

## The Disconnect Between Philanthropy and Community Action

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### PROBLEM

At this time, authentic community actors are needed to respond to complex community problems. The growth in COVID-19 infections and deaths is having a disparate impact on communities of color. Civic organizations are critical actors in raising awareness and providing services directly to those marginalized by our health systems, yet the nonprofit ecosystem lacks diversity in leadership. As [The Robin Hood Foundation](#) points out, “Over the past two decades, only around 10 percent of philanthropic dollars have gone to organizations led by people of color, despite giving increasing nearly 400 percent.” Additionally, most nonprofit boards that receive large grants from local foundations lack diversity. This disconnect contributes to a lack of program impact.

Direct philanthropic investments in the causes supported by protesters and in nonprofits run by people of color are required to ensure these authentic community actors can respond to current crises. It is important to understand how philanthropy contributes to the local action agenda. Billions of dollars flow through organizations that lack people of color—especially in leadership positions. Some of those programs are designed to strengthen low-income communities and people of color. Genuine community development requires authentic neighborhood organizations that understand the unique challenges facing low-income households and communities of color.

One of the reasons for a lack of diversity lies in policies that manage funding. Foundations typically prefer funding organizations that have a demonstrated track record when it comes to managing funds responsibly. The foundation wants to be a prudent investor and chooses organizations to fund where leaders are known and part of a larger network. Such funding policies effectively limit the pool of potential grant seekers, and authentic actors working in communities of color are often left out since they are typically not major players in the local philanthropic ecosystem. They have not had an opportunity to demonstrate capacity. Such policies fail to cultivate new partnerships with potential nonprofit entrepreneurs whose “capacity” is unknown by local foundations.

### KEY STATISTIC

Over the past two decades, only around 10 percent of philanthropic dollars have gone to organizations led by people of color, despite giving increasing nearly 400 percent.

## SOLUTIONS

Foundations should:

- Commit to funding organizations with diverse board members.
- Commit to hiring and promoting diverse employees and leaders within the foundation itself.
- Build new networks with community activists and grassroots organizations who best understand the challenges associated with community empowerment, diversity, and inclusion.
- Nurture connections with authentic actors and organizations that lack “capacity” and open up grant opportunities to traditionally excluded constituencies.
- Explore “startup” funding initiatives for traditionally underserved communities that train and build organizational capacity.

In general, foundations need to radically reshape their approaches to serving communities of color and concentrated poverty. Traditional approaches have been well intentioned, but they have not moved the needle in terms of alleviated long-standing racial disparities.