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The Urgency of Now: Foundations' Role in Ending Racial Inequity

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Keywords: Racialized poverty, racial inequity, adaptive systems, targeted universalism, collective impact, structural racialization, good jobs, financial capability, opportunity mapping

The challenge [of eliminating poverty] is greater than it has been in generations.... One in every eight Americans now lives in poverty, a rate that has nearly doubled since 1980. — President Barack Obama

The Growing American Challenge

For centuries, people of color in the United States have endured disproportionate poverty and been excluded from economic opportunities. They have been labeled “minorities,” as though their fewer numbers somehow made their suffering acceptable. Yet people of color will become the majority in America by 2050 (Center for American Progress & PolicyLink, 2013). One of the major challenges of our time is how America will reconcile the fact that the emerging majority still endures oppressive poverty.

How will we handle this crucial shift in demographics? What investments will we make in people, systems, and communities? Answers to these questions will determine if America will continue to maintain its quality of life and its competitive position in the world.

Fifty years after the March on Washington for Jobs and Freedom, people of color are doing worse – and often much worse by every measure, – compared to whites. Examples of these racial differences in economic outcomes are stark and abundant. According to a 2013 Urban Institute study, whites possessed six times more value in financial assets than African Americans and Hispanics. The median household net worth for whites in 2010 was \$110,729, in comparison to

Key Points

- This article explores the multiple approaches that foundations can use to advance racial equity and prosperity.
- It first gauges the depth of the challenge that our communities face in racial disparities, then surveys the evolution of the role of philanthropies in addressing poverty and traces the long history of racialization of institutions and systems.
- Finally, this article focuses on a specific set of approaches used by the Minnesota-based Northwest Area Foundation that others working for racial equity might employ to meet their needs.

\$4,995 for African American and \$7,424 for Hispanic households (McKernan, Ratcliffe, Steuerle, & Zhang, 2013).

According to the U.S. Department of Labor (2012), communities of color faced significantly higher unemployment rates than whites, whose jobless rate is 7.4 percent, in comparison to 13.6 percent for African Americans and 11 percent for Hispanics.

According to the American Community Survey (2013), from 2007 to 2011, 43 million Americans, or 14 percent of the nation, were living below the poverty level of \$11,500 in annual income for an individual or \$23,000 for a family of four. Yet the distribution of poverty has been unequal. Up through 2011, the poverty rates were:

Historic racial practices of neighborhood segregation, workplace discrimination, lack of access to credit, and educational inequity account for much more of the wealth and income gap than cultural or social factors.

- 27 percent for Native Americans and Alaska Natives,
- 26 percent for African Americans,
- 23 percent for Latinos/Hispanics,
- 18 percent for Native Hawaiians and other Pacific Islanders,
- 15 percent for Vietnamese and Korean Americans, and
- 12 percent for whites.

A recent Institute on Assets and Social Policy study found that institutional and policy practices have been driving the widening racial-wealth gap between white and minority households (Shapiro, Meschede, & Osoro, 2013). These practices create inequitable opportunities in areas such as homeownership, income, unemployment, college education, and family financial support. This study also revealed that historic racial practices of neighborhood segregation, workplace discrimination, lack of access to credit, and educational inequity account for much more of the wealth and income gap than cultural or social factors.

Poverty and race continue to be intimately intertwined. In fact, it is impossible to address poverty without dealing directly or indirectly with the issue of race. The profound racial demographic shift this nation is undergoing requires a response that is both universal in its goals and targeted in its strategies (powell, 2012).

As Martin Luther King, Jr. so prophetically pointed out, “We must learn to live together as

brothers or we will all perish together as fools. We are tied together in a single garment of destiny, caught in an inescapable network of mutuality.” King offers us a poignant reminder that if we cannot figure out how to address racial inequities as the “minorities” are becoming the majority, then the quality of life for almost everyone will be diminished.

The Role of Philanthropy in Addressing Poverty

Working to shrink poverty and expand racial equity in America, philanthropy has taken a series of steps both forward and backward. After summarizing some of the prominent steps, this section details the inarguable decline in philanthropic support in the face of the growing American challenge. Throughout the rest of the article we argue that philanthropy must “up its game,” reverse this decline, and better face its obligation to advance our country’s racial equity.

It is imperative that philanthropy focuses its resources to ensure that future generations, regardless of race or humble beginnings, have equal opportunities to pursue the American Dream.

Since the turn of the 19th century, philanthropy has used various strategies to address racial equality, access, and opportunity in America. The visions of Andrew Carnegie and John D. Rockefeller were mostly successful steps forward, focusing in the early 20th century on the root causes of poverty and other social problems (Arrillaga-Andreessen & Hoyt, 2003). From those early days onward, however, ensuring truly equal opportunities was hardly ever the standard. Each charitable and philanthropic group made independent decisions about whose poverty was worth alleviating, about who lived inside – and outside – the circle of human concern.

A few leaders in the emerging field of philanthropy played a significant role in maintaining economic inequality. Historian Stephen Warren (2002) has documented in detail how early ecclesiastical philanthropists working in concert with the federal government “sought the destruction of American Indians and their unique ethnic status. ... Philanthropists pursued assimilation, a

concept based on cultural extinction, rather than mingling the two societies through intermarriage and economic integration” (p. 110).

Although some fell short, many positive steps were taken. One of them – setting the stage for a fundamental shift in race relations – was the publication in 1946 of Gunnar Myrdal’s “An American Dilemma.” According to Fleishman, Kohler, & Schindler (2007), Myrdal’s work “had a lasting impact on public opinion and public policy. It was also a critical element of the persuasive case the early builders of the Civil Rights Movement pieced together to combat institutional racism” (p. 46).

In fact, foundations played a critical role in the development of the civil rights movement. The work of the Julius Rosenwald, Field, and Ford foundations, and many others, contributed to the development of organizations such as the NAACP, Southern Christian Leadership Conference, and Student Nonviolent Coordinating Committee that became the vanguard of the movement.

With some justification, social critics contend that the philanthropic community also played a significant role in the demise of the civil rights movement by reallocating resources to more conservative organizations within it (Barker, 2010). These backward steps occurred in the wake of the Black Power, farmworkers, and American Indian movements, which had more radical sensibilities than those of many mainstream foundations.

Other recent constructive philanthropic steps include the establishment of federal Pell Grants; the creation of community development corporations, which have created jobs and revitalized communities; and the creation of the Earned Income Tax Credit and microlending programs, both of which have moved millions of working poor families out of poverty (Reich, 2013).

In 2004 the Applied Research Center published “Short Changed: Foundation Giving and Communities of Color” (Pitz & Sen, 2004); the study found that “grants to communities of color fell from a peak of nearly 10 percent of all grants in 1998 to seven percent in 2001.” This trend was

Foundations have indeed been providing increasingly less support for communities of color, an unfortunate legacy of retreat documented in two reports issued by the Foundation Center.

underscored in “Philanthropy’s Race Problem”; the article’s author, Orson Aguilar, wrote, “Foundation dollars are not equally distributed amongst all U.S. residents and ... some groups, in this case communities of color, [are] being short-changed by the foundation community” (2008).

Foundations have indeed been providing increasingly less support for communities of color, an unfortunate legacy of retreat documented in two reports issued by the Foundation Center. The first report shows that total funding to Native American organizations and sovereign nations dropped from \$76.2 million in 2002 to \$68 million in 2009 (Foundation Center & Native Americans in Philanthropy, 2011). The second reveals that “over the past decade, U.S. foundation dollars explicitly designated to benefit Latinos have remained steady, comprising about 1 percent of total foundation funding, even as the Latino population in the U.S. has grown significantly over the same period” (Foundation Center & Hispanics in Philanthropy, 2011, p. v).

Most recently D5, a coalition hosted by the Rockefeller Philanthropy Advisors to improve philanthropic diversity, revealed in its highly respected State of the Work diversity report that – aside from general, unspecified funding – funding specifically targeted to people of color is now in the 4.5 percent range: African and Americans, 2 percent; Hispanics and Latinos, 1.5 percent; Native Americans, 0.5 percent; Asians and Pacific Islanders, 0.4 percent; and other minorities, 0.1 percent (D5 Coalition, 2013).

Philanthropy has the capabilities to reverse this decline and challenge the systems of racialized poverty. A few specific strategies include grantmaking, research, and cross-sector collaborations, as well as designing leadership models that maximize results using a social-justice lens.

Philanthropy has the capabilities to reverse this decline and challenge the systems of racialized poverty. A few specific strategies include grantmaking, research, and cross-sector collaborations, as well as designing leadership models that maximize results using a social-justice lens (Korten, 2009). “As an agent of change,” wrote Peter Frumkin in 2006, “philanthropy brings with it considerable resources and, even more important, a level of freedom from both the public opinion and the bottom line that limits the ability of government and business to play this role” (p. 12). So situated, philanthropy can provide the long-term vision and resources needed to effectively focus on how every human being can share in opportunity in our society.

Structures Lock In Poverty

Racialized poverty is deeply ingrained in our society’s policies, systems, and structures. These favor some people at the expense of people of color, who are on their way to becoming this country’s majority.

Historically, people of color and the poor have largely and effectively been locked into economically diminished lives. They have been marginalized and isolated from economic, political, educational, and technological power by means

of reservations, Jim Crow laws, the isolation of the Appalachian Mountains, ghettos, barrios, and the culture of incarceration (powell, 2012). They have also been locked out of opportunities through “interlocking systems of disadvantage which disproportionately shape and constrain the choices and life chances of people of color and poor whites” (Menendian & Watt, 2008, p. 4).

People concentrated or isolated in poor communities experience a number of deleterious, mutually reinforcing, and cumulative impacts on their life outcomes. Research shows that children and adults living in highly concentrated poverty and segregated places or in isolated reservation communities are more likely to have lower educational attainment, and have a higher probability of being involved in – or being a victim of – crime, living in substandard housing, and not obtaining the social and human capital necessary to pursue the American Dream (powell, 2012). This increased concentration of poverty for people of color has persisted even with the advent of legislation such as the Civil Rights Act, fair-housing legislation, and other policies designed to level the playing field.

Why has this concentration persisted? The answer is structural racialization – a set of policies and processes that perpetuate racial disparities even without specific racist actors. While individual bigotry still exists, individualized racism or prejudice alone does not support the complex systems that maintain significant racial differences in socioeconomic outcomes. In fact, some have argued that individual racists’ attitudes have gained their power through and are embedded in social structures (Wilson, 2009).

According to the Kirwan Institute (2012, May):

The federal government accelerated migration to the suburbs by subsidizing home mortgages through the national housing act of 1934, but through the 1950s, the Federal Housing Administration (FHA) underwriting manuals expressly warned that blacks had “adverse influences” on property values. The agencies instructed ... personnel not to insure mortgages on homes unless they were in “racially

homogeneous” White neighborhoods. Under these guidelines, the FHA actually refused to lend money to – or underwrite loans for – Whites, if they moved to areas where people of color live.” (p. 2)

These historic housing patterns created by the FHA policies fostered the present-day geographic areas of racially concentrated urban poverty.

Beyond these FHA policies, there are a variety of systems of opportunity – employment, access to capital, education, health care access, justice in policing and the courts – that maintain racial and ethnic inequalities. Mutating and reorganizing themselves, they function through dynamic networks of individual and collective behaviors.

To alter these complex systems will take more than technical approaches; it will require innovative systems of learning (Heifetz, 1998). Restructuring these systems will also hinge on the emergence of a new model of cross-sector leadership, one that extends beyond the capacity of any single group or organization (Crosby & Bryson, 2005).

According to john powell (2010), we need to think about the ways in which the institutions that mediate opportunity are arranged, the order of the structures, the timing of the interaction and the relationships that exist between them” (p. 27). To make his point, powell (2012) uses the metaphor of an escalator in a shopping mall. If we are all in a shopping mall and the goal is to get everyone to the third floor where there is a new opportunity, people use different strategies to get to the third floor depending on how they are situated:

Some people ride the up escalator to reach (the third floor) opportunity and others have to run up the down escalator to get there. Others are in wheelchairs and cannot access the escalator at all. Institutions continue to support, not dismantle, the status quo. (p. 123)

One can think of systems of opportunity – capital, education, housing – as joining in a long series of interlocking elevators. Along the same lines as powell, noted sociologist William Julius Wilson (2009) calls for a positive, candid, and critical

national framing for our discussion about race and poverty in America that must ensure opportunity structures are designed so that everyone may pursue the American Dream.

powell (2012) recommends an approach he calls “targeted universalism.” Its goal is universal benefit, such as good health care or quality schools for all. Yet its approach is targeted, because groups are situated differently in relation to opportunity structures.

Philanthropic Response to Racialized Inequalities

As philanthropic leaders gain greater insights into the history of racialized structures and opportunities for advancing equity, some are committing to take action and are using strategies specific to race and gender to build on the framework advanced by powell and others.

powell (2012) recommends an approach he calls “targeted universalism.” Its goal is universal benefit, such as good health care or quality schools for all. Yet its approach is targeted, because groups are situated differently in relation to opportunity structures. The concerns and needs of the marginal communities are not lost, while the dominant group is neither ignored nor privileged. Guided by such concepts, philanthropic leaders across the country are doing important and courageous work on behalf of racial equity. A few of the more prominent examples of leading philanthropic efforts include:

- Open Society Foundation’s Campaign for Black Male Achievement, which aims to create hope

Many more efforts are taking place as foundations both large and small commit to increasing the amount and effectiveness of resources used to combat institutional and structural racism.

and opportunity for black men and boys who have been significantly marginalized from economic, social, and political life in the United States;

- Tides Center's Philanthropic Initiative for Racial Equity, a multiyear initiative to increase the amount and effectiveness of resources aimed at combating institutional and structural racism; and
- W.K. Kellogg Foundation's American Healing initiative, which supports programs that promote racial healing and address racial inequity. Kellogg has also made a historic commitment to racial equity using a structural-racism analysis.

Many more efforts are taking place as foundations both large and small commit to increasing the amount and effectiveness of resources used to combat institutional and structural racism.

According to Lori Villarosa (2010), the founding executive director of the Philanthropic Initiative for Racial Equity, foundations committed to addressing racial inequities include several national foundations, such as C.S. Mott, Marguerite Casey, and Ford, as well as local and regional foundations such as Oakland, Calif.'s Akonadi and Boston's Barr.

Four Racial-Equity Case Studies

In light of these profound shifts in the racial landscape of the United States and the varied philanthropic efforts on behalf of racial equity, we clearly need strong, practical, forward-looking initiatives. The Northwest Area Foundation

(NWAFF), headquartered in Minnesota, has undertaken four such efforts.

The mission of NWAFF is to support efforts by people, organizations, and communities in the foundation's region to reduce poverty and achieve sustainable prosperity. The foundation's region consists of the eight states once served by James J. Hill's Great Northern Railway – Washington, Oregon, Idaho, Montana, North Dakota, South Dakota, Minnesota, and Iowa – and the 75 tribal governments that share the same geography. Since its founding, NWAFF has focused on economic revitalization and improving the standard of living for the region's most vulnerable residents.

To build assets and wealth among low-income people, NWAFF employs multiple approaches including research, convening, connecting, collaboration, and grantmaking. They often occur simultaneously and further each other's outcomes.

Minnesota, sometimes portrayed as a progressive American oasis, in fact has some of the worst racial gaps in this country. Like most other states, it has become increasingly racially and ethnically diverse. In 1960 people of color comprised 1 percent of the population. By 2035, estimates for Minnesota's two most urban counties show that 48 percent of Ramsey County residents and 44 percent of Hennepin County residents will be people of color (Blue Ribbon Commission on Reducing Racial Employment Disparities, 2011).

In Minnesota there are enduring racial and ethnic disparities in income, wealth, education, health, and employment. In 2011 the state's unemployment rate was 7.7 percent, compared to the national average of 10.3 percent; the unemployment rates for blacks (20 percent) and American Indians (18 percent), however, were more than twice the rates for the state's white and Asian workers (Blue Ribbon Commission, 2011). Minnesota, ranked high in education overall, has the nation's highest level of racial disparities in education. Within this context, NWAFF has been determined to employ the multiple approaches referenced above to contribute to a more equitable society.

NWAF has demonstrated a strong commitment to what makes for effective public-policy work. For instance, the foundation strives to ground its work in rigorous research. Before investing, it investigates as carefully and systematically as possible those leaders, initiatives, and organizational capacities are most likely to improve the economic and racial-equity landscape. The following initiatives reflect this direction.

Research on Policy Advocacy

In 2010 NWAF addressed the reality that the nonprofit advocacy community was dominated by white leaders and organizers. It began by focusing on these inauspicious realities:

- The full community was not represented in the public debate about issues that impact everyone.
- Advocates in the white community and those in communities of color rarely knew one another.
- Power in the state Capitol resided with a nearly all-white establishment that controlled the resources and coalitions needed to make things happen.

Changing policies to address racial disparities and advance equity would clearly require a broader base and more comprehensive community involvement. To secure this base and involvement, the foundation needed to expand its knowledge. Specifically, it had to learn who has power and influence, who has key information, and who should have a voice in shaping and advancing a shared agenda.

To help gain this capacity knowledge, the foundation designed an innovative challenge: mapping a state's policy ecology. In the summer of 2011 the Northwest Area and Ford foundations commissioned research by Grassroots Solutions and the Headwaters Fund for Justice to understand and map the political and nonprofit landscape, power structures, and leadership as they relate to furthering economic opportunity for low-income people. For the prototype of this research, the focus was on Minnesota.

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The study (Grassroots Solutions & Headwaters Fund for Justice, 2012) concentrated on three factors understood to be key to the ability of nonprofits in Minnesota to work effectively on increasing economic opportunity for low-income communities:

1. nonprofits' involvement and connection with economic-opportunity stakeholders,
2. the power of these stakeholders to influence policy change, and
3. nonprofits' means to leverage both economic opportunities and the policies that impact them.

The research included 87 interviews and five group dialogues involving 58 people. Invited stakeholders included organizations, institutions, funders, policymakers, and others working in communities on policy change and economic opportunity.

The main goal of opportunity mapping is to develop system plans and regional investments that improve people's circumstances and increase access to opportunity for all residents. This mapping assessment involves three steps: identifying appropriate measures of opportunity, looking at the connections people have to opportunities, and discovering how policies in regional planning are best structured to enhance those connections.

This research provided the Northwest Area, Headwaters, and Ford foundations, as well as the broader community, with an understanding of strategies that diverse groups have been using to impact the policy landscape of economic opportunities. Yet shifting that landscape has clearly been difficult. Why? Because of its structural racialization, which has ensured those in power need not equitably share their power.

The study illuminated many robust organizations with impressive capacities for service, organizing, and advocacy. Yet, and sometimes sharply, they fell short in terms of both much-needed collaboration and well-targeted policy advocacy. The assessment also found that organizations led by and responsive to people of color often lacked influence and capacity. To take advantage of initiatives for cross-sector collaboration and long-term policy changes, these emerging organizations would have to dramatically strengthen their capabilities.

When focused on communities of color, the study's findings were particularly potent, guiding some of NWAf's actions including its grantmaking. The study certainly reshaped how NWAf convened, connected, and supported work in Minnesota whose aim was to change power dynamics and tackle deeply entrenched racial inequity.

Opportunity Mapping

While building an understanding of the internal capacity of the nonprofit advocacy organizations in Minnesota, NWAf also led other forms of research to advance economic opportunity for low-income people. It supported the Kirwan Institute to create methodologies for identifying where communities could focus investments and energy to maximize opportunity.

In the fall of 2009 NWAf provided a \$50,000 grant to support the Seattle Opportunity Mapping for King County to increase awareness and discussion of new equity policies for marginalized communities in the county. Paired with funding from the Poverty & Race Research Action Council and the Marguerite Casey Foundation, the Kirwan Institute created a highly promising model. The Puget Sound Regional Planning Council adopted this model as a framework to guide its equity-planning components for its grant from the federal Sustainable Communities Initiative, an interagency partnership among the departments of Transportation and Housing and Urban Development and Environmental Protection Agency.

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Opportunity mapping allows regional governments to identify access to jobs, schools, transit, and other infrastructure investments so that all residents have access to opportunity and can thrive. It also helps guide the physical evolution of regions so that opportunity is no longer spatially

segregated, thereby making regions more competitive both nationally and internationally.

Convinced of the value of opportunity mapping, especially in dismantling the systems of structural racialization, NWAf with its philanthropic partners made further grants to the Kirwan Institute, which then created the Opportunity Mapping Initiative/Opportunity Communities Framework. At both local and state levels, this initiative helped identify structural forces that actively serve as barriers to opportunity.

The Department of Housing and Urban Development (HUD) took notice of Kirwan's Opportunity Mapping Initiative/Opportunity Communities Framework model and adopted it as the national model for its Sustainable Communities grantees. The model evolved into a part of the Fair Housing and Equity Assessment, a tool to identify and evaluate the connections to opportunity for all people in a region, especially underserved and marginalized populations. In both Washington and Oregon, NWAf's early support for opportunity mapping contributed to the Fair Housing and Equity Assessment becoming an important, widely recognized tool to evaluate regional segregation patterns and disparities in opportunity across the nation.

Today the NWAf supports many nonprofits working to implement the Sustainable Communities program on reservations as well as in rural and urban areas. The foundation also supports several national and regional intermediaries to provide technical assistance to community-based organizations engaging in that same program.

The Foundation as Convener and Network Connector

At the same time NWAf has focused on research, it has been developing approaches to convening community activists to help them shape shared policy goals. A starting point was to create the space and dialogue needed to maximize the connections and outputs of nonprofit organizations working on equity agendas in Minnesota.

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The foundation convened a series of discussions in Minnesota in 2010-2011 that connected advocates from communities of color with white-led advocacy organizations working on state legislative policy. For the participants, many of whom had never met, these gatherings offered a chance to learn what priorities and policies were of local and statewide concern. This space also expanded networks for future collaboration.

Notably in 2013, NWAf supported the Alliance for Metropolitan Sustainability in the Minneapolis-St. Paul area. The foundation helped that alliance host facilitated dialogues with community-based advocacy organizations of color, white-led advocacy organizations, and appointed representatives from the Metropolitan Council, a regional planning organization. Using the opportunity-mapping framework embedded in the Fair Housing and Equity Assessment tool, NWAf fostered crucial new conversations. For example, Metropolitan Council members and community members relied on opportunity mapping to discuss policy recommendations that address significant opportunity gaps for the region's low-income people.

By facilitating opportunities for timely and direct dialogue, NWAFF has been able to strengthen many of the efforts of community-based organizations interacting with HUD. These include making sure that Fair Housing and Equity Assessment findings are integrated in all aspects of regional planning in the Minneapolis-St. Paul metropolitan area.

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Northwest Area Foundation has also facilitated important convenings that connected Minnesota and other states in the region to thought leaders in the field of racial equity. Supported by the foundation, conversations held on the national level have allowed the foundation to discover philanthropic partners, increasingly effective strategies, and timely, more useful information. Similarly, NWAFF has been able to provide its grantees and others access to the intellectual and technical assistance of national and local intermediaries, such as PolicyLink and Nexus Community Partners. Much of this work of convening and connecting is ongoing, and the foundation will continue to monitor how networks, initiatives, and leadership arise from these convenings, especially as

they shape policies that promote targeted, racially equitable opportunities.

African American Leadership Forum

The African American Leadership Forum (AALF) has emerged at a pivotal moment for contemporary black America. The continued loss of opportunity for many African Americans, coupled with the fragmentation of African-American leadership, present an urgent need to do something different.

In 2008 NWAFF hosted a series of meetings with key individuals across class, education, and gender lines in the African American community in Minneapolis and St. Paul. These conversations effectively gauged the will among African American leaders to leverage opportunities and collectively address the challenges facing their community. It was the expectation, through this deliberative process, that they would create a broad network of African American leaders who engaged in intentional dialogue, shared planning, and collective action and would develop a common agenda that improved the economic and social well-being of the African American community.

The theoretical underpinnings of the AALF emerged from four different but interlocking concepts – targeted universalism, game theory, collective impact, and transformative leadership – that can help guide the building up of more racially equitable systems of opportunity. The overarching theory that guided the AALF’s efforts, however, was its theory of change. Below is a concise review of the four concepts followed by a snapshot of AALF’s theory of change.

Targeted universalism. The framework for the AALF is based on John Powell’s targeted universalism, an approach that frames universal goals that are mutually agreed upon in the broader community. As an example, the overarching AALF goal is “a just and healthy society that works equally well for everyone.” This is an all-inclusive goal, which, if achieved, benefits all. To accomplish this goal, however, requires targeted strategies for different groups in society depending on how those groups are situated relative to the opportunities

Game theory. The theory guiding AALF is based on the work of John Nash (1951). Essentially, game theory provides insights into how complex adaptive systems operate and how groups interact in noncooperative negotiations. In the case of the African-American community and its interactions with broader society, we have reached what is known as a Nash equilibrium: Unless the broader society sees a benefit to itself for improving the conditions of African Americans, the allocation of resources and opportunities will remain unchanged. The Nash equilibrium also suggests that groups that have enough social cohesion to negotiate a common agenda can improve their chances of transforming the playing field and changing the entire game. This Nash suggestion leads logically to the third in the four interlocking concepts.

Collective impact. Collective impact is another way of saying “e pluribus unum” – when many act as one, much is possible. The concept provides a particular framework for resource allocation that leverages large-scale or systemic change through the collective action of many actors to achieve specific measurable results. The AALF builds upon this model by creating a common agenda among African Americans and creating the mechanisms for change to take place.

Transformative leadership. To achieve sustainable results, the AALF will continue to need leaders who are not only talented but also transformative. The concept of transformative leadership is new and multifaceted. Its use here suggests that AALF leaders must be inclusive and diverse to reflect adequately the talents in their communities. AALF transformative leaders must reach out to:

- youth, restored citizens, older adults, and new Americans;
- African-American women, using their talents at the highest levels of decision-making; and
- peer leaders across their community, their state, their region, and the nation.

AALF transformative leaders must also engage with majority communities to challenge deeply embedded patterns of thought and behavior. Lastly, these transformative leaders must help

shape and set transformative spaces – where people from different backgrounds can learn from each other’s stories, values, and perspectives.

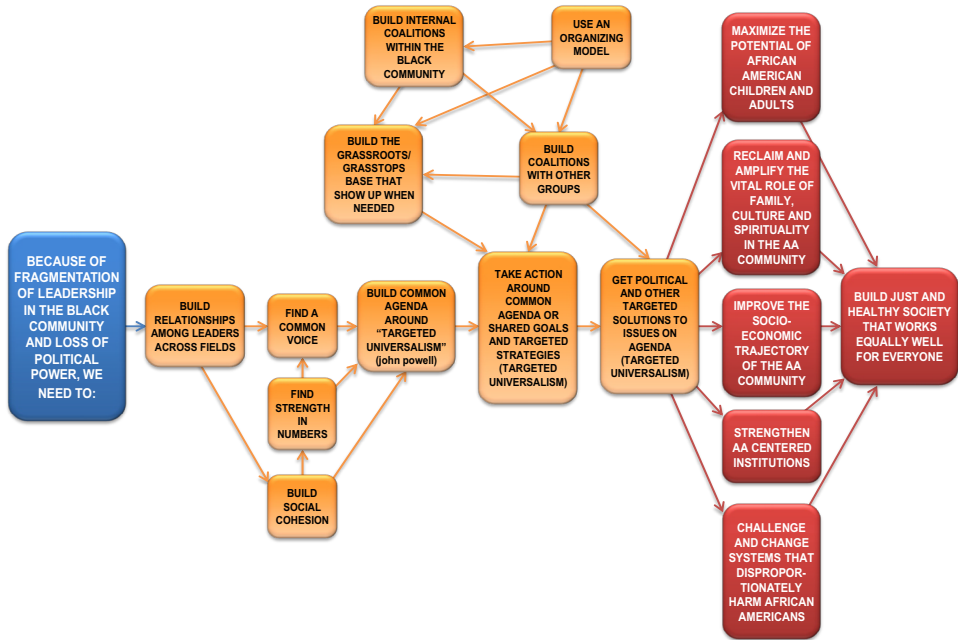
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A snapshot graphic (see Figure 1) outlines the mission and strategies that make up the theory of change for AALF.

Impact

In the intervening six years, the AALF movement in the Twin Cities has grown exponentially and has more than 1,500 members. Moreover, AALF has expanded to four other cities: Des Moines, Iowa; Portland, Ore.; Seattle; and Tacoma, Wash. Working with and for these cities, the AALFs have helped bridge such social gaps as the breach be-

FIGURE 1 AALF Theory of Change



From Gary Cunningham interview notes - June 17, 2013
 Prepared by John M. Bryson

tween middle- and upper-income African Americans. The forums have also helped the nonprofit sector and religious and corporate communities to work toward common objectives that strengthen the African-American community.

Additional AALF outcomes, some achieved and some in process, include:

- mobilizing and supporting community-driven efforts to take ownership (individual, institutional, and collective) and action on a common agenda to improve the economic and social well-being of the African-American community,
- working with leaders in developing a holistic plan to address the critical issues affecting the wealth and wellness of African Americans, and
- identifying and leveraging the experience, credibility, and influence of community leaders for collaborative efforts and sustainable community change.

Because of AALF’s rapid growth and increasing visibility, many other cities – including Pittsburgh, Philadelphia, Phoenix, and Kansas City, Mo. – have become interested in adopting the AALF model.

Latino, Asian, and American Indian leaders in Minnesota are looking at the AALF model for replication within their communities. A common agenda created for and by each of these communities can move forward the issues of equity and opportunity for everyone. In 2011 the Association of Black Foundation Executives honored the Northwest Area Foundation with its Institutional Award for Philanthropic Leadership, which recognizes exemplary grantmaking institutions that model effective and responsive grantmaking practices. In this case, the award was in recognition of the NWF’s efforts to create and sustain the AALF. The four case studies discussed here exemplify foundations’ use of carefully targeted strategies to achieve greater racial equity.

Conclusion

At its best, philanthropy has been at the forefront of movements to increase social and economic progress in America. Philanthropic investments in communities, people, and institutions are one reason why American culture is one of the most innovative in the world.

Nevertheless, today we are faced with the complex issue of how to ensure that all of us, no matter our race, have the opportunity to participate and contribute to the success of our communities. Yet, confronting that issue and investing in racial equity are no longer just moral calls to do the right thing; they are economic imperatives.

This article is built on the premise that if we remain on the current trajectory with no significant change in the socioeconomic position of low-income people of color, everyone will pay a price. We recognize that national, regional, and local philanthropic institutions have been taking up the call to address issues of racial inequity. However, we also note that the philanthropic investment in communities of color continues to shrink when it is needed most. The histories, theories, and tools provided in this article are an effort to begin a fresh dialogue on equity, one that includes everyone in the circle of human concern. Our future depends on it.

Martin Luther King got it right when he embraced what he called “the fierce urgency of now.” Yes, now is the time for the philanthropic community to live up to the full measure of the goals envisioned by its founding fathers and mothers. Now is the time for philanthropy to significantly increase its investments to specifically targeted communities of color. We must stem the tide of historic underinvestment.

Now is the time for philanthropy to invest in research and to use its power to convene. We must bring powerful people and ordinary people and voiceless people together. Now is the time to change the paradigm of social and economic inequalities that have continued to plague our country, this splendid land of plenty.

Now is the time for those of us in the philanthropic community to put our pride aside and our good names on the line. Now we must forge the path that can lead to prosperity for all in America.

At its best, philanthropy has been at the forefront of movements to increase social and economic progress in America. Philanthropic investments in communities, people, and institutions are one reason why American culture is one of the most innovative in the world.

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