

Equitable Grantmaking Continuum

Created by NonprofitAF.com and RVCSeattle.org

While nonprofits are appreciative of foundation support, the reality is that many foundations' practices are often harmful to organizations, especially those led by and serving Black, Indigenous, Latinx, communities of color, disabled people, LGBTQIA+, and other marginalized communities. Below is a simple tool for funders to assess how equitable your funding practices are. Level 1 funders, whose practices are based on suspicion (aka "rigor") tend to be more restrictive and burdensome, which often most negatively affect organizations led by and serving marginalized communities, who may not have the time, staffing, or other resources to comply with onerous expectations. Level 3 funders base their practices on a foundation of trust and equal partnership with their grantees, which allows all organizations, especially organization led by and serving marginalized communities, to thrive and focus on their funders are somewhere in between. Level 2 funders are somewhere in between. **Please keep in mind though, that if you are not focused on funding organizations led by and serving BIPOC and other marginalized communities (Item 1), many of these items may exacerbate inequity by making it easier for mainstream organizations to continue receiving the majority of philanthropic dollars.** This is a working document and may change as lessons are learned.

	Level 1 Funder	Level 2 Funder	Level 3 Funder
1.Funding focus	Uses "color-blind" grantmaking that does not take into account the racial/ethnic makeup of organizations and who they serve	Some targeted focus on funding organizations led by and serving communities of color and other marginalized communities	Majority of funding goes to organizations led by and serving communities of color and other marginalized communities
2.Types of organizations funded	Only funds nonprofits with their own IRS tax status. Does not fund fiscally sponsored orgs	Funds fiscally sponsored nonprofits	Funds fiscally sponsored groups, co-ops, and groups/movements with no legal status
3.Payout rate	5% minimum, includes foundation's own operating expenses	5% to 10%, does not include foundation's own operating expenses	10% or more, does not include foundation's own operating expenses
4.Organization size funded	Only funds well-established organizations with proven track records	Mostly funds well-established organizations with proven track records	Significant support of organizations that are smaller and more grassroots in nature, especially those that are led by and serving marginalized communities
5.Funding restrictions	Awards mostly restricted grants	Some restricted, some unrestricted	All unrestricted grants
6.Budget Testing	Will not fund more than a certain percent of an organization's total budget, usually 10% to 20%	Will fund 20% to 50% of an organization's budget	Will fund 50% or more of an organization's budget or does not do any budget testing
7.Grant duration	1 year or less	2 to 4 years	5+ years (ideally 10+ years), which allows for stability and innovation
8.Grant application process	Requires multiple-page narratives, several attachments, and/or unique outcomes templates. Takes organizations 15 or more hours to complete application	Requires a lot of copying and pasting and a few attachments. 4 to 14 hours to complete application	Accepts grant proposals written for other foundations, or does their own research and reaches out to organizations to verbally ask clarifying questions. Takes organizations 0 to 3 hours total
9.Application format	Will only consider proposals in one specific format (typewritten, in English, etc.)	Considers proposals in different formats, but forces everyone to use it, e.g., all must make videos	Considers proposals in varying formats: handwritten, in different languages, videos, etc
10.Budget requests	Budgets must be completed using funder's own template	Accepts whatever budget format the organization already uses	Does not request line-item budgets; focuses on the organization's work and outcomes
11. Matching requirement	Requires cash match from other sources	No matching requirements	Funder actively solicits other funders to match their grants, with no additional work required from grantees
12. Grant decision timeline	Takes three or more months	Takes one to three months	Takes less than one month
13. Timeline of fund disbursement	Takes three or more months	Takes one to three months	Takes less than one month, preferably a week or less after the grant decision is made for orgs to access funds
14. Contracting process	Requires the organization to create new documents, such as detailed work plans, outcomes charts, collected board signatures, etc	Short contract with little or no added work for the organization	No contract. Funds are provided via an award letter that can be signed online or does not require a signature
15. Reimbursement-based or not	Payment is reimbursement-based, requiring the orgs to already have the funds to pay for expenses	Payment is disbursed in installments throughout the year	Complete payment is made up front, or up front at the beginning of each grant award year
16. Reporting frequency	Monthly, quarterly, or more frequently	Every six months	Annual check-in
17. Reporting process	Requires filling out funder-designed reporting forms for budget expenses and narrative	Short reports from 1-3 pages long in any format. Accepts financial data for orgs as a whole & does not require breakdown of what funding was spent on	Accepts the reports written for other funders, or funder has a conversation with grantee, with the funder recording and taking notes
18. Renewal process	Requires grantees to fill out a new application every year	Has shorter, more streamlined applications to renew grants	Funding is renewed with brief conversation to ensure goals and values still align