The Power Fund: Overview and Program Model

Fund Rationale

The killing of George Floyd on May 25, 2020 was the latest display of violence in the corrosive pattern of racial injustice that persists in our country. From Central Park to Minneapolis, what we have seen recently is not new. It is centuries old. It is structural and systemic.

This violence, and the months of collective pain and protests that followed, fall against the backdrop of the COVID-19 pandemic, a virus that in its early days was often referred to as “the great equalizer,” yet whose impact has been anything but that: COVID-19 has preyed on the structural inequities of our society—on low-wage workers called to stay on the frontlines; on those without easy access to strong healthcare; and on those with underlying health conditions, so often born out of living in food deserts or in apartments with lead-filled paint. The result: three times the number of coronavirus infections among Black and Hispanics and twice the number of COVID-related deaths, when compared to their white counterparts.

Our nation is experiencing a moment of reckoning with the reality that racial injustice interplays with every single aspect of our American lives. And in no place is this truer than in the pursuit of economic mobility. In Robin Hood’s day-to-day work to move families out of poverty, this interplay – and the progress it impedes – is glaring. A recent study by economist Raj Chetty combined longitudinal Census Bureau data on race with IRS tax returns to analyze the sources of racial disparities from an intergenerational perspective. The study revealed that a Black child born to parents in the top income quintile is just as likely to fall into the bottom income quartile in adulthood as they are to stay in the top quintile – compared to white children who are nearly five times as likely to remain in the top quartile as they are to fall into the bottom quartile. This disparity remains true regardless of the present status of wealth or poverty in a household at any given time – Black adults have roughly the same chance of experiencing poverty regardless of whether or not they were ever poor as children (43 percent versus 41 percent).

Chetty’s study supports the findings of leading social scientists: poverty-fighting solutions that do not account for the conflating impacts of economic injustice and racial injustice often fall short for people of color living in poverty, because the impact of traditionally effective springboards of mobility—such as a college degree, a well-paying job, or secure housing—are undermined by racial inequity and bias. For example, many view earning a four-year degree as the golden ticket to mobility; a college degree increases lifetime earnings by nearly $1 million. Yet the research shows that Black college graduates on average earn less than white high school dropouts, and that whites who dropped out of high school have a median net worth greater than Blacks and Hispanics who are college graduates. Additionally, we know that getting and keeping a well-paying job is a springboard for mobility. Yet the research shows that employers are twice as likely to hire a white applicant as an equally qualified Black applicant for an entry-level position; in fact, they are just as likely to hire a white person recently released from prison as a Black applicant with no criminal history.

Simply put, Robin Hood and all who are focused on increasing economic mobility will only achieve our collective mission if we identify, support, and scale solutions that address the damning interplay of racial injustice and economic injustice. A critical condition to investing in these solutions is that we
place a high priority on funding organizations that have leaders of color at the helm. As a recent Bridgespan-Echoing Green report underscores: “Funding leaders of color is a significant piece of this puzzle, because these leaders often bring strategies that intimately understand the racialized experiences of communities of color and the issues these communities face.” Yet, over the past two decades, only ~10 percent of philanthropic dollars have gone to organizations led by people of color. While Robin Hood’s portfolio is above this national average, we too have significant disparities to address.

We have launched the Power Fund to significantly increase the flow of philanthropic capital to organizations led by leaders of color whose missions address Robin Hood’s goal of sustainably moving New Yorkers out of poverty, and to generate learnings for how we can best integrate a racial justice lens into all of Robin Hood’s work – and the poverty-fighting efforts of like-minded partners that join us in this initiative.

**Investment Focus**

The Power Fund will support 501(c)(3) organizations operating in New York City: (1) with leadership of color, prioritizing EDs/CEOs of color; (2) whose missions are aligned with Robin Hood’s mission to increase sustainable mobility from poverty; and (3) that are addressing the interplay of racial injustice and economic injustice in their work.

These will include two categories of leaders: the leaders of today – at the helm of established organizations with the potential to have an outsized impact through Robin Hood’s investment and support; and the leaders of tomorrow – a pipeline of less-established organizations primed to flourish through investment, technical assistance and wraparound support.

The Power Fund will have a three-pronged investment strategy: (1) Catalytic investment in recipient organizations; (2) Additional investment in organization leaders, through self-directed leadership elevation support; and (3) The full power of Robin Hood’s management assistance and network support – including assistance with board member recruitment, fundraising, real estate procurement, strategic planning, leadership development, and intentional access to philanthropic, government, and community partner networks.

**Program Model**

As with all of Robin Hood’s work, the Power Fund program model is rooted in data and research. Research shows that leaders of color consistently face a set of key barriers in obtaining access to private capital: *(1) Inequitable access to social networks that spur connections to the philanthropic community; (2) Barriers to building relationships, as interpersonal bias oftentimes manifests as mistrust and microaggressions; and (3) Difficulty securing both initial support and follow-on funding, as funders often lack understanding of culturally relevant approaches, leading them to over-rely on specific forms of evaluation and strategies that are familiar to them.*

Specifically designed to address and overcome these barriers, the Power Fund program model has three core tenets: Sourcing; the Learning Agenda; and Full Integration with our core grantmaking portfolio. Reinforcing one another, these elements will enable the Power Fund not only to take an immediate, significant step to increase the flow of private capital to organizations led by people of color...
in New York City, but also to push forward our long-term goals of integrating a racial justice lens into the work of Robin Hood and contributing to the work of peers in the field.

I. Sourcing

The world of philanthropy depends on relationships—who you know, and who knows you. Currently, 92 percent of U.S. foundation presidents are white; 83 percent of other full-time executive staff are white; and 68 percent of program officers are white. Underlying all of this, as recorded by the American Values Survey, 75 percent of white people have entirely white social networks. Too often, leaders of color are excluded from both formal and informal philanthropic networks. The absence of this “friend-of-a-friend” privilege and the key relationships that develop from it can have lasting repercussions for leaders of color and their ability to grow their organizations. As outlined in the Building Movement Project’s Race to Lead report, leaders of color, on average, have smaller budgets to work with and are more likely to report that they lack access to and face challenges securing financial support from a variety of funding sources than white leaders. In fact, when it comes to unrestricted net assets—often a proxy for trust in an organization—Black-led organizations are 76 percent smaller than their white-led counterparts.

To address the limitations of peer networks, we have built a strategy to diversify our sourcing channels for the Power Fund to deliberately extend beyond Robin Hood’s sphere. The Sourcing Team, which will support this work, is responsible for building a strategy and network for sourcing organizations to become prospective Power Fund grantees; sourcing individuals and foundations to provide counsel and expertise to inform the design and strategy for our engagement process with prospective grantees; and recruiting individuals and organizations to build Robin Hood’s network and enhance how we source future grants.

The Sourcing Team will foster these networks through two avenues: (1) Directly from community members who have first-hand experience working with such organizations in their day-to-day lives; namely, Robin Hood’s Design Insight Group, a group of over 1,000 New Yorkers with lived experience in under resourced communities across New York City who provide insights into our work; (2) Through our COVID Relief and Census grantee and applicant network, which include significant numbers of community-embedded, smaller, new-to-Robin-Hood organizations; and (3) Through peer foundations with extensive experience in racial justice grantmaking, who have developed best practices for preventing bias and microaggressions in their engagement and due diligence processes with grantees, and have exposure to organizations addressing the interplay of racial injustice and economic injustice in their work.

II. Learning Agenda

Breaking down the barriers that inhibit leaders of color from securing investment requires a funding community “willing to embrace humility.” As a channel for us to systematically learn and listen, the Learning Agenda of the Power Fund will analyze the challenges identified by leaders of color—such as bias in processes and a lack of openness to culturally relevant tactics—and develop strategies for confronting and addressing them. For example—through trainings for Program Officers and focus groups with community members—we will explore what modes of support and theories of change will enable us to adjust our grantmaking to be more culturally relevant, and thus offer trust and true partnership to the organizations we fund.
As the framework through which we will:

- Synthesize and articulate the evidence base for why leadership of color matters;
- Identify the barriers and challenges the Power Fund is addressing;
- Test our hypotheses for how to overcome those barriers;
- Document our learnings across the life cycle of the Power Fund; and
- Share our findings with partners in the field

the Learning Agenda will provide the research-driven vehicle for us to confront and address where our methods of diligence, evaluation, and measurement have resulted in exclusion or under-investment in leaders of color-led organizations, and to track and share out our learning as we evolve our practice. In this way, this resource – for how we document and test our learnings – will guide how we achieve our goal of sparking change across all of Robin Hood that persists well beyond the term of the Power Fund.

III. Full Integration with Robin Hood’s Core Grantmaking Portfolios

We have structured the Power Fund to be fully integrated with our core Program and Policy grantmaking portfolios, both to address the barriers that prevent leaders of color from securing grant renewals and follow-on funding, and to meet our objective of the Power Fund sparking a racial justice lens across our entire organization.

Our Program and Policy teams are working collaboratively with the Power Fund to lead due diligence and ultimately recommend grantees to our Board Power Fund Committee for approval. This way, we will ensure that the organizations we invest in through the Power Fund are organizations that are driving forward our specific programmatic and policy priorities, and are thus well-positioned to remain in the Robin Hood portfolio with follow-on funding after the initial year-long Power Fund investment.

The Sourcing and Learning Agenda Teams are intentionally comprised of Robin Hood Program, Partnerships & Impact, and Development team members. Thus, the learnings and relationships built through the Power Fund, from the outset, will influence our full organization’s shift to addressing the interplay of racial injustice and economic injustice in our work and investing in leaders of color with the racialized expertise and know-how to do so effectively.

Engagement with the Broader Field

Through the Power Fund, we plan to engage with the broader field in two critical ways. First, we intend to learn from and elevate the work of peer philanthropies with expertise in supporting effective organizations and driving strategies to address racial injustice. Also, through our Learning Agenda, we plan to leverage Robin Hood’s convening power and contribute to the full field’s evolution in confronting and addressing the impact of structural racism on every part of American life that philanthropy seeks to improve.

To further these goals, we will have external experts on the Power Fund Committee, and also a Power Fund Advisory comprised of leaders – across media, finance, philanthropy, academia, and community – that have shown a commitment to racial justice, to provide specialized insights and counsel, and expand the network of support for the mission of the Fund.
Robin Hood is eager to lead the work of the Power Fund in partnership. We know the investment we can make collectively in leaders of color to drive racial and economic justice has no ceiling. We hope you’ll join us on this journey.