EVERYDAY DONORS OF COLOR

Diverse Philanthropy During Times of Change

EXECUTIVE SUMMARY

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Indiana University Lilly Family School of Philanthropy

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The Mays Family Institute on Diverse Philanthropy fosters a greater understanding of the ways in which underrepresented people are both inspired and informed donors by providing knowledge, education, and training. The Institute seeks to understand the perceptions, practices, experiences, and needs of the individuals and institutions that operationalize philanthropy in historically underrepresented communities and develop programming and services to engage philanthropic practitioners, scholars, and the public at large in conversations and activities to advance this field.

Indiana University Lilly Family School of Philanthropy Project Team

Una Osili, Ph.D., Associate Dean for Research and International Programs; Efroymson Chair in Philanthropy; Dean’s Fellow, Mays Family Institute on Diverse Philanthropy

Patricia Banks, Ph.D., Guest Author; Professor of Sociology, Mount Holyoke College

Sarah E. King Bhetaria, Visiting Research Associate

Stephanie Boddie, Ph.D., Guest Author; Assistant Professor of Church and Community Ministries, Diana R. Garland School of Social Work, Baylor University

Melissa Buller, Visiting Research Associate

Wendy Chen, Ph.D., Visiting Research Associate

Diantha Daniels, Senior Administrative Assistant

LaKoya Gardner, Associate Director of Development; Director of Programs, Mays Family Institute on Diverse Philanthropy

Xiao Han, Applied Statistician

Monica Heilman, Graduate Research Assistant, Center for Research on Race and Ethnicity in Society

Adriene Davis Kalugyer, Manager of Public Affairs

Rafia Khader, Program Manager, Lake Institute on Faith & Giving/Muslim Philanthropy Initiative; Managing Editor, Journal of Muslim Philanthropy & Civil Society

Andrea Pactor, Project Consultant

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**Project Advisory Council**

Ana Marie Argilagos, President and CEO, Hispanics in Philanthropy
Patricia A. Banks, Ph.D., Professor of Sociology, Mount Holyoke College
Stephanie Boddie, Ph.D., Assistant Professor of Church and Community Ministries, Diana R. Garland School of Social Work, Baylor University
Bruce Boyd, Arabella Advisors, Principal and Senior Managing Director
Wendy Chen, Ph.D., Assistant Professor, Department of Political Science, Public Administration, Texas Tech University
Patrick Dwyer, Ph.D., Assistant Professor of Philanthropic Studies, Indiana University Lilly Family School of Philanthropy
Patricia Eng, President & CEO, Asian Americans and Pacific Islanders in Philanthropy (AAPIP)
Tyrone Freeman, Ph.D., Associate Professor of Philanthropic Studies; Director of Undergraduate Programs, Indiana University Lilly Family School of Philanthropy
Edward Jones, Vice President of Programs and Philanthropic Advising Services, Association of Black Foundation Executives (ABFE)
Lindsey McDougle, Ph.D., Associate Professor, School of Public Affairs and Administration, Rutgers University-Newark
John C. Ronquillo, Ph.D., Assistant Professor of Nonprofit and Public Management, School of Public Affairs, University of Colorado Denver
Jeannie Infante Sager, Director, Women’s Philanthropy Institute, Indiana University Lilly Family School of Philanthropy
Shariq Siddiqui, Ph.D., Assistant Professor of Philanthropic Studies, Director, Muslim Philanthropy Initiative, Indiana University Lilly Family School of Philanthropy
Erik Stegman, Executive Director, Native Americans in Philanthropy
Urvashi Vaid, Co-Founder, Donors of Color Network
Introduction

The U.S. population is more racially and ethnically diverse than ever before and is experiencing significant demographic shifts as well. These changes have implications for philanthropy and the nonprofit sector. In particular, in response to the COVID-19 health crisis and widespread racial justice movements, communities of color are increasingly and deliberately investing their time, talent, treasure, and testimony to lead meaningful positive changes to the world we all share.

In the wake of the tragic murders of George Floyd, Ahmaud Arbery, Breonna Taylor, and many others in 2020, calls for racial equity were amplified still further. With the national reckoning on race, there is growing interest in how Americans across all racial and ethnic groups can work together to effect real change. In recent years before 2020, significant effort has focused on measuring and tracking corporations and foundations as they have attempted to expand and focus their commitment to social justice and racial equity. While this kind of leadership is important, there has been little research up to this point on the donors themselves as they, too, have expanded and redirected their commitment to social justice and racial equity—especially donors of color.

As communities of color have grappled with unprecedented health and economic shocks—crises that have clearly impacted communities of color to a greater extent than their Caucasian counterparts—they have mobilized new ways of practicing philanthropy for collective action in addition to the existing forms of solidarity. Mutual aid networks, a form of solidarity-based support that has long existed in underserved communities, proliferated across the country and gained mainstream momentum. Noteworthy strides have been made in raising awareness of Black, Hispanic, Asian, and Indigenous-led organizations and networks. Grassroots organizations are hosting forums for expression and collaboration. During the past year, there also has been more focus on the multiple ways that individuals provide support to each other, emphasizing gifts of time and expertise as well as the more traditional financial gifts both to strangers and those within a donor’s social network.

Despite these trends, academic research on philanthropy across diverse communities has up to this point received limited attention. Many questions remain unknown, including what motivates the giving practices of diverse donors, where they choose to give, and what specific tools and techniques donors of color are utilizing to enhance their giving. In addition to focusing on the giving practices of diverse donors in general, this is also an opportune time to assess the specific ways that diverse donors gave in response to the ongoing and projected impact of COVID-19 on marginalized communities.
With the U.S.’s changing demographics, it is important to understand donors of color and the philanthropic landscape. This report examines the specific motivations and practices of philanthropy of these donors and concentrates on the ways that diverse populations participate in philanthropy. We will address these three big-picture questions:

• What motivates donors of color in the U.S. to give and where do they give?
• What are the specific tools and techniques that donors of color utilize to enhance their giving?
• Who gives to racial and social justice?

Several researchers have noted that philanthropy’s quest to play a role in racial equity and social justice has been complex and uneven (Maurrasse et al., 2018). In 2002, urban policy analyst and professor Peter Drier stated that funding to social justice organizations was limited, and larger funders who did give to such causes, only gave small amounts in the short-term to “progressive” organizations (Drier, 2002). Nearly twenty years later, there are still significant challenges in the sector to support social justice, as noted in current literature.

Through an extensive systematic literature review of donors of color, a national survey study, a series of seven focus groups composed of diverse donors, and two case studies on mutual aid, this report provides a more thorough understanding of donors of color and their response to the philanthropic landscape that has been undertaken thus far. This report aims to combine key qualitative themes and draws from major themes in philanthropy as well as a national survey to focus more deeply on the motivations and behaviors of donors of color in recent years.

This report first identifies primary motivations for diverse donors’ giving, especially during the pandemic, through a systematic literature review. Next, as survey data were analyzed, it is clear that donors of color are increasingly making use of new technology, like crowdfunding sites, to invest in their communities—and often specifically in support of racial and social justice causes. Third, the report presents insights gleaned through a series of focus groups with diverse donors. Finally, this report highlights the role of mutual aid groups in helping diverse communities during the pandemic.

The findings in this report highlight the importance of developing a more inclusive set of philanthropic practices for organizations in the aftermath of the pandemic. For instance, nonprofits can increase their success with building meaningful engagement with communities of color. To enhance success, organizations must demonstrate their support for communities of color so that they can build trust and confidence. A lack of trust and confidence may explain why many donors of color choose to self-organize to help each other in more efficient ways such as giving circles. Therefore, another vital aspect of reaching diverse donors is to engage communities of color and provide transparency and accountability about their work and its overall impact.
Key Findings

This section reports the key findings from an extensive systematic literature review of donors of color, a large national survey of U.S. households, a series of seven focus groups with diverse donors, and two case studies on mutual aid.

Overview from previously published literature on donors of color

A comprehensive literature review (more than 100 sources) was conducted to study the giving patterns of donors of color. Key findings from this review of literature are summarized below.

• Major motivations that drive donors of color to give:
  1. Faith: Philanthropy is often linked closely with the donor’s religious beliefs, and has deep roots in religious traditions.
  2. Self-help: Philanthropy can be seen as an economic weapon to fight against racial oppression of the donor’s racial or ethnic group.
  3. Reciprocity: Because they often feel excluded from mainstream culture, minority groups form their own communities to share economic reciprocity with one another.
  4. “Level the playing field”: Donors feel they want to provide better pathways to success for younger generations, especially in terms of education.

• Additionally, donors of color have four principal kinds of organizations to which they prefer to give:
  1. Houses of worship and religious groups: At the heart of giving for many diverse donors, places of worship play an integral role in the lives of many minority groups. In addition, the faith traditions of many diverse donors inspire them to give, irrespective of whether their giving is directly to a specific religious organization.
  2. Universities and other education-related organizations: Diverse donors, especially among Black and Asian groups, prioritize giving to education organizations as the means to provide the path for future generations to succeed.
  3. Civil rights and arts organizations: Many donors of color prefer to give to organizations whose mission is to counteract racism directed at their own ethnic group.
  4. Ethnic financial institutions: Financial institutions (such as banks) that provide access to capital such as bank loans for diverse populations are especially popular amongst Hispanic donors.

•Principal channels that donors of color use to give to their communities:
  1. Giving through small groups or personal connections: Historically, distrust of mainstream philanthropic institutions has led Black and Hispanic communities, in particular, to give directly to people they know. They also prefer to avoid paying nonprofit overhead costs.
  2. Giving through giving circles: Giving circles provide direct, local, and immediate ways for members of an ethnic community to fund other members of their racial community in need of assistance.
  3. Giving through online platforms: Social media and crowdfunding platforms provide ways for donors of color to give to others in need, most often in crisis or emergencies.
• For nonprofits to attract donations from diverse donors, organizations need to deepen awareness and engagement of changing ethnic identities and to be aware of the needs and motivations of the communities from which they are seeking funds.

**Principal findings from the national study fielded in Fall 2020**

The school, in collaboration with the nonpartisan research organization NORC at the University of Chicago, conducted a national survey of American households in September 2020. A total of 1,535 households completed the survey. Data were weighted to be representative of average U.S. households. Key findings from the survey are summarized below.

• Donors of color are engaged in multiple forms of generosity. For example, 53 percent of donors of color volunteered in a given year, 34 percent donated blood, and 70 percent donated goods.
• About 34 percent of donors of color reported giving through crowdfunding sites in a given year. Around 90 percent had at least heard of a crowdfunding site, and 52 percent agreed that crowdfunding makes it easy for contributors to give to and support a cause.
• There is a growing awareness of racial and social justice among donors. Analyses show that Black Americans were more likely to give to racial and social justice causes compared to their white counterparts, holding other factors constant.
• For those donors who gave to support racial and social justice causes in 2019, about 59 percent reported giving through crowdfunding in a given year.
• Informal giving is as important as formal giving. Analyses show that while donors across all racial and ethnic groups reported that they give directly to help people they know, Black Americans had a higher tendency than all others to give money also to strangers directly.
• Please note that the small sample sizes of certain groups in the study do not offer sufficient statistical power to draw generalized findings for the entire population in these groups. More data and research are needed to better understand the philanthropic practices and perspectives of these groups.

**Key findings from focus groups**

The school conducted a series of seven focus groups with 58 individuals, including Asian, Black, Hispanic, and Native American donors, along with philanthropic and nonprofit staff who work with these donors, and a mostly Protestant, but not exclusively, group of clergy and religiously affiliated or adjacent nonprofit leaders. Key findings from these interviews are shared below.

**AMERICAN INDIANS**

• American Indian donors described the importance of direct funds for not only “getting money to people during crisis,” but also “supporting long-term economic recovery.” To increase their collective impact, some Native donors expanded the scope of their giving from the local to the national level.
• Emphasis on mutual aid to support community needs is a tradition in indigenous communities. American Indian-led nonprofits, mutual aid, and grassroots organizations provided COVID-19 relief to their communities.
• American Indian donors do not feel they can rely on government or big philanthropy, and therefore, organize themselves to care for one another.
• The focus group participants observed new opportunities for cultivating allies as people from outside American Indian communities—many of whom had had little connection to or awareness of these communities before—generously gave millions of dollars to indigenous communities through numerous crowdfunding platforms.

ASIAN AMERICANS
• Violence against Asian Americans has had deep historical roots. That violence and discrimination against Asians and Asian Americans has increased due to perceptions of blame for the COVID-19 pandemic. This xenophobia has led many Asian Americans to seek out Asian causes to support. The increase in violence also led to the founding of the Asian American Foundation, with pledges to date of more than $250 million.
• Asian American and Pacific Islander (AAPI) donors have also sought to identify organizations doing solidarity work with Black and Indigenous people.
• AAPI donors feel their communities have always tried to elevate historically marginalized communities and have directed funding to support communities in need.
• AAPI donors self-organize to support one another.
• AAPI donors are motivated to donate to causes that can stimulate a broader conversation on racial inequality.

BLACK AMERICANS
• After the killing of George Floyd in 2020, support for the Black Lives Matter movement and Black organizations spiked—with one focus group participant reporting that 50 percent of their donations went to Black-led organizations in 2020.
• Black donors are concerned about economic recovery efforts for Black communities following the COVID-19 pandemic and the resulting economic fallout.
• Black donors engage in major giving, with multiple Black families giving large gifts.

HISPANIC AMERICANS
• Hispanic American donors practicing “big gift” philanthropy tend to give to Hispanic American organizations, including the Smithsonian Latino Center.
• Economic recovery for Hispanic American communities is a high priority for Hispanic donors.
• Hispanic entrepreneurs, especially in the Los Angeles area, often participate in Hispanic community events and donate to nonprofits.
• Hispanic American donors also discussed how the pandemic has highlighted the importance of access to healthcare, education, and employment for their communities.
• A large portion of giving in Hispanic communities is reserved for giving to family members, including children giving to parents.
RELIGIOUSLY AFFILIATED AMERICANS

- An expressed need to expand the definition of philanthropy to include informal giving featured prominently among the faith leaders’ focus group.
- Social justice causes are being supported through funds set up by houses of worship and religious nonprofits. They have particularly highlighted Black-led and focused organizations.
- Faith leaders are supporting historically marginalized communities through education, taking on intermediary roles, and introducing new forms of giving.
- Churches have a particularly long history of sending money to mission projects for general use all over the world. In the past few years, however, they have started assessing and responding to local needs through a mission-motivated lens.

Principal findings from the mutual aid case studies

This report also includes two case studies that highlight the role of mutual aid in helping diverse communities during the pandemic. Key insights gained through the case studies are presented below.

- Since the onset of the COVID-19 pandemic, many mutual aid websites were created (such as Big Door Brigade and Mutual Aid Hub) to assist neighborhoods, communities, and cities in need. Supported projects have included buying masks, cleaning supplies, and prescription medications for the elderly.
- Many mutual aid groups relied on technology like crowdfunding and online payment methods. Some Indigenous communities have used tools such as GoFundMe to help other members of their community.
- Many of the mutual aid projects were started by people of color to serve their own communities, such as the People’s Grab-N-Go in Chicago, a weekly, Black-led food distribution program that provides food for the community.
- Some even less formal efforts were also underway, including the creation of Google spreadsheet lists of people in need. Lists were shared within communities of color to raise funds for these individuals.
- The Hispanic American community also raised $10,000 for the Migrant Solidarity Fund, and the nonprofit El Pueblo raised $40,000 in mutual aid for immigrant families.
- For those seeking to donate to Black-led organizations, some organizations such as CLLCTIVLY had large databases to help direct donors, which included the Baltimore Ravens’ defensive end Calais Campbell and the Rockefeller Foundation.
- Some Black-led organizations created grant competitions for other organizations to compete for $1,000 and $500 prizes, and allowed members of the community to pick their favorite organization to support.
Implications

Generosity spans categories of race or ethnicity—and it comes in many forms, including time, talent, treasure, and even testimony. Although there are no significant differences in rates of giving across racial and ethnic groups, the ways by which diverse donors give often go far beyond the avenues of institutional philanthropy. During a time when there is so much interest in the need to build community, it is encouraging to note that many donors of color embrace the spirit of collectivism, the value of lifting one another up, and the need to directly support their family, friends, and strangers alike through both formal, as well as informal, giving.

More than a year after the start of widespread racial justice protests, diverse donors are still playing an important role in developing and mobilizing real-time responses and solutions. Donors of color are now redefining the philanthropic space well beyond the borders of the U.S. This is a vital moment in a time when nonprofit organizations can reimagine their own fundraising and programmatic priorities to reach these diverse groups. To establish more inclusive and equitable philanthropic fundraising approaches, a variety of informal and formal giving practices needs to be considered.

Moving towards a more diverse and inclusive organization starts with an internal look. Recruiting staff and board members from underrepresented groups can bring new perspectives to the table and provide critical insights to an organization’s strategy and mission. For existing staff, organizational training that centers on equity is important. Self-reflection and awareness can give rise to new systems and strategies that support inclusion. When the organization puts in the internal work to develop a more inclusive and equitable workplace, their external practices will be realigned with an equity lens.

Nonprofit organizations should emphasize authentic and meaningful ways to collaborate and to engage with donors of color as trusted advisors on programmatic impact and strategic steps for the organization. Identity-based giving mechanisms, such as giving circles, can provide leadership opportunities for donors of color and democratize the philanthropic process—as well as offer an avenue for donors to be directly involved in decision-making for the organization. During the process of integrating the traditions and values of diverse donors, the definition of giving to an organization should be broadened to include volunteering and in-kind contributions, as well as the concept of mutual aid. The fundraising cycle—from cultivation to stewardship practices—should be inclusive of all these forms of generosity.

In the wake of the pandemic health crisis and urgent calls for racial reckoning, emerging and existing nonprofits embraced mutual aid—a long-standing form of philanthropy in diverse communities. For those seeking to donate to Black-led organizations, several community foundations have developed resource guides and donor guides, and organizations such as CLLCTIVLY had large databases to help direct donors. Black-led organizations created grant competitions to support organizations whose missions support causes of equity and inclusion. Mutual aid websites and spreadsheets emerged to help people directly support others in need. Recognized annually in August, Black Philanthropy Month celebrated its 10th anniversary this year, and continued to reinforce the heightened awareness
and celebration of Black philanthropic leadership. These key examples shed light on avenues where organizations can support mutual aid in the communities in which they reside, as well as expand collaboration with organizations led by people of color.

With the rapid development of digital fundraising technologies, donors of color, like other donors, are likely to participate in giving campaigns through social media and crowdfunding. Crowdfunding campaigns and social media stories can breathe life into a cause by showing donors the direct impact of their gifts. These campaigns also make giving more convenient and allow organizations the opportunity to mobilize quickly in the face of a crisis or an emergency. Crowdfunding has emerged as a popular vehicle to give to social and racial justice causes—a priority that is on the rise across all ethnic and racial groups. Overall, organizations should consider the ways in which they can programmatically support causes related to social and racial justice and economic recovery for communities of color.

The face of generosity is diverse—and as the United States heads towards an even more demographically diverse future, it is vital that nonprofit organizations work to learn from each other to develop an inclusive set of philanthropic practices that are dynamic and tailored to the interests, values, and traditions of donors of color. This Everyday Donors of Color report highlights some of the ways that organizations and donors of color can reshape the philanthropic landscape together.