

Collective Giving: Democratizing Philanthropy Through Collaborative Funding

Written by Mary Broach and Beth Burrell

Collective giving – pooling one’s dollars with a circle of colleagues, friends, family and acquaintances, in order to support nonprofits in a strategic manner - is redefining the way donors and nonprofits view philanthropy. It’s a new order of business best described as philanthropy with wide rather than deep pockets, capturing the smaller donations of many individuals and leveraging them into larger, more transformative grants.

Giving circles come in many forms, but are commonly geared toward making philanthropy more affordable and accessible to many, including younger and diverse populations. Participation may range from a one-year commitment, to lifetime membership, to attending a single event. Nationally, collective giving overall has grown rapidly, at last count more than 500 giving circles in 44 states, contributing more than \$100 million (Eikenberry and Bearson, 2009). This includes a number in the Philadelphia region, cited below (and explored further in the box to the [left/right]):

- Women for Social Innovation, a group of 35 women who make grants for girls, women and families;
- The Asian Mosaic Fund, which addresses challenges in the local Asian American community;
- Women of Vision, which addresses issues faced by Jewish women and girls in the Philadelphia region and Israel;
- Global Is Local, which funds groundbreaking work to combat poverty in developing countries;
- Impact100 Philadelphia, which pools \$1,000 gifts from at least 100 women to make \$100,000 grants to lesser-known organizations; and
- Philly Stake, a group that holds periodic dinner events to raise funds for creative projects.

While each of these organizations has a different structure and grant-making focus, there are some marked similarities. Most have an application process for nonprofit candidates, and a mission to educate their donor participants about nonprofits’ work and the needs of the community. Most also use a voting mechanism to determine which organizations receive funding, and the voting typically follows live presentations by the applicants. Most local groups are run by volunteers, and women play a prominent role – in many cases, the organizations are all-women.

*What's in it for the **Donors**?*

These essential qualities seem to be the key to collective giving's appeal:

- **Hands-on giving.** Donors have the chance to be directly and personally involved with applicants, and to learn exactly what the donation will fund.
- **Fulfilling work.** Perhaps the biggest draw to collective giving is its power to leverage each individual's contribution into something more meaningful and effective.
- **Democratic structure.** Members typically have an equal say in decision-making; their collective votes determine the funding recipients.
- **Social component.** Individual donors with shared interests meet and learn from one another through their grant-making activities.

Together, collective giving organizations are enriching the regional philanthropic landscape, dispelling the notion that giving requires enormous individual wealth and underscoring how women have funds – earned, inherited and shared with spouses and partners – they want to invest in their communities. Women now control 83 percent of household expenditures and 50 percent of personal wealth, according to Donna P. Hall, president of the Women Donors Network (Spector, 2010).

As mentioned above, many of the collective giving groups in Philadelphia are women's groups. This collaborative funding model appeals particularly to women, as evidenced by national trends as well. One of the first major giving circles, the Washington Women's Foundation in Seattle, launched nationally in 1995. Leaders of the WWF also founded the Women's Collective Giving Network, which is a national consortium of 29 giving circles that convene for a monthly conference call and an annual conference, to discuss challenges and share best practices, and in total donate \$7 million annually (WCGN report, 2012).

In Philadelphia, Women of Vision was founded in 1994, and has donated nearly \$560,000 to nonprofits here and in Israel, said Susan Lundy, endowment officer. Explaining their success, Lundy said, "Women understand philanthropy and what it means...they like to be hands-on in their giving and they find creative ways to allocate their dollars."

Many local leaders said that as giving circles continue to democratize philanthropy, the word 'philanthropy' itself becomes less intimidating, and less often associated with millionaires and well-endowed foundations. "It doubles, triples, quadruples what any individual can do," said Debra Kahn, executive director of the Delaware Valley Grantmakers, allowing ordinary people to call themselves something they never would have considered previously: Philanthropists.

*What's in it for the **Nonprofit Applicants**?*

David Florig had only vaguely heard of giving circles in 2011 when the West Philadelphia Alliance for Children (WePAC) applied to **Impact100 Philadelphia** for its \$100,000 grant. But winning that grant was a 'game-changer' for WePAC, said Florig, executive director. He had an audience of nearly 150 women at the Impact100 annual meeting where members voted to

award grant funding. To have that many donors – and potential volunteers – all in one room was unheard of. “It’s a great way to connect with people outside our normal circle,” Florig said.

A year earlier, Jessica Franzini received the Impact100 grant for New Jersey Tree Foundation. “It was an extraordinary process that I’ve never seen anywhere else,” she said. “Even if we hadn’t received the grant, we were able to tell our story to lots of people, and I had the chance to learn about other nonprofits and make connections with them too.” Reflecting on the trend in collective giving, Franzini said, “It’s such a win-win. Donors are getting to impact an organization much more than they would on their own, and the organization is getting the chance to apply on a level playing field, and connect with individuals. It’s very grass-roots and people-oriented, as opposed to traditional giving.”

Philly Stake deliberately set out to “turn the traditional granting process on its head,” said Kate Strathmann, a member of the organizing team. Applicants to Philly Stake respond to four questions, with answers up to 100 words each, describing a project focused on creative engagement. Ten organizations are selected to present at a dinner event to an audience of 150 to 300 people. Diners, after paying a modest amount to cover the food and donation, vote to determine which organizations will receive funding. “Our process is very transparent,” Strathmann said. “The atmosphere is really supportive of whoever wins – it’s very celebratory. And it’s so cool to see how many great things are happening in Philly.”

Global Is Local focuses on projects that address poverty in countries around the world, through grants for farming, water sources, and other improvements. Nearly all donors are based in Philadelphia, but all funding is awarded outside the U.S. Potential grant recipients are selected in advance, and travel here to speak directly to Global Is Local donors at luncheon events throughout the year. “I think they appreciate the laid-back, intimate style,” said member Rhonda Mordy. “They get to know us and we get to know them.”

A Strong Trend, Continuing to Grow

Inspired by the success of the Asian Mosaic Fund, Carlos Cartagena, a long-time community activist who works in Philadelphia’s nonprofit community, is now creating a Latino giving circle. He believes such a model is the key to boosting giving by Latinos (which is about 3 percent of U.S. philanthropic dollars donated annually, he said). His objective: Raise needed funds, but also give the Latino community a greater voice in how those funds are spent in their communities. Another group, just launched in December by 35 Jewish families in the Philadelphia suburbs, is the Acharai Fund, which will award its first funding (\$180,000) this September for projects in Israel.

It’s notable that new collective giving groups have often come to fruition with the support of existing foundations or groups. They tend to be **collaborative** not only within their organizations, but also across organizations doing similar work. Philly Stake, for example, is part of “a network of over 60 sister projects around the world,” said Strathmann. Women of Vision, part of the Jewish Women’s Foundation of Greater Philadelphia, recently joined in a collaborative donation with 14 other U.S. and Israeli organizations. Impact100 Philadelphia was closely modeled after the first Impact100 in Cincinnati; nationally, there are at least 15 current

organizations, all independent but collaborative, that have donated nearly \$19 million over the last decade.

The collective giving trend has similarities to another recent movement, dubbed **crowdfunding**. An offshoot of crowdsourcing, which broadcasts a problem widely and seeks solutions from the public, crowdfunding broadcasts a need and seeks funding widely from people who might want to address the need, either online or through live events. Rapid communication and easy donation processing are the focus of websites such as Kickstarter, which has taken \$250 million in pledges in three years of operations. Another effort making philanthropy more affordable is **micro granting**, where small grants are paired directly with a community program seeking initial startup funding or money for a critical project (see Philly4Philly, in accompanying box).

Final Thoughts

Democratic decision-making is one of the hallmarks of giving circles. This aspect means a member may feel passionately about projects that ultimately do not win the full support of the group. Yet this is not a deterrent to staying involved. “So often in life you find that people have their own agendas, but I didn’t find that at all in this. It wasn’t political; everyone was respectful. There was a common cause and everyone was trying to see where we could make a difference,” said Impact100 member Barbara Matteucci.

Matteucci continued, “We can see what we’re doing, very tangibly. It encourages someone like me to give even more, because I actually play a role in it. I can go see and appreciate what our contribution is doing. It makes me feel good that I’m involved.”

The Village of Arts and Humanities in North Philadelphia is one such beneficiary of this new breed of philanthropy. Its youth arts magazine, CRED, won a \$100,000 grant from Impact100 in June. About winning, Executive Director Elizabeth Grimaldi said, “The grant differs from others in that I find it far more personal... and the potential beyond the direct funds is tremendous. We’ve been blown away by the number of women who have reached out just to learn more, or who have visited since the presentation.”

In the big picture, it may be too early to gauge the long-term impact of giving circles and other forms of collective giving. Will this be a trend that continues? Will giving circles maintain and even grow in membership? No matter what the future holds, the growth of collective giving, especially over the past five years, has changed the landscape of funding in Philadelphia. More people now participate in grant-making, and in doing so, they see first-hand the tough challenges facing their communities, and the work nonprofits are doing to tackle them.