

What Makes a Funder Worker-Friendly? Here's a Handy Report Card

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Last month, we published the results of an informal IP survey attempting to determine how [many funders are moving money specifically to boost salaries](#) or provide benefits like health insurance in the nonprofit sector. Despite the [overlapping crises of burnout](#), underpayment of workers and difficulties hiring workers in the first place, the results were depressing. While a number of funders are playing around the edges of these crises with [wellness stipends](#) and other interventions, we didn't find a single foundation (or DAF or charitable LLC, for that matter) that makes such bread-and-butter needs of the nonprofit workforce as good pay and benefits an explicit part of its grantmaking.

But lately, we've been thinking that at least part of the problem may be due to funders not really understanding, much less embracing, their role in worker wellbeing. After all, advocates such as [Fund the People](#), All Due Respect and Staffing the Mission are all relatively new on the scene. Staffing the Mission and All Due Respect's [Sustainable Jobs Toolkit](#) was launched less than a month ago, and [Fund the People's own toolkit](#) has hardly had time to become one of the philanthroposphere's household names. Additionally, both toolkits are seriously in-depth guides to nonprofit workforce funding, deservedly calling for the kind of reading, thought and planning that are going to take significant time to absorb and implement.

Here at Inside Philanthropy, we're eager to help, particularly if that help might translate to greater support for the nonprofit workforce. With that in mind, we've created a relatively short, succinct guide for funders that want to back up their lofty mission statements about equity and ending poverty with actions to increase equity and combat poverty among nonprofit workers themselves.

Call it an aspirational report card. And while we're willing to bet that few funders would earn passing marks today, even with extra credit, we hope that someday, this report card or something like it will become a standard for rating foundations and other funders.

Subject 1: Do your own homework

Asking grantees to do even more paperwork documenting their salaries is *not* a worker-friendly move, no matter your intentions. Instead, ask easy questions like the pay ratio between the lowest- and highest-paid employees, whether the nonprofit offers paid time off, and whether or not all employees have health insurance. Then work with your grantees to figure out what it would take to close the gaps.

It may be tempting to just cut your standard check for general support and call it a day. Unrestricted funds *are* critical to building a strong workforce — but that's primary school level. Leaving it at that doesn't ensure good pay and benefits, particularly given the overall philanthropic culture in the U.S., which pressures nonprofits to keep their overhead costs artificially low. In fact, thanks in part to the fact that so many funders [continue to fail at providing unrestricted grants](#), most nonprofits have several competing unmet needs that they may well rush to fill with an unrestricted check — leaving their workers behind....

Subject 2: Do some math

Yes, you may need to move extra money out the door to become a truly worker-friendly funder. This means it's time to look at your own budget to determine areas that might be adjusted. Are you parking funds in a DAF and letting them just sit there? Are you overpaying your own executive team? Are you skimping on annual payouts? In other words, are you truly moving the money that you can, or clinging to the tiny 5% rule while spending a significant portion of those funds on your own expenses?

The bottom line here is this: Examine your own expenses with the kind of critical eye you've trained on current and potential grantees.

Extra credit: Do you *really* need to limit your annual payout to 5%, even in years when your stocks are bangin'? Explore the possibility of increasing that payout, particularly in your rich years, to provide a decent standard of living for your grantees' workforce.

Subject 3: Communicate your intention to fund good nonprofit jobs

Almost every funder has several lines of communication with current and potential grantees, from websites and social media to grant applications, requests for proposals and grant award letters. To get an "A" in this subject, funders need to use all of those communications channels to publicize that they either provide additional money for staff salaries, paid time off and health insurance, *or* that they encourage grantees to use grant money to address those needs.

"Funders, if what you want to do is impact employees, you need to let the organization know. Because otherwise, it's never enough, right?" said Kimberlyn Clarkson, the chief advancement officer of the San José Clinic, when we were conducting our survey back in January. "We need a new phone system, we need floors, we need all kinds of stuff, right? So if you give me general operating dollars, there are gonna be a lot of things that I automatically think that our organization needs. So you need to tell me that it is your desire that this impacts employees directly."

If you want your grant to support a specific program, that's fine — but make it clear that you intend to fund the salaries and benefits of the people who will carry out that program.

Extra credit: Consider offering, and publicizing, that you're open to grant monies being used to provide retirement matching for nonprofit workers. If you want your mission to be moved forward by the most experienced, most effective people, protect those workers' futures.

Subject 4: Wielding influence

Those communications channels aren't just for your grantees. To be a truly worker-friendly funder, use your influence with your peers to encourage others to join you. You may not have the time or bandwidth to join the [Funders & Wellbeing Group](#), but we're willing to bet that you do have lots of informal conversations with your peers. And if you have even a rudimentary website, you probably also have a blog and social media accounts. Just as you've used your communications channels to spread the word to your grantees, do the same thing to set up a little friendly pressure among your peers...

Subject 5: Retraining philanthropic leadership

This subject is really where the metaphorical rubber hits the road, because it gets to the real crux of the problem: It doesn't matter whether or not a funder's program officers are on board with funding nonprofit workers' needs. If the people who make the actual decisions at foundations and other funders don't come around, nothing will ever change.

Mastering this subject will require board members and funding leadership to emerge from their bubbles and learn what's actually happening on the ground, why it's happening, and the impact of their decisions for both good and ill. We suggest that leadership start their retraining process with some easy reading: this classic from the [Stanford Social Innovation Review](#) on the nonprofit starvation cycle. From there, leadership would be well served by taking in the websites of Fund the People, Staffing the Mission or All Due Respect, or [Vu Le's Nonprofit AF blog](#).

Extra credit: Don't just ask your program officers to attend a Fund the People or other organization's workshop on funding nonprofit workers. Go yourself...

Fortunately, there are now at least three "schools" we know of to prepare funders to ace the basics and beyond: Fund the People, Staffing the Mission and All Due Respect. There's also a host of organizations where funders can study related "electives;" for example, Solidaire Network provides donors with in-depth, experiential training in participatory philanthropy.

Ours is an aspirational report card. We also don't hold any illusions that private funders alone can solve the nonprofit workforce crisis. Government entities play a huge role here. But nonprofits need private funders' support; otherwise, they wouldn't be talking to those funders in the first place — let alone jumping through the multiple hoops that so many insist on.

We also understand that changing practices that funders have relied on for decades is a heavy lift. But if philanthropy as a whole put just a fraction of the energy that so many funders currently expend fighting even nominal legislative reforms into supporting sustainable nonprofit jobs, we have a pretty strong suspicion that many of the unnecessary burdens being shouldered by nonprofit workers would be lifted pretty quickly.