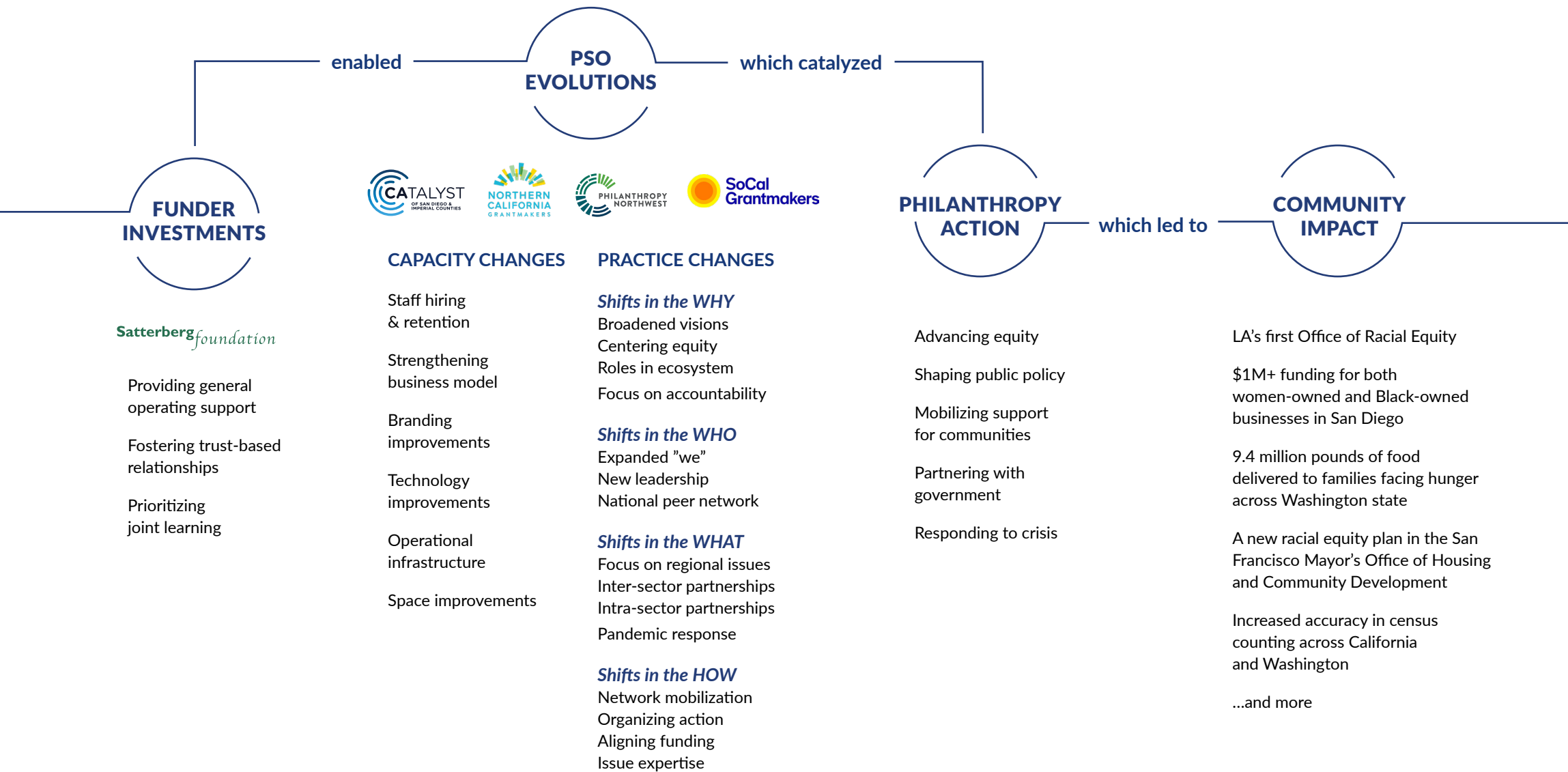




MAKING THE LEAP

How Four Philanthropy-Serving Organizations
Elevated Their Work and Shaped Their Regions — and
the Support that Helped Make it Happen

this is the story of how...



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Developed by





Human trafficking activist Ebony Jones addressed funders at the Catalyst of San Diego & Imperial Counties (formerly San Diego Grantmakers) Gender Equity Summit in 2018. Jones founded Living Beyond, an organization that provides trauma-informed emotional support, education, training and group services to help individuals see beyond their current survival mindset.

a call to action

For more than half a decade, Philanthropy Northwest, Northern California Grantmakers, Southern California Grantmakers and Catalyst of San Diego and Imperial Counties have been the recipients of unprecedented support from one foundation that saw value in regional philanthropy-serving organizations (PSOs). That partner is the Satterberg Foundation. In the years since this infusion began, we've often chatted about how this relationship has changed us and how we need to tell its story.

We represent what sustained investment in philanthropic infrastructure can create: nimble, risk-tolerant, growth-oriented organizations with the capacity to lead our sector and region toward greater engagement, accountability and equity. The investment set us up to quickly pivot support to our communities during the dual pandemics of COVID-19 and systemic racism.

This experience demonstrates the larger changes taking place in foundations who, increasingly, seek true partnership with grantees versus an oversight relationship. We especially appreciate Satterberg's humble, no-nonsense attitude. No traditional reports. No proposals! They expected us to share what we learned, not prove a set of benchmarks. This trust allows us to breathe and imagine with abandon.

A CALL TO ACTION

We expanded programs and created new ones, hired staff and consultants and challenged our own notions of what a regional PSO should be and do.

You may not have heard of the Satterberg Foundation before today, but you should – especially now. They are a family foundation that describes themselves as “quietly being.” Satterberg is the kind of foundation that nonprofit leaders, especially leaders of color, have been asking for. We hope they won’t stay quiet for long. We speak for lots of nonprofit leaders when we say – the story of this multi-year, unrestricted approach must be told. We are just one part of that story.

If you are a philanthropic leader, you couldn’t have missed the significant shift within our sector over the past decade or so calling for greater action, engagement and accountability. It’s building momentum and moving into overdrive as we grapple with a pandemic and resulting economic impacts, racial reckoning centered on the lives of Black families, challenges to our democratic institutions and norms, and gross inequality, especially among communities of color. Because of Satterberg’s investment, we are poised to encourage our members and broader network to show up in bold and more accountable ways. We are not just membership organizations, but also communities, who place great

emphasis on equity and action, and speak with a strong point of view. We couldn’t have said that five or six years ago. Satterberg’s investment gave us room to grow into this role.

So we bring to you a call to action. To rally the philanthropic sector to meet activists’ and community leaders’ calls for equity, we need more foundations evolving towards long-term, trust-based investment in sustainable change as their standard. And to guide and support foundations through their journeys towards this, we need bold, well-resourced philanthropy-serving organizations. We need more Satterbergs. Not only to bolster philanthropy infrastructure, but also to do it in a way that prioritizes partnerships between funders and grantees. As we look at the myriad ways society must respond to health, economic and other challenges, we are called to create a radically different world. Change is happening; together we can do more of what works, and leave the rest behind.



Kiran Ahuja

CEO Emeritus, Philanthropy Northwest



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Dwayne Marsh

President and CEO, North California Grantmakers



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exercising trust muscles

Learning alongside grantee partners is one of Satterberg board and staff's greatest inspirations and joys. As a family foundation we have been evolving from transactional grantmaking to relationship-centered partnerships since our founding in 1991. Our work over six years with the four philanthropy-serving organizations is a story of aligned learnings we are excited to share. We hope "Making the Leap" sparks questions and conversation as we work to reimagine equitable philanthropy informed by communities' lived experiences.

In 2013, the Satterberg Foundation board and staff began hosting conversations with nonprofit partners to help us identify where we were most needed as a funder. We knew in order for our work to be successful it was going to be important for us to commit to building deeper and more transparent relationships. Asking organizations what they needed and where support would be most useful was better than assuming we had all the answers. A lot of the things we heard from nonprofits were not new concepts. Nonprofits have been asking for relationships, trust and sustainability from funders for decades.

In 2015, we began prototyping a new distinct strand of investments called Community Partnerships. Our initial goal was very simple: initiate multi-year, large-scale partnerships with like-minded and values-aligned organizations in order to meet a rising payout with a manageable number of transactions. Four of these partnerships were with philanthropy-serving organizations rooted in the regions we fund. Through these partnerships we hoped we would gain a deeper understanding of the key issues at play in our sector to further hone our foundation funding focus for the future.

Over six years, we learned that our partners know the best way to serve their communities and that in order to be effective, they need long-term multi-year unrestricted grants that support greater flexibility and innovation in a world of uncertainty. By building relationships with our partners we were able to focus on engagement, sense-making and learning together rather than reading paper reports. Ultimately what we learned is what it means to be a funder who shows up authentically and in the spirit of service. Showing up this way and building authentic and trusting relationships also sparked innovation, joy and growth within our organization.

We are a humble foundation, committed to raising up the voices and work of our partners rather than seeking attention for ourselves. However, we have learned through this work that we must continue to use our voice as a funder to advocate and share stories that could help inform and inspire new funder practices. It is also a reflection of ongoing commitment to listen deeply to voices closer to the ground of communities to which we are returning wealth. The board and staff at Satterberg are grateful to these four PSO partners and their members for engaging in building trusted relationship muscles of courageous conversation and story sharing.



Sarah Walczyk
Executive Director, Satterberg Foundation

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SETTING THE SCENE
philanthropy accelerated

Consider these examples:

In Los Angeles County, home to the nation's largest veteran population, the Veterans Peer Access Network will use \$4.3 million in public-private investment to provide peer-based services to help veterans deal with homelessness, health and other issues.

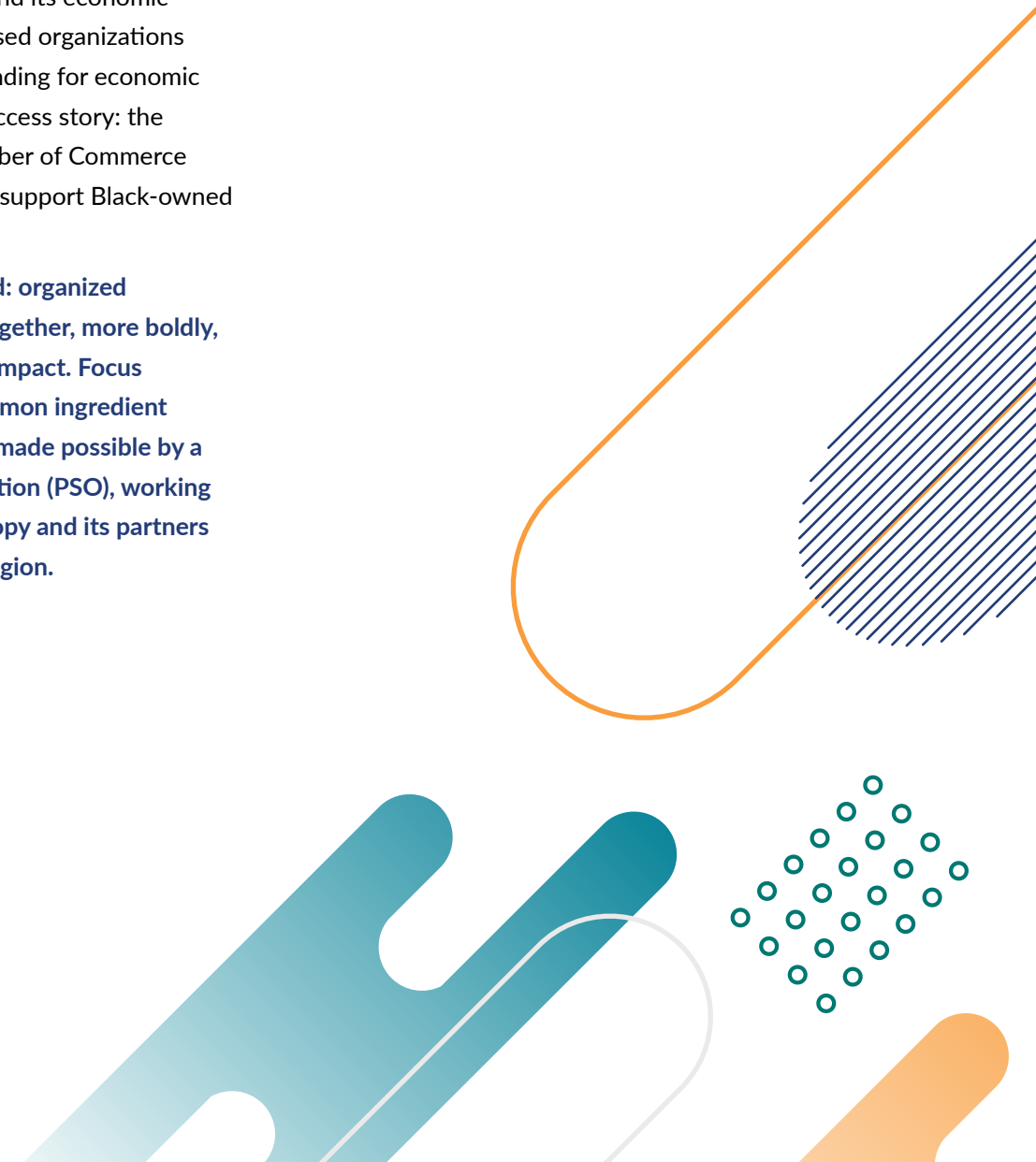
The Washington Census Equity Fund recruited 36 funders and pooled more than \$2 million to support 77 organizations across the state in public education, community outreach, regional communications and coordinated grassroots activities to boost census participation in hard-to-count communities.

To address racial equity issues in their work, Bay Area leaders in philanthropy, government, business and nonprofits are coming together to develop common strategies. An example of the results: one participant led a new Racial Equity Plan in the San Francisco Mayor's Office of Housing and Community Development.

Responding to the pandemic and its economic fallout, BIPOC¹ community-based organizations in San Diego are mobilizing funding for economic recovery in the region. One success story: the Central San Diego Black Chamber of Commerce raised more than \$1 million to support Black-owned and other small businesses.

Pan back and you'll see a trend: organized philanthropy moving faster, together, more boldly, with greater imagination and impact. Focus your lens and you'll find a common ingredient among these cases: each was made possible by a philanthropy-serving organization (PSO), working in new ways to help philanthropy and its partners make a mark on a particular region.

¹ Black, Indigenous and people of color



How did it happen?

To answer that question, this report digs into the organizational evolution among the four PSOs behind the above examples: **Catalyst of San Diego and Imperial Counties** (formerly San Diego Grantmakers), **Northern California Grantmakers**, **Philanthropy Northwest**, and **Southern California Grantmakers**. They commissioned the report to examine shifts in their work and the results in philanthropy and communities, and to consider a big factor at the root of the transformation: a series of investments by an innovative foundation in Seattle. The hope is that the report will provide useful lessons for PSOs and funders who support them.

The story here is manifold. It's about the philanthropy sector doing new kinds of place-based work and utilizing PSOs as an essential vehicle to do so. It's about a set of four organizations each making leaps to provide leadership and support that accelerate the work of philanthropy. And it's about each organization receiving vital infusions of support from a single funder — infusions that paved the way for sizeable impact.

The report is in three parts:

- 1 It begins by exploring how the four PSOs have evolved during the last five years.
- 2 It then examines the Satterberg Foundation's investments in those PSOs from the perspective of both investor and investee.
- 3 It finishes by reviewing examples of the resulting impact in the four regions.

Perspectives from two sets of interviewed players are interspersed throughout: leaders from the four PSOs and leaders from the Satterberg Foundation.

Listen to them reflect on the last five years of work and a shared premise emerges: if you want to see the philanthropy sector accelerate toward greater transparency, accountability, equity and impact over the next five years, look to philanthropy-serving organizations.

EVOLUTIONS

PSOs shift their
why, who, what and how

EVOLUTIONS CHANGING THE WHY, WHO, WHAT AND HOW

During the past half-decade, all four PSOs have experienced big shifts in what they do, how they work, the scale of their staff and budget and the scope of their aspirations.

Each organization, in its own way, has traveled similar trajectories, strengthening the ability to engage funders to collaboratively mobilize capital – financial, yes, but also human, social, intellectual and sometimes political – to tackle critical issues in a particular region.

When the leaders ponder their organizations' change and growth over the last several years, they mention shifts in the why, who, what and how of their work.

“ We had to get out of the service provider mindset and into the mindset of partnership and co-investment in the community.



Participants in Northern California Grantmakers' Racial Equity Action Institute gathered from across sectors including government, nonprofits, business and philanthropy on the principle that we can move greater change with one another than any of us can do alone.

SHIFTS IN THE WHY

looking beyond philanthropy

“ We used to be internally centered on our members.
We're shifting our focus as a network of funders who
are working **to satisfy the needs of the community.**

Looking Beyond Philanthropy

Each of the four PSOs has widened the scope of their organizational vision, moving beyond the boundaries of the philanthropy sector in ways that would have been unlikely for a regional philanthropy-serving organization just a decade ago.

FOR EXAMPLE:

Southern California Grantmakers' vision, established in 2020, speaks to "transformative change" and "collaborating with communities and across sectors."

Adopted in 2017, the vision of Catalyst of San Diego and Imperial Counties focuses on the "social change ecosystem that improves the lives of all residents."

Northern California Grantmakers' vision, also from 2020, considers its role in the region's overall landscape, one that includes philanthropy; the broader ecosystem of nonprofits, government and business; and communities in the region.

Adopted in 2015, Philanthropy Northwest's vision focuses on "Northwest communities" and their past, people and cultures with plans to further revise the vision later in 2021.

These visions reflect the aspirations and strategies of funders moving in new terrain. Gone are the days of funders solely looking for member service and sector protection in deciding to join PSOs. Now the watchwords are partnership, leverage, voice, engagement.

Go to most regional PSO conferences these days, and you'll see conversations about working with local and state government, mobilizing public and private funding to address complex regional problems, exercising leadership on contentious issues of injustice and racism and getting and staying connected to what's happening in communities.

“ Our network is less concerned about what is good for the sector, more about what is good for communities. Communities are more at the center. **How do we support the needs and capabilities of communities? And at the center of that is a conversation about equity. How do we address it?** ”

In the last few years, **equity has leapt to the top of the agenda.** And even within the span of the last year, protests for racial justice and the disproportionate health and economic effects of the pandemic on certain communities visibly intensified the commitment. As an example, in February of 2020 one PSO adopted a new strategic vision that had integrating diversity, equity and inclusion as one of six strategies. Seven months later, board and staff members were making equity the centerpiece of its work. And another PSO board gave unanimous approval to center equity, in particular racial equity, in June of 2020.

“We’re developing a harsher critique of ourselves as a sector. PSOs should play a role in this.”

Each of the four PSOs has championed equity in its North Star, statements, programming, culture and day-to-day work.

“The leadership mindset in our field has really changed.”

While wider horizons have been one trend in philanthropy, recent years have seen another: the sector holding itself accountable. This reckoning has become more pervasive, and PSOs are looking to play more critical roles in shaping it.

The four PSOs are also looking inward. One started an annual organizational equity audit. Another changed its bylaws to invite community-based organizations to join its board and committees. Another redesigned its employee handbook to more deeply incorporate an equity framework. New vendor policies prioritize business relationships with diverse vendors. Staff training sessions in racial equity are now common.

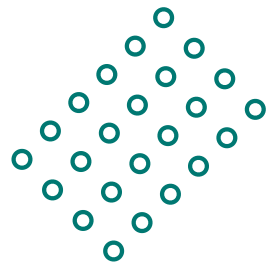
SHIFTS IN THE WHO

who comprises a PSO?

“ There is a **new generation** of PSO CEOs who are visionary and have a **change strategy**, not just a service strategy.

Who Comprises a PSO?

In years past, ask this question, and the answer would likely be the board and staff, with the addition, maybe, of a small group of core members.



Now, the answer is expanding, in at least **four** ways:

- 1 First, interviews with members of each of the four PSOs indicate that they increasingly **see their PSO as a robust community of practice** of which they're an active part, more than as an organization they pay in exchange for services.
- 2 Second, PSOs are **expanding their membership eligibility**. Government agencies, population funds, tribal institutions, giving circles, individual donors and intermediaries increasingly are being welcomed into membership.
- 3 Third, PSOs are developing organizational strategies that **seek impact not only on philanthropy but also on the broader ecosystem of which philanthropy is a part**, including the public, private and social sectors.
- 4 Fourth, anecdotal evidence suggests that both members and staff of PSOs **see the organizations as full partners in philanthropy, with respected and vital leadership roles** to play.

In addition to broadening the kinds of members they have, the four PSOs are deepening their engagement with those members. One piece of evidence that they're succeeding is a striking pattern in consultant interviews with members of each of the four PSOs over the last several years. **Increasing numbers of those members refer to the PSOs as "we", whereas several years ago more would use "they" (referring to the staff of the organizations).** This pattern isn't all that surprising, as it goes hand-in-hand with the organizations' increasing emphasis on their roles as member networks and communities.

THEY / WE

Still, it's significant. The "they" to "we" shift represents a change in mindset, for both those running the organization and those engaged in its community. It speaks to the increasing relevance of PSO work to their members. It speaks to an increasing emphasis on relationships and authentic engagement with members and the broader regional communities they serve. One leader termed this going from the "transactional" to the "relational." Carefully nurturing relationships — between staff and members and among members — has become a hallmark practice at PSOs.

Another "who" shift is the changing nature of the people becoming leaders of PSOs over the last decade. It's a virtuous cycle: as the organizations become bolder and more ambitious in their work, they attract bold and ambitious staff, who in turn shape the work, and the cycle continues.

Leaders of the four PSOs mentioned the presence of another, broader factor in the field as instrumental in their evolution: United Philanthropy Forum. The peer network and infrastructure provided by the Forum provided a spark to professional development and learning among PSO staff. Indeed, the Forum went through a transformation parallel to that of the four PSOs during the same period of time. It expanded its scope to include national PSOs in 2017, grew to 90 members and built infrastructure to support a national network and collaborative learning and action in racial equity, public policy advocacy, knowledge management and philanthropy practice. Leaders consistently name the Forum's expansion as critical to the PSO field's momentum, credibility and professionalization.

“ The rise of the Forum was a big deal.

“ At the same time that each of us was strengthening our organizations locally, there was this group of leaders around the country sharing what they were doing. It became this big gateway to step through.

SHIFTS IN THE WHAT

“think big and try things”

“ Moving from responsive to proactive activism and advocacy around critical issues was **the big shift for us.** Looking at what we want the region to be. And asking **what is the role of philanthropy** in helping make that happen?

“Think Big and Try Things”

That was how one PSO leader described the evolving the “what we do” of PSO work in recent years. There’s more boldness and more experimentation.

In particular, thinking big has meant identifying and mobilizing a response to critical issues facing their regions.

FOR EXAMPLE:

- › Together as Philanthropy California, the three California PSOs established a statewide impact investing collaborative that launched with more than \$100 million invested.
- › Northern California Grantmakers hired a disaster resilience expert and made preventing, helping prepare for and responding to disasters – especially for the communities that are disproportionately jeopardized by them – a priority in their work.
- › Philanthropy Northwest took a position on the crisis of missing and murdered Indigenous women and girls at the behest of its four Native board leaders, and to elevate the importance of PSOs and other philanthropic institutions taking policy positions outside traditional charitable sector issues.
- › Catalyst of San Diego and Imperial Counties committed to actively support a collaborative of nonprofit community organizers working together to increase representative leadership on elected and appointed boards and commissions, which is seeing success.
- › Southern California Grantmakers helped lead the cross-sector Committee for Greater LA’s No Going Back report on dismantling systemic racism.

EVOLUTIONS SHIFTS IN THE WHAT

All four PSOs snapped into action to inform and mobilize their members in addressing the pandemic's economic effects on nonprofits in their regions. They engaged in a range of activities: hosting rapid-response funds, moving federal dollars to community organizations, providing a constant stream of programming on COVID-19 related activities and issues, holding weekly member calls, providing training on virtual meetings and creating spaces for leaders to manage these severe and abrupt changes in their organizations. Together as Philanthropy California, all three California-based PSOs established a centralized resource for California funders with vetted funding opportunities. Philanthropy Northwest created a comprehensive funds tracker providing information on response funds in seven states and nationally while also working with members and three food relief organizations to host a pooled fund for the WA Food Fund.

Tackling big issues has also meant **seeking partners in sectors beyond philanthropy**. Southern California Grantmakers is partnering with the Los Angeles County government on the foster care system. Catalyst of San Diego and Imperial Counties is working with ethnic Chambers of Commerce, Tribal governments and business associations on economic and community development in their



Philanthropy colleagues come together to share ideas and learning at Rooted, Grounded, Growing – Philanthropy Northwest's annual conference.

region. Philanthropy Northwest is working with Native communities, federal and state government and business leaders to increase community investment through initially Opportunity Zones and now tribal broadband and digital equity. Northern California Grantmakers is working with the California Governor's Office on disaster resilience.

As each PSO not only shifted their focus on key community issues but also mobilized people and resources to address them, members began to see PSOs in a new, mission-critical light.

“ We hadn't been considered part of a foundation strategy. Now we initiate and participate in pooled funds. We're seen as a key player to help foundations' agendas. We're more integral to their work.

SHIFTS IN THE HOW
taking on new roles

“ You can have much more impact when you do it as many foundations, not solo.

Taking on New Roles

Amid a changing philanthropy landscape, the PSOs are finding their footing through new roles. Programmatic roles — providing programs and information to funders to enable them to do their work better — remain an evergreen priority. But other kinds of roles have also come into play.

“For a lot of years, our work was very on the ground. Tactile. Sending emails. Convincing people to give us a shot. Then we got on a leadership path — many players, intersectional thinking, pushing boundaries.

One is a **network role**, through which PSOs are providing ways for funders to connect with each other, share and learn, find ways to collaborate, take action together and amplify their impact. Funder collaboratives, affinity groups, communities of practice — all are flowering.

“The evolution from an association to a network felt like a big deal.

As needs arose, PSOs stepped into **new leadership roles**, devoting more time, energy and resources to mobilizing action and capital among their members to address critical issues on the regional and national agenda. Taking on leadership roles often meant PSOs taking the first steps in an effort to “take our members to places and lead them,” as one leader put it. It also called for “getting funders and funding aligned and organized and pooled.”

If you took a look at the agendas for PSO retreats from five years ago, you’d see board and staff wrestling with a consistent question: **are we more of a membership or leadership organization? How much do we lead and how much do we follow?** More concretely, there was the worry that bold leadership



Members of Philanthropy California participated in a daylong place-based impact investing exploration that engaged representatives from across the social change ecosystem. The event was held by Catalyst of San Diego & Imperial Counties in partnership with local, statewide, and federal government representatives.

EVOLUTIONS SHIFTS IN THE HOW

might scare members away. Five years later, PSOs are confidently leaning into both roles and seeing less friction between them. One reason for the shift is that more members are seeing value in leadership – in the opportunities for collaborative funding, collective action and engagement with leaders from other sectors that regional PSOs can provide. What once felt like an either/or now is experienced as a both/and.

Finally, PSOs are engaging in the **partner role**. This includes partnerships within the philanthropy sector as well as beyond it, with government, business and nonprofit agencies, associations and organizations. Three of the PSOs – Catalyst of San Diego and Imperial Counties, Northern California Grantmakers and Southern California Grantmakers – are engaged in one of the most significant alliances in the philanthropy sector. Philanthropy California is an alliance of the three organizations formed in 2016 and representing more than 600 foundations, corporate funders, philanthropic individuals and families, giving circles and government agencies from across the state. It focuses on shared work in operations, programs, public policy, membership and communications.

“ The membership versus leadership dilemma is no longer an issue for us. Our board has said we’re going to be more assertive in the positions we take.



Experts on philanthropy and race John A. Powell, Alice Y. Hom, Lateefah Simon, and Ibram X. Kendi drew a crowd of thousands, eager to hear the subject of Kendi's book: How to Be an Anti-Racist.

INVESTMENTS
the partners reflect

INVESTMENTS THE PARTNERS REFLECT

These evolutions can be traced to myriad factors — board leadership, staff talent, philanthropy changes, external opportunities and so on. But leaders of the four PSOs all point to **one factor as pivotal: a funding partnership with the Satterberg Foundation.**

Supporting nonprofit organizations in the state of Washington and California, the foundation knows something about evolution. In 1991, the year it was founded, it made \$13,916 in grants. In 2011, the grant total was \$388,000. Four years later, the number ballooned to more than \$22 million.

The foundation has learned to be flexible and adaptive, and it shows in how they developed their Community Partnerships program, through which they supported the four PSOs. The program included these features: **a significant multi-year commitment via general operating support, “trust that grantees will use the funds nimbly and flexibly,” streamlining of grant reporting and encouraging reporting with materials created for other purposes.**

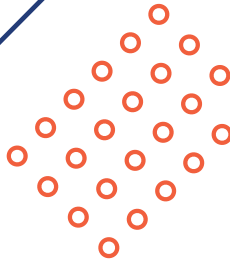
Maybe the most essential element was its **focus on learning**, characterized in an internal report as emphasizing “learning together, shared inquiry and sense-making with explicit attention to shifting the

power imbalance between funders and grantees and weaving on-the-ground and lived experience with traditional funder preference for whitepaper and evidence-based analysis.” The board walked the learning talk, conducting in-person learning sessions with groups of grantees.

Two rounds of three-year grants were made to each of the four PSOs. The support was substantial, ranging from \$750,000 to \$1,000,000 per year.

Early uses of the funds included setting up an equity-focused regranting program (Catalyst of San Diego and Imperial Counties), hiring consultants to convene funder groups on different issues (Southern California Grantmakers), hiring staff to support policy efforts (Northern California Grantmakers) and creating an executive-in-residence program focused on policy and impact investing and expanding a fellowship program for young leaders of color in philanthropy (Philanthropy Northwest). This early investment also provided the capacity for the three California PSOs to deepen their relationship and create the alliance that is now Philanthropy California.

Later uses of the funds continued to build, strengthen and institutionalize key infrastructure.



INVESTMENTS THE PARTNERS REFLECT

Each PSO used the funds to recruit talented staff into new positions and to provide professional development opportunities for existing staff.

Through shared staffing and coordinated priorities, Philanthropy California has had a profound impact on PSO programming, policy advocacy, and work on special projects on the 2020 Census, trust-based philanthropy, full-cost grantmaking and impact investing. One important example is the creation of the position of Senior Advisor on Social Innovation

to the Governor, who works together with Philanthropy California to coordinate impactful public-private partnerships.

Catalyst of San Diego and Imperial Counties built upon relationships developed through earlier support to secure San Diego's role as an Innovation Lab with the ImPower Initiative and partners to mobilize federal and private funds to support community-led solutions.

Northern California Grantmakers expanded their focus on equity and social justice by creating a position dedicated to these issues and added capacity to develop and manage issue-based initiatives.

For Southern California Grantmakers, the funds were key to building the capacity of the public policy team to provide leadership on policy education and advocacy both regionally and for the statewide collaborative.

For Philanthropy Northwest, later uses of the funds focused on three core pillars of the organization that were critical to the transformation we are seeing among PSOs, but especially those like the four here who were the recipients of deep investment from Satterberg. Philanthropy Northwest expanded its policy efforts that allowed it to launch the Washington Census Equity Fund; it dove deeper into racial equity programming, including a very public facing Racial Equity Speakers Series; and it launched a new brand and website that better showcases the breadth and impact of the organization.

The effects of the Satterberg investments on the organizational capacity of the four PSOs were significant. Each added senior staff positions. Each invested in staff learning and professional development. Salaries were increased and attrition decreased. Branding overhauls were done. Physical space — for staff and members — was expanded.



California's three regional associations collaborated to take promising regional strategies to the next level and gave a major boost to statewide efforts such as the work of ensuring every Californian was counted in the 2020 Census, trust-based philanthropy practices, and the holistic budgeting and planning process known as full-cost grantmaking.

And technology was improved, which was put to the test – and passed with flying colors – when everything went virtual in March of 2020.

Interviews with the key players suggest that three things made the investments work. The amount of funding was surely pivotal. It enabled each PSO to make the kind of investments that can matter most – in people and infrastructure within the organization and in programs and action outside it. Flexibility was also frequently identified as a key ingredient. It allowed the PSOs to adapt to emerging issues and opportunities and make investments that were the right move for each particular organization with unique circumstances, membership and regions. But it was the quality and depth of the partnership that was most frequently and fervently mentioned. “It was a beautiful example of trust-based philanthropy,” said one leader.

Each organization was able to bring more time, energy, expertise and talent to bear in its work, adding value to members, making impacts on the sector and communities and in some cases attracting additional investment – financial and otherwise – from other sources in the process. “It begat so much other investment,” said one PSO leader. “It was the textbook definition of leveraging. We were able to attract a whole different level of funding because



we were able to create new value. Leverage is not like a matching gift. It’s about becoming more valuable as a partner and that making you more attractive as an investment.”

At the same time, leaders acknowledge that, despite that leverage, a multi-year large grant will always be challenging to replace. In reflecting on their use of the funds, some leaders wished they had invested more in getting the people and systems needed to make their business model more sustainable. “You need to build capacity to ensure sustainability,” said one. “You need to understand organizational and business realities as much as philanthropy and community realities. How can we find ways to not only do the work effectively but sustain the work?”

To dig deeper on the investments and their effects, leaders of the four PSOs and the Satterberg Foundation were interviewed to get perspectives from both sides of the funding partnership. To fully bring their voices into the inquiry, the next section presents their perspectives in a question-and-answer format.

Please see the note on page 3 for a list of those interviewed.

INVESTMENTS

from the Satterberg perspective

“ The PSOs were our classroom. It was so important to **have partners who better understood the geographic needs of the regions and states than we do.** We learned alongside them.

Why did you invest in these PSOs?

- “ We had confidence in those organizations. We always saw **PSOs as a place to connect and learn**. More recently, we saw them make sense of their role, align values, respond to diverse perspectives, engage in policy change, build their voice and speak up. We were inspired to see these organizations build a movement of funders working together on community issues.
- “ The PSOs were our classroom. It was so important to have **partners who better understood the geographic needs of the regions and states than we do**. We learned alongside them.

What did you expect of them?

- “ We expected **trust** – that you would share what you were learning and what was happening in the sector. We needed a learning space with those organizations.
- “ Beyond that, we went into the partnerships without a lot of expectations or a theory of change. They were able to accomplish some amazing things. **It wasn't about achieving impact from our perspective**. We asked them what they wanted to achieve, they told us and they told us what they did and learned.

How did you approach the relationship with the grantees?

- “ A relationship is different from holding them accountable. It's about values and partnership. **What can we do together over time?** It's about trust-based philanthropy and the values behind it. It's not just a grant strategy. We need to remind ourselves why we're in the partnership.
- “ By building relationships with them as partners it allowed for a level of openness. The fact that we have been able to learn about all their success but also the challenges helped **break down the funder-grantee power dynamic**.
- “ The foundation of the relationship is trust. It's not in our understanding every detail of what the PSO does or what the grant helped achieve. It's in the fact that **we're all in this together and each have a role**. Our connection is in our joint mission to build a more just society.

How did you approach the learning sessions with the grantees?

“ At first, the leaders of the grantees asked what they should report on. But **board members didn't want a progress report**. They wanted to know what the leaders were learning.

What is difficult about funding with general operating support?

“ It's about a **sense of control. That's hard to give up**. We want to know the work we're doing is successful, too. But we want what success is to be determined by the organization doing the work.

What do you want other funders to know about regional PSOs and how best to support them?

“ Some funders see them as old school — ‘They do a conference.’ They don't see them as we see them — power building, movement building, policy work, building funds. **They're the place to invest for funders who really want to move an agenda and provide a regional perspective**. We need them in philanthropy. This is a sector that matters, but we haven't found a way to get involved in regional needs. How can we organize?

“ It was so important to manage each relationship independently of the other. Each nonprofit will be its own thing. **Funders need to be open to the differences and needs of each organization**. Some organizations need more support building capacity before they can move forward. Others have stability to use resources for programs immediately. This approach allows organizations to be the best they can be.

INVESTMENTS

from the PSO perspective

“ They are on their own equity journey. **It's felt like a joint evolution.** We're watching them transform, and we're transforming alongside.

What made the Satterberg investments pivotal for you?

- “ They were ahead of their time. We’re seeing more funders go this way, especially in response to COVID. It wasn’t about a framework. **It was about confidence in and partnership with the organization.**
- “ Everything totally shifts when you have that **trust.**
- “ Their grantmaking is so **open-ended and flexible**, it allowed a lot of space to go where we wanted. They often asked in their yearly reports what our work looked like in the DEI space, so they were moving more in this direction. They were, themselves, also on this journey, and learning about DEI at the board level.
- “ I think there was a fear that if we did too much equity work that we’d lose members and therefore money. **Having Satterberg meant there wasn’t that fear.** It gave us the space to do our work and experiment.
- “ Every organization has had a unique journey on its commitment to advancing equity. **The funds allowed us to each move at a pace appropriate for our communities, our organizations and our work.** We’ve all arrived in similar spaces but from different journeys.
- “ Having that level of support from a funder on the understanding that we were doing social justice work beginning as early as 2015 was transformative. When we got questions about whether we were doing too much around equity, **being able to point to this funding that was explicitly for us as a force for equity was crucial.** This year when the racial justice uprisings began, we were at a place where we were ready immediately to publicly speak about those issues. The investments pushed us to start on that path. We wouldn’t have been in the same place without it.
- “ **When an organization like ours is focused on bringing in funding and keeping the team, you’re less likely to take on riskier moves.** It can be scary to move your organization in a direction like racial justice. Will funders back away with their grants and dues?

How would you describe the partnership you had with this funder?

- “ Their openness was a huge gift for a funder to give. It's a partnership model. They never treat you as subservient. **Often the funder is saying 'prove to us you used our money well.'** It's all on their terms. **Satterberg is the opposite.**
- “ They see their dollars in the service of you. **Once, after meeting with their board, they wrote us a thank you note.**
- “ They are a foundation that is **humble and quiet** about how cutting edge and progressive they are.
- “ There's something so unique about them. So **approachable**. There are some funders where you don't feel you can have an honest, authentic conversation and you have to be so careful. It's very human with them and they create comfort from the beginning. They're such a different type of funder.
- “ It was a beautiful example of **trust-based philanthropy**.

How did their emphasis on learning show up?

- “ From the get-go, the foundation was clear: **there will be failures, and we can both learn from them.**
- “ We were **learning together** with a funder. We created a relationship in which you can talk about what's going well and what's not going well. It was unique and valuable. But it took time!
- “ We really appreciated the learning sessions and the process of learning and growing together. It's a different approach from most funders.
- “ They are on their own equity journey. **It's felt like a joint evolution.** We're watching them transform, and we're transforming alongside.

How did the length, size and nature of the commitment change things for you?

- “ It provided a safe environment and the **space and freedom to innovate**. We knew the money was going to be there.
- “ A one-year grant is not long. You can only plan for the time at hand. You don't change the world in a year.
- “ **The long-term nature of the investments was key**. We were able to think big because we weren't as caught up in the daily, monthly, yearly scramble for a sizable chunk of our budget. That also meant that we could add staff positions, knowing they would be supported long-term. Initially we thought we'd spend the funding on consultants so we wouldn't lock ourselves into ongoing costs. As the relationship with Satterberg developed, we built the confidence to move the funds into funding staff positions so we would really have the capacity to be the organization we were trying to become.
- “ You can't identify opportunities and innovate and deliver products if you're scrambling to meet deadlines and raise money all the time. **Before Satterberg, it was very on the ground** — sending emails, convincing people to give us a shot, one-on-ones to seek grants. **We barely had time to sketch out a vision**.
- “ The amount of time and size of the investment allows you to take risks, be in a growth mindset and rethink what you do.



When people are asked to name the things they value most in their membership with Northern California Grantmakers, the six-week-long New Grantmakers' Institute almost always makes the list. It's where people entering the field build understandings of ethical and effective grantmaking and, for many, it's where they get an introduction to applying principles of racial equity to the work.

RESULTS

innovations in the four regions

1 Advancing equity

Five years after the first round of Satterberg funding landed, the PSOs are changed organizations. And philanthropy in each region is changed as well. Each organization, working with members and partners, has helped address critical issues in its region. Consider these examples, in four areas of progress.

- › The **Racial Equity Action Institute** connects racial equity specialists with leaders in philanthropy, government, business and nonprofits to learn and develop actionable strategies for change in their organizations and fields. (Northern California Grantmakers)
- › The **Social Equity Collaborative Fund**, vesting grantmaking decision power with communities rather than funders, granted more than \$2 million to racial justice in the San Diego region. (Catalyst of San Diego and Imperial Counties)
- › “**No Going Back,**” a report developed by a group of grassroots community leaders along with civic leaders from the public, private and philanthropic sectors in Los Angeles, provides data, principles and a policy blueprint for addressing systemic racism in the region. (Southern California Grantmakers)
- › In the **Momentum Fellowship Program**, young and mid-career professionals of color in philanthropy spend two years working within a foundation and are supported with coaching, professional development, networking and peer learning opportunities. (Philanthropy Northwest)



2 Shaping public policy

- › The **Washington Census Equity Fund** brought together 36 funders and pooled more than \$2 million to support 77 community-based organizations to conduct education and outreach around the 2020 Census to ensure historically undercounted communities across the state were counted. In partnership with community leaders, the Fund also successfully advocated for \$15 million in state dollars toward Census 2020. Finally, this fund also became a vehicle for moving COVID-19 response dollars at the start of the pandemic in Washington. (Philanthropy Northwest)
- › **Better California** is an initiative of a group of philanthropic leaders calling for sustained investments in systems change and deep partnership, coordination and alignment across sectors. (Philanthropy California)
- › In 2018, **Policy Day in Sacramento** brought 60 funders from around California to the state capitol and successfully advocated for a \$50 million increase in census funding to community-based organizations. (Philanthropy California)
- › In 2019, Philanthropy California led the filing of the sector's first-ever **amicus curiae brief** to the US Supreme Court, with 30 philanthropic organizations nationwide signing on, to successfully oppose the citizenship question in the 2020 Census. (Philanthropy California)
- › **Narrative change campaigns** to inform local, state and federal policy decisions are underway through support from Funders Together to End Homelessness San Diego and the Binational Migration Funders. (Catalyst of San Diego and Imperial Counties)



Fahren Johnson, Momentum Fellow with the Greater Tacoma Community Foundation, talks with peers during a community foundation session at Philanthropy Northwest's annual conference.



At Northern California Grantmakers, what began in 2016 as a local effort to guide philanthropic support for the devastating fires encroaching on urban centers in the north state has rapidly evolved into statewide climate and disaster resilience leadership based on the belief that solutions to climate risks and disasters are best designed and carried out by communities closest to the problems, with both private and public support.

3 Partnering with government

- › In Los Angeles County, the **Center for Strategic Partnership** builds partnerships among county departments and secures innovation capital from foundations to find community-based solutions and address inequities in systems, policies and practices in the child welfare system.
(Southern California Grantmakers)
- › San Diego became one of two innovation labs for **ImPower**, a 10-year public-private partnership initiative with the U.S. government – authorized by an MOU between the Economic Development Administration and the Council on Foundations and in partnership with Mission Investors Exchange aimed at building new channels of public and private capital towards community-driven solutions and systemically under resourced neighborhoods.
(Catalyst of San Diego and Imperial Counties)
- › In partnership with the California Governor’s office, funders are undertaking an effort to **increase investment and partnership** in parts of the state that have historically been largely ignored by philanthropy – most significantly Fresno, San Joaquin, Kern County and the Inland Empire.
(Northern California Grantmakers)
- › In partnership with the state of Washington and almost 30 tribal communities across the state, Philanthropy Northwest is coordinating a **tribal advisory council** to spur greater investment and economic development in tribal communities via **Opportunity Zones** and more recently a COVID-19 response project focused on tribal broadband.
(Philanthropy Northwest)

4 Mobilizing support for communities

› The **Women's Empowerment Loan Fund**, an impact investing fund providing business loans to women of color entrepreneurs who don't have access to traditional financing options, raised \$850,000 of investment capital and more than \$150,000 in philanthropic capital.

(Catalyst of San Diego and Imperial Counties)

› A working group of funders, government agencies and nonprofits formed to develop **solutions to the displacement of nonprofit organizations** due to skyrocketing commercial real estate prices in the Bay Area, a problem that exacerbates substantial equity and social justice issues, especially in communities of color.

(Northern California Grantmakers)

› In 2018, through its **Truth, Racial Healing and Transformation** initiative, SCG became one of the first partners in **embrACE LA**, a series of dinners

in homes across the city of Los Angeles where racially diverse groups of people came together to foster understanding, healing and growth. The dinners evoked a hunger for policy change and ultimately a movement that resulted in **LA's first Office of Racial Equity**.

(Southern California Grantmakers)

› In partnership with the state of Washington and major food banks in the state, Philanthropy Northwest stood up the **WA Food Fund** to respond to the growing food crisis as a result of COVID-19. To date, the fund has raised more than \$16 million from 60 philanthropic institutions and 9,000 individual donors. In addition, Philanthropy Northwest is working with the state to move almost \$13 million of CARES funding to BIPOC-led community-based organizations across the state.

(Philanthropy Northwest)

LOOKING AHEAD

changed organizations in place

So what have these organizations become? And what are they becoming?

When asked those questions, leaders of the four PSOs speak about their organizations on a journey in ever-shifting terrain. Their challenge is to adapt to changes in the philanthropy sector, the broader ecosystem of which philanthropy is a part, and the diverse regions they ultimately want to help serve. This means adaptation. It means new moves, mindsets and skills. It means letting go of old ideas. It means thinking beyond traditional boundaries. It means leading with entrepreneurship and imagination.

And, they say, it means thinking about their organizations in a range of **dynamic roles**:

- › As a platform for marshalling and aligning the knowledge, leadership and resources of philanthropy
- › As a rallying point for change: multi-sector, comprehensive, value-focused, at the organizational, community and systems levels
- › As an integral partner in advancing the philanthropic efforts of their member communities, highlighting those efforts and bringing a critical lens to those efforts
- › As a champion of equity, especially racial equity, understanding that so much of what their members are trying to address stems from an unjust, anti-Black, enduring system of racist practices and policies.



Dr. grace shinhae jun performs with bkSOUL, an award-winning performance company that merges together movement, poetry and live music at a Catalyst of San Diego & Imperial Counties (formerly San Diego Grantmakers) conference. Her work centers issues of social justice and communities of color through a hip hop framework.



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This report was developed by The Giving Practice in collaboration with Catalyst of San Diego and Imperial Counties, Northern California Grantmakers, Philanthropy Northwest and Southern California Grantmakers