

A Growing Tradition? Examining the African American Family Foundation

Executive Summary

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Introduction

In recent decades, family foundations have become an increasingly popular target for philanthropic giving (Weiss, 2000; Remmer, 2005). Today, the United States has an estimated 30,000 to 40,000 family foundations (Council on Foundations, 2004), a figure that has grown by over a thousand a year since 1990 and has increased even more rapidly since 1999 (Remmer, 2005). Ellen Remmer estimates “[a]nnual giving by family foundations... to be about \$12 billion on an asset base of approximately \$195 billion, and family foundations grew from less than a quarter of the membership of the Council on Foundations in 1992 to 40 percent in 2002” (Remmer, 2005, p. 82).

African American family foundations are part of this trend. They have grown in number and in popularity, at least in part due to the fact that African Americans expressly prefer giving to organizations that are close to them and that aid their community (Council on Foundations, 1999; Gasman & Anderson-Thompkins, 2003). Little is known, though, about these organizations, their founders’ motivations, and their make-up and operations. From what types of professional backgrounds do the founders of African American family foundations hail? In which areas of the country are these foundations located? What is the range of assets held and how are these assets managed? How do African American family foundations make use of board members, employees, and volunteers? What are the overarching goals of these foundations, and in what areas are their donations concentrated?

African American Family Foundations and Philanthropy

While none of the scholarly literature addresses African American family foundations per se, a growing body of research on African American philanthropy has shown that, contrary to perception, African Americans have a long history of philanthropic giving. In his groundbreaking work *A Hand Up: Black Philanthropy and Self-Help in America*, Emmett D. Carson detailed this history from the era of slavery through the current day. Drawing on cultural traditions of communalism and social solidarity, African Americans developed strong networks of mutual aid and community support in their efforts to survive slavery and overcome oppression (Gasman, 2002; Joseph, 1995). Black churches, the first Black-owned and operated institutions, played a central role in early social services and education, and they continue to be a focal point for Black philanthropy today (Lincoln & Mamiya, 1990; Byrd, 1990; Frazier, 1963).

After the church, the next priority in African American philanthropy is social service organizations, especially those located in the giver’s neighborhood and focused on children and youth. Research shows that African Americans give approximately 25% of their charitable donations to organizations, such as after-school programs, that serve the public need (Center on Philanthropy and Civil Society, 2004).

Because education has historically provided African Americans with a means of both individual advancement and community uplift, much philanthropic giving is directed toward scholarships and educational institutions (especially historically Black colleges). Of all African American philanthropic dollars, approximately 15% funds educational causes (Center on Philanthropy and Civil Society, 2004).

In the area of health, some sectors of the Black community have been long-time givers to the research and treatment of sickle cell anemia and diabetes and more recently to research and social service programs related to HIV/AIDS and cancer (especially, breast cancer). Today, 13% of African American philanthropy is directed to health-related causes, a percentage that has increased significantly in recent years (Johnson, Van Slyke & Shena, 2004).

Purpose and Design of this Study

As the country’s demographics change, the donor base for most nonprofit organizations will certainly follow suit. Research shows that African Americans are accumulating greater wealth than ever before (Havens & Schervish, 2005). With this realignment, mainstream organizations will gain a better understanding of the giving patterns of this segment of the population. Also, an increased understanding of African American giving will help the nation’s majority culture to see Blacks as visible agents of change and as full participants in American society.

To contribute to a more complete understanding of African American family foundations, the study analyzes:

- Founder motivations and background
- Foundation geographic location

- Assets and management
- Foundation composition
- Goals and donation targets

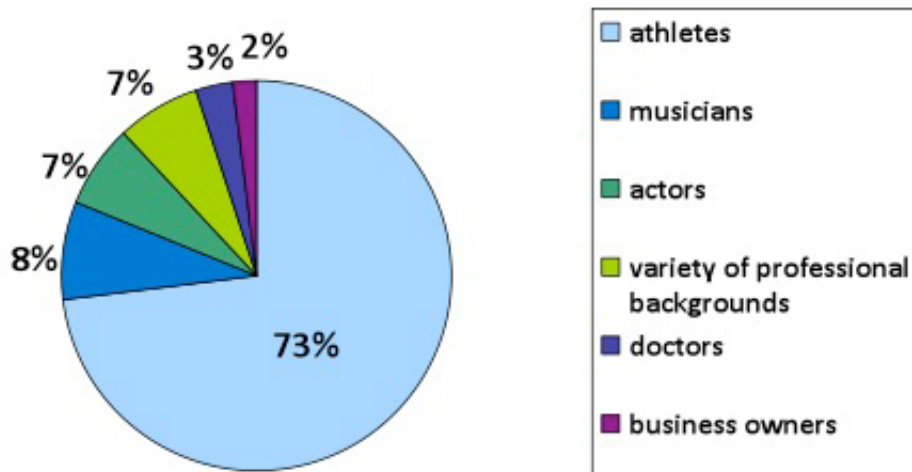
Research and data collection were undertaken in 2009 from 103 African American family foundations, each of which was established by an African American family or individual and included founder family members in its operation and leadership. Sources included open-ended surveys, family foundation 990s, individual African American family foundation websites, and Guidestar and Charity Navigator profiles.

Findings

Founder motivation and background

Most African American family foundations have been founded by one of five distinct groups: professional athletes, musicians, actresses, doctors, and business owners, with 73% founded either by an athlete or in honor of an athlete by his or her family members. Of the remaining foundations, 8% were established by musicians, 7% by actors, 3% by medical doctors, and 2% by business owners. The remaining 7% were founded by people from a variety of professional backgrounds, most of whom had inherited

Founders of African-American Family Foundations by Profession



wealth and established the foundation as a way of capitalizing on this wealth for the larger community.

Active participation by founders varies according to individual background. Better-known or currently active athletes are less likely to participate in day-to-day activities (grant-making decisions, events, etc.) than are retired athletes or those with a more regional following. Most musician founders are not active on a daily, or even regular, basis but do participate in one to two annual events, typically during the holiday season. All of the actor founders are active in their foundation's overarching ideas and goals but not the day-to-day operations; as with musician founders, actors play a significant role in bringing attention to the work of their foundations during annual events and holiday seasons. Although none of the medical doctor founders manages day-to-day functions, they are more active on a regular basis than are high-profile celebrities; moreover, their foundations tend to operate at a more local and regional level. At start-up, business owner founders were all actively involved in the day-to-day decision-making but after the first year, hired professional help. Of note, this group tends to reach out to other organizations instead of focusing solely on their own, thus raising their foundation's profile and learning about organizational leadership issues.

Overall, founders reported three main motivations: the desire to give back, the longing to have a significant impact on the world, and the wish to help disadvantaged children. All respondents to the questionnaire indicated that "giving back" is their main motivation. In fact, they typically included the phrase "giving back" in the first sentence of their answer to the question, "Why did you choose to start a family foundation?" This finding is consistent with the literature, which shows that African American donors tend to feel an obligation to giving back to society (Gasman & Anderson-Thompkins, 2003; The Twenty-First Century Foundation, 2004).

African American family foundation founders also expressed an interest in "having an impact" on the world or leaving a legacy. This finding also echoes previous literature on Black foundations, which has identified their founders as "producers," people interested in "ensur[ing] that their resources have impact" (The Twenty-First Century Foundation, 2004). Founders talked about living a good and productive life and passing on that legacy; they aim to "move society forward" rather than be a "hindrance on society." Although ostensibly similar to the idea of giving back,

the idea of legacy – of being remembered for something significant – is motivated more by self image than by altruism, and although commonly reported in the family foundation literature, it has not been widely reported in research on the larger universe of African American philanthropy (Gersick, 2004). Most of the reasons for African American giving, such as racial uplift and obligation, tend to be selfless.

The last, less abstract reason founders cited as shaping their decision is a desire to help disadvantaged children, particularly in the areas of education, health, personal development, and life skills training.

Of note, unlike findings reported in the literature on African American philanthropy in general, African American family foundations did not mention "racial uplift" either in their questionnaire responses or on their organizational websites. Nor did any of the respondents mention tax savings as a motivator.

Foundation Geographic Location

As could be expected, African American family foundations are located in states and cities with large Black populations. California, which has more than 1,000 family foundations (Foundation Center, 2006), boasts 36 African American family foundations—the most nationwide. Ten African American family foundations are concentrated in the state of New York, with all but one headquartered in New York City. Like the state of California, New York has a large concentration of family foundations, with over 1,000 (Foundation Center, 2006). The state of Georgia, with over 300 family foundations (Foundation Center, 2006), boasts nine African American family foundations, with all but one located in Atlanta. The state of Illinois, with about 1,000 family foundations (Foundation Center, 2006), has eight African American family foundations, with all but one in the city of Chicago. The states of Florida and Texas have seven and six African American family foundations, respectively, and also boast over 1,000 family foundations each (Foundation Center, 2006). The rest of the African American family foundations are scattered throughout the country, mainly in the Midwest and on the Eastern seaboard.

Assets and Management

The net assets of these foundations range from \$425,000 to just over \$40 million, with the mean slightly less than \$1 million (Foundation Center, 2006). Among family founda-

tions overall, regardless of racial make-up, 60% reported assets of less than \$1 million in 2006 (Foundation Center, 2006). Most of the African American family foundations are very small; revenue from assets ranges from \$320,000 to just over \$5 million, with the mean being \$650,000.

None of the African American family foundations uses community foundations to manage their assets – they prefer to work with independent financial consultants who they feel will ensure them more control over their monies. This finding is consistent with research that shows that many African Americans, especially those who have recently acquired access to wealth, distrust established organizations, and want to maintain control of their money (Meizhu, Leondar-Wright, & Robles, 2006; Gasman & Anderson-Thompkins, 2003). Although family foundations in general are understood as a form of “institutionalized philanthropy,” in the African American context, they are seen as under the family’s control and domain.

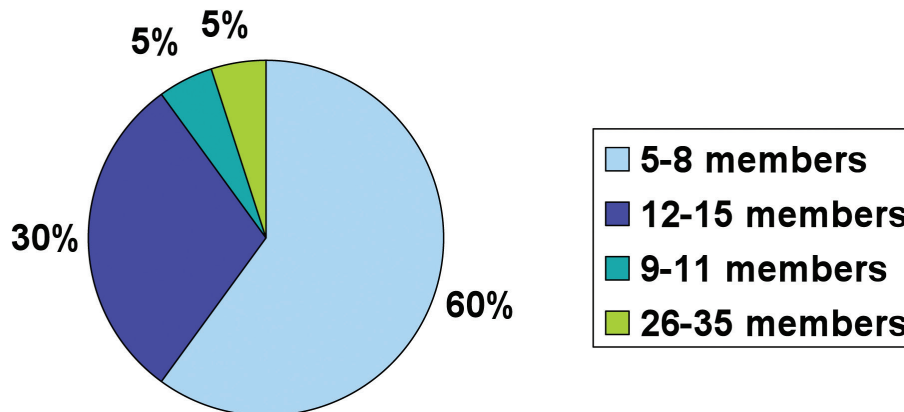
According to the Council on Foundations, 40% of family foundations were established in the 1990s (Foundation Center, 2006). Likewise, most African American family foundations were established during the Clinton presidency, a time of increased opportunity and wealth for African Americans as well as Americans in general.

Foundation Composition

African American family foundations are, for the most part, small and have relatively few staff members. The majority (80%) has between one and five full-time employees and no part-time employees. Fifteen percent, mostly the larger foundations, have between six and ten full-time employees and between one and five part-time employees. Five percent have 11 to 20 full-time employees and six to 10 part-time employees. The most common full-time position in these organizations is either executive director or president, followed by secretary or office manager. All but five of these foundations use volunteers to help staff their offices and events and to assist with day-to-day activities; 60% enlist the services of 20 to 100 volunteers per year to carry out their mission.

Board composition is quite diverse. In terms of size, 60% of the African American family foundation boards have five to eight members, 5% between nine and 11, 30% between 12 and 25, and 5% between 26 and 35. By comparison, the average board size for a family foundation is roughly four (Foundation Center, 2006). Board composition also varies. Very few are composed solely of family members and include business leaders, athletes, actors, and other professionals as well.

Size of African-American Family Foundation Boards



Board members are central to fulfilling the mission of these foundations and help to keep them focused on their goals. Specific responsibilities include making connections to further the foundation mission, attending major events, and making a financial commitment. Family foundation leaders also see a great benefit in board members who give their time and talent as well as, or in the place of, monetary contributions.

Goals and Donation Targets

The overarching goal of all the African American family foundations in this study is to help others achieve a better quality of life. Over 80% of the foundations allude to this idea expressly in their mission. Specifically, 75% include youth development or support for disadvantaged youth in their mission and reflect that priority in grant dollars allocated. African American family foundation founders, many of whom came from a low-income background, seek to promote “ethical and moral development” among youth, specifically in the areas of crime prevention, substance abuse, and self-esteem building.

Scholarships, both to individuals and institutions, form another central focus of giving, with 35% of African American family foundations dedicating monies to this purpose. Moreover, several are committed to sending young people to college, increasing academic achievement, supplementing underfunded public school music and art programs, and improving college access through skills building. Previous literature related to African American philanthropy has clearly established that education is a priority among individual African Americans, with a considerable percentage of support being directed toward youth programs (Gasman & Anderson-Thompkins, 2003; Gasman & Sedgwick, 2005; Carson, 1993; Carson, 1989).

Lastly, medical causes (specifically, various forms of cancer, HIV/AIDS, and sickle cell anemia) are a major funding priority for African American family foundations. Most grants are directed to educational efforts and disease prevention, with minimal funding for research into treatment. Previous research has shown that both individual African Americans and Black foundations (although not necessarily family foundations) support health-related causes (Johnson, Van Slyke, Gasman & Shena, 2004; Twenty-First Century Foundation, 2004).

Conclusion

In their desire to leave a lasting legacy and have an impact on society, African Americans who establish family foundations are not unlike their counterparts in the majority population. What sets them apart, however, is the desire to give back and “uplift” those in their communities – to “reach back and pull up” those around them regardless of race. This aspiration, expressed by all those who participated in this study, is corroborated by earlier research (Twenty-First Century Foundation, 2004). Given the consistency with which this theme recurs, those approaching African American family foundations for financial support would do well to emphasize how their ideas give back to society and contribute in positive ways.

As more African Americans gain access to wealth, the number of African American family foundations is likely to grow (Meizhu, Leonard-Wright & Robles, 2006). Research shows that African Americans have an inclination to give, and with their historical mistrust of organized philanthropy, the family foundation is a fitting outlet for their giving. With that in mind, philanthropic organizations would be well advised to reach out to affluent African Americans to provide both encouragement and resources in helping them establish family foundations.

Rather than using the services of community foundations, African American family foundations currently bear the full burden of financial management. Research shows that “creating and sustaining a private foundation is difficult and inefficient unless there are large assets (over \$5 million), leading to high rates of foundation dissolution” (Twenty-First Century Foundation, 2004). Particularly in cities with large concentrations of African Americans, community foundations should be reaching out to African American family foundations, helping them capitalize on their assets, and providing educational services to board members.

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