PRE reports that used Foundation Center's FC 1000 statistics on 1,000 of the largest grantmakers. This larger data set was made possible by Candid's use of autoclassification. The data, compiled from IRS Forms 990 and 990-PF, information reported to Candid through its Electronic Reporting Program, and other public sources, are coded according to Candid's Philanthropy Classification System.

[4] For revised and more recent information from Candid's Funding for Racial Equity page, see <https://candid.org/explore-issues/racial-equity>, including FAQ regarding their description of this process.

search terms such as “power,” “advocacy,” and “justice.” (For a full accounting, please see [Methodology](#), pp. 26–36.)

In *Mismatched*, PRE examines trends, contradictions, and divergences in funding for racial equity and racial justice efforts over the past decade, focusing primarily on the years 2015 through 2018 and for 2020. The 2015–2018 period was selected because they are the most recent years for which comprehensive and consistent data are available; we included some preliminary analysis of 2020 as well, given the historic nature of that year for racial justice movements and racial justice funding — although the data are not yet complete and all findings remain tentative.

We found steady growth in funding for these issues over the last five years, but also significant mismatches between the needs of movement organizations and the responses of philanthropists. Measuring the real size, depth, and effectiveness of this funding provides philanthropy the necessary context to assess its actual impact and resolve contradictions that impede more fundamental change.

OUR FINDINGS: GETTING CLOSER, BUT NOT CLOSE ENOUGH

There is good news. Funding for both racial equity and racial justice have been rising since at least 2011, with substantial jumps in 2015 and, initial data indicate, in 2020. Outside of these jumps, funding increased at a slower but steady pace. Grassroots organizing for equity and justice grew exponentially during this time, logging significant legislative, regulatory, and narrative victories. Existing organizations became institutions and activists formed new organizations across the country. From Ferguson on, millions of Americans made their way to their first protest.

Philanthropy stepped up too, but not to the degree or in the direction warranted by this profound, nationwide call for racial justice.

A mismatch notes either a mischaracterization of philanthropic responses or a gap between those and movement needs. **We have identified at least five mismatches:**

MISMATCHES

1

Funding for racial equity and justice remains a small portion of overall foundation funding — not commensurate with the scale of racial disparities or the demands of racial justice movements.

Funding for racial equity reached nearly \$5.8 billion in 2018, and funding for racial justice was about \$925 million that year. These figures reflect a steady rise since 2011. Even so, only 6 cents of every philanthropic dollar is devoted to racial equity, and only 1 cent toward racial justice.

Annual funding for specific communities of color is even lower. Funding for people of African descent and people of Latin American descent fluctuated between \$500 million and \$994 million, and funding for Indigenous peoples and people of Asian descent ranged between \$175 million and \$500 million annually. But none

of these groups surpassed the \$1 billion mark over the four-year period of 2015–2018. Funding for people of Middle Eastern descent and for multiracial people fluctuated at lower levels, never exceeding \$36 million.

The ratio improves in looking at specific subjects, but not by much. Between 2015 and 2018:

- 14.3 percent of community and economic development funding was for racial equity and only 1.7 percent for racial justice.
- 8 percent of education funding was for racial equity and only 0.4 percent for racial justice.
- 3.2 percent of environmental funding was for racial equity and only 0.6 percent for racial justice.
- 2.6 percent of health funding was for equity work, with only 0.4 percent for racial justice.

The top 20 funders of racial justice work accounted for 60 percent of all racial justice funding (nearly \$1.64 billion of the almost \$2.8 billion of racial justice funding in 2015–2018). In the context of thousands of funders that support racial justice, the work is reliant on a small group of funders for a large portion of funding. Overreliance on a small number of funders makes groups vulnerable to having their work derailed by changing foundation interests.

2

The rise in funding for racial equity was portrayed as an overnight occurrence, but in fact there has been a slow but steady growth in the scale of funding and the number of funders engaged in racial equity.

False projections of the size and effect of a 2020 funding surge in relation to prior years erase the role of a racial justice ecosystem that has grown since 1992. Even under the loosest definition of racial justice, the actual distribution of foundation and corporate funds to organizations building power and working toward transformational goals is far smaller than 2020 headlines would indicate.

There likely was indeed a significant increase in foundation and corporate racial equity giving in 2020. However, counter to the impression created by the headlines, this was not a sudden outpouring of financial support. In fact, in every year from 2015 through 2018 there were 16,000 to 18,000 racial equity grantmakers reporting to Candid. A robust ecosystem of racial justice groups pressed for and received a growing number of grants in this period. Yet, predictably, the trends also follow a “spike and level” pattern that has occurred after other flashpoints, notably the uprisings in Los Angeles in 1992 and Ferguson in 2014.

While resources for both racial equity and racial justice have clearly been rising, their volume in 2020 has been wildly overstated. One example: As early as July

2020, Candid [reported](#) that it had identified “22 percent more funding for racial equity in 2020, to date, than we have for the **previous nine years combined**”⁵ (emphasis added). This assertion came from comparing past grants, reported according to one set of specific and narrow racial justice criteria, to 2020 descriptions drawn from the broadest interpretation of racial equity or racial justice — an interpretation based on the notions of corporate donors, mainstream funders, and headline writers.

As of summer 2021, Candid had identified more than \$8.8 billion in pledges for racial equity work in 2020, but only about \$3.4 billion in actual grants awarded by foundations and corporations. That would make the confirmed grants awarded for racial equity only 3.3 percent of total foundation and corporate giving for 2020, based on Giving USA projections.⁶

The notion that this funding was flat or shrinking until the uprisings of 2020 inspired a dramatic rise in grantmaking gives a false impression of how movements take shape. And getting these numbers wrong creates unrealistic expectations of organizations that have not been adequately resourced, rendering them vulnerable to right-wing narratives about communities of color as undeserving “takers.” Furthermore, if funders erroneously believe that racial justice work is well funded, they are likely to invest where there appears to be greater need, leaving spaces of actual need ignored.

3

Co-optation of movement language is widespread and used to advance projects that are often not responsive to movement’s call.

Predominantly white organizations⁷ are often happy to use movement language to walk through foundation doors opened by Black, Brown and Indigenous activists. They frequently raise money for their own diversity and inclusion efforts, focused on improving their own racial composition, rather than on building power with or in communities of color. While opening access for people of color to the resources of white organizations may sound appealing, this kind of funding can cast leaders and organizations of color in the role of contractors helping white organizations fulfill grant requirements, rather than as grantees receiving resources for their own strategies.

Corporations are similarly prone to using the words “equity” and “justice” to advance their own operations, marketing, or other interests that are only tangentially, if at all, related to racial equity and racial justice.

In June 2020, Facebook issued a press release that announced its commitment “to advancing equity and racial justice by investing in the Black community, elevating

[5] Koob, Anna. [What Does Candid’s Grants Data Say About Funding for Racial Equity in the United States?](#) *Candid*, July 24, 2020.

[6] [Giving USA: The Annual Report on Philanthropy for the Year 2020](#) (2021). Chicago: Giving USA Foundation.

[7] By predominantly white, we mean grantseekers whose decision-makers are majority white, which, depending on the organization’s structure, could mean board members or executive staff. We do not conflate this definition with having a white CEO — there are organizations with CEOs of color that operate without a racial justice commitment. We also exempt from this discussion white groups that deliberately organize other white people to participate in racial justice struggles.

Black voices, directly funding racial justice organizations, and building a more diverse and inclusive workforce.”⁸ The post went on to detail more than \$1.1 billion in commitments for racial equity. However, the vast majority was accounted for by a commitment to spend at least \$1 billion on Black and diverse suppliers, including facilities, construction, and marketing agencies. The remaining \$100 million, less than 10 percent, was to be devoted to Black-owned small businesses, Black creators, and nonprofits serving Black communities — some of it cash grants and some in-kind grants for ad credits.

Many other corporate press releases were similar: sweeping language around racial justice and supporting movements for transformative change, accompanied by incremental actions focused on short-term needs. Investments are often directed toward internal diversity efforts, or toward marketing mortgages and other products to Black and Brown communities, rather than to external community grants.⁹

Combined with slow and vague reporting of grants, this co-optation of language contributed to a narrative that greatly exaggerated the scale of racial justice funding in 2020.

4

Wealthy, white donors impose their own priorities, rather than supporting the priorities of movements.

Many philanthropists start their own racial equity efforts with a belief that they have better solutions than those embraced by activists.

More than a third of the top 20 racial equity recipients were founded by white billionaires or large corporations advancing their own theories of change in mostly Black, Brown, and Indigenous communities, often independent of or in direct opposition to calls from racial justice movement leaders. For example, education funding is driven by a small number of large funders, such as the Bill & Melinda Gates Foundation¹⁰ and the Walton Family Foundation.¹¹ Strengthening curricular standards, increasing teacher accountability, and expanding charter schools are not priorities that have emerged from grassroots organizations led by and for communities of color.^{12,13} They are priorities that have been established by a small group of multibillion-dollar, predominantly white philanthropic institutions, based on their own interpretation of research on education outcomes. This has led to the development of an extensive infrastructure for education advocacy focused on highly specific priorities, often with minimal or no input from community organizations led by and for communities of color.

[8] Facebook. [Where We Stand: Actions We're Taking to Advance Racial Justice in Our Company and on Our Platform](#). June 21, 2020.

[9] Based on PRE's ongoing direct tracking and analysis of news stories and press releases of corporate giving with the terms "racial equity" or "racial justice" from Google Alerts, Philanthropy News Digest releases, and direct emails from July 2020 through July 2021.

[10] Strauss, Valerie. [Let's Review How Bill and Melinda Gates Spent Billions of Dollars to Change Public Education](#). *The Washington Post*, May 5, 2021.

[11] Strauss, Valerie. [The "Walmartization" of Public Education](#). *The Washington Post*, March 16, 2016.

[12] Herold, Benjamin. [At Ford Foundation, a Harsh Critique of Urban School Closures](#). *Chalkbeat Philadelphia*, March 31, 2011.

[13] Ravitz, Diane. [The Dark History of School Choice](#). *The New York Review of Books*, January 14, 2021.

Meanwhile, other issues that organizers and communities consider essential go underfunded. For example, voting rights are a high priority for communities and movement organizations, yet protecting and expanding the franchise received only 2.5 percent of all racial justice funding in 2015–2018.

5

Funding for racial justice, grassroots organizing, and movement-oriented work remains low.

Most funding to address racial disparities has fallen within a racial equity framework, focusing on increasing opportunities and meeting short-term needs rather than long-term movement building, systems change, or grassroots organizing. Funding for racial justice has consistently been low — only 10 percent to 20 percent of the scale of the larger racial equity set, and barely 1 percent of all funding.

Funding for grassroots organizing in both the set of racial equity grants and the subset of racial justice grants is particularly tiny. Given the importance of grassroots organizing for changing power relations and winning enduring change, these numbers indicate a lack of clarity among philanthropists about the role of organizing:

- **Funding for grassroots organizing among the racial equity set of grants totaled only \$276.1 million, making up about 1.3 percent of total racial equity funding for 2015–2018.**
- **In total, \$252.3 million was devoted to grassroots organizing for the racial justice subset of grants, making up about 9.1 percent of total racial justice funding for 2015–2018.**
- **Funding for grassroots organizing for racial equity and racial justice reached \$46.9 million in 2020. However, this is lower than the total annual amount of funding for these types of grassroots organizing from 2015 through 2018, in terms of both raw dollars and the percentage of the total.** This preliminary data indicates that much of the large increase in overall funding for racial equity in 2020 did not reach grassroots groups and movement organizations led by and for communities of color.
- **Within specific Black, Latinx, APA, and Native American communities, the funding for grassroots organizing totaled approximately 1 percent of the total funding for that community for 2015–2018.**

In short, foundations too frequently answer the movement's call for deep, structural change with support for shallow, individual-level change.



PHOTO: LORI VILLAROSA

OUR RECOMMENDATIONS

For more impact, PRE recommends that funders sustain and build on investments in the racial justice ecosystem, recognizing the deep capacity, strategic strength, and leadership that is driving transformational change not only for Black, Brown, and Indigenous communities, but for all. Long-term change operations with justice-oriented goals don't have the resources to match their potential, and they simply need more.

Greater precision and standardization are also necessary to guide grant classifications. The process of conducting this analysis revealed multiple problems with the ways in which foundations, and in turn Candid, collected and coded data related to communities of color and support for racial equity and racial justice work. As we've noted, the

lack of precision creates the conditions for fundamental mismatches between what movements require and what funders provide. PRE recommends that philanthropy require and produce precise data, starting with clear and standard definitions of categories, without passing an undue burden onto grantees. Our recommendations also include advice for grantmakers, philanthropy-serving organizations (PSOs), and research institutions on improving clarity, data collection, and accountability.

There is hope. Philanthropists and activists have been working together to create new models that can bolster and sustain the critical work of racial equity and racial justice. Numerous foundations have established participatory grantmaking modes, or taken major leaps in the level of risk and change they are willing to support. Funders must continue to build on the efforts of new players, follow the leadership of movements,

and learn from the examples of change agents who are calling for deeper transformation and opening a path for many more to join the journey.

To address the mismatches identified in this report, we recommend the following:

RECOMMENDATIONS

1

DEVOTE MORE RESOURCES TO RACIAL EQUITY AND RACIAL JUSTICE. Foundations and corporations should increase funding for racial equity and racial justice work that is led by those communities most impacted and still receiving far less than they need.

2

SUSTAIN FUNDING FOR RACIAL EQUITY AND RACIAL JUSTICE. Grantmakers should ensure that their racial equity and justice funding is set up for sustainable impact, both within their institutions and for movements, by establishing long-term horizons and giving multiyear general operating support for racial justice groups.

3

ENGAGE COMMUNITIES OF COLOR AND MOVEMENTS IN STRATEGY AND FUNDING DECISIONS. Funders should develop systems and mechanisms to maximize the participation, input, and leadership of communities of color and movements in the design and fulfillment of their strategic thinking and grantmaking priorities.

4

FUND TRANSFORMATIONAL CHANGE BEYOND AN EQUITY FRAMEWORK. Funders should assess their grantmaking using the rubrics for racial equity and racial justice. If your portfolio is exclusively or primarily focused on racial equity, then develop a complementary racial justice strategy to support organizations building the power of communities of color and working for long-term systemic change.

5

IMPROVE DATA ABOUT RACIAL EQUITY AND RACIAL JUSTICE GRANTMAKING. Report on grants in a timely and transparent manner, providing grants-level detail that uses clear and explicit definitions of racial equity and racial justice. Philanthropy-serving organizations and research organizations should support this work by adopting and disseminating clear definitions of racial equity grants and racial justice grants. Engage grantees in determining the data collection that will be the most useful.

racialequity.org

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