

LEARNING IN ACTION

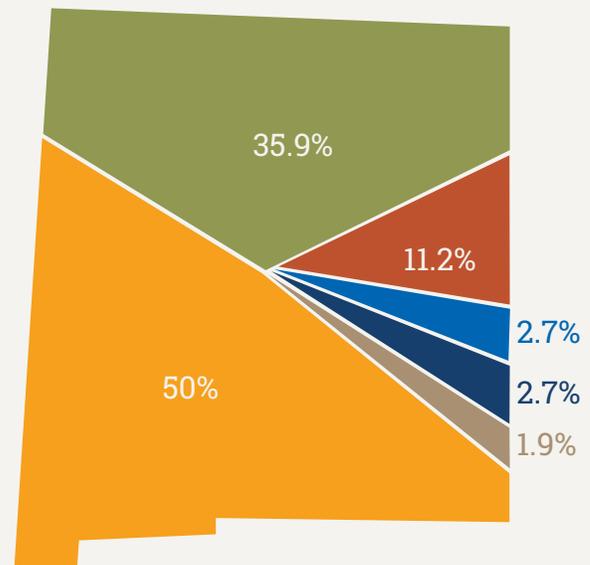


The Marshall L. and Perrine D. McCune Charitable Foundation is a family foundation dedicated to the well-being of New Mexicans. We honor our benefactors through proactive grantmaking that supports increased resilience and prosperity in New Mexico communities.

Context for Racial Equity Approach

As a small, private family foundation focused on grantmaking dedicated to enriching the health, education, environment, and cultural and spiritual life of New Mexicans, the McCune Charitable Foundation of New Mexico (MCF) cannot fulfill its mission without being cognizant of the unique history and culture of this place. Inhabited for thousands of years by Native American tribes and nations, the area that is now New Mexico saw its first European incursions in the 1600s. New Mexico is a state with a majority of people of color, with just over 50% of the population identifying as Hispanic, 2.7% as two or more races, and 11.2% as Native American. Although proportionally smaller in population size, New Mexico is also home to more recent immigrants, Black people (2.7%), and Asian Americans (1.9%) from various backgrounds. This unique mix has also created a context shaped by deep inequities, reflected in some of the highest levels of poverty and most challenging environments for child success in the country. While these conditions existed long before MCF was established in the early 1990s, the foundation has long held that context at the center of its grantmaking, with the current leadership expanding on its equity approach more intentionally over the last few years.

Over 85% are People of Color



- **Hispanic**
- **White alone (not Hispanic or Latino)**
- **Native American**
- **Black**
- **2+ Races**
- **Asian Americans**

SOURCE: <https://www.census.gov/quickfacts/NM>

Understanding the Philanthropic Landscape

To better understand the equity-focused work already under way across New Mexico, MCF commissioned an assessment of those efforts in 2019. That assessment, completed in 2020, produced clear recommendations for New Mexico's philanthropic sector. The goal of the resulting report was to uplift the voices of the nonprofit leaders already doing this work in the community, helping MCF and other funders learn how to support the work more effectively.



The COVID-19 pandemic, along with the racial reckoning triggered by the death of George Floyd at the hands of law enforcement, both brought into focus and exacerbated the socioeconomic inequities faced by the most impacted members of our communities. That heightened focus spurred a more profound commitment to understanding and addressing the systemic inequities in our state.

Creating a Comprehensive Equity Approach

In response, MCF's team launched a more comprehensive approach by developing an internal Diversity, Equity, and Inclusion Roadmap that helped create common language and define a framework for an equity approach. The team then used that framework to examine all aspects of the foundation's function via its Equity Footprint. The Equity Footprint, developed by Frontline Solutions, is a map of "The impact of a philanthropic organization on communities, expressed as the extent to which the foundation engages inequitable practices via the domains of organizational culture, grantmaking, investments, leadership & governance, operations, communications, and evaluation & learning."

The foundation staff developed and adopted a shared definition for racial equity to provide a common understanding of what racial equity should look like:

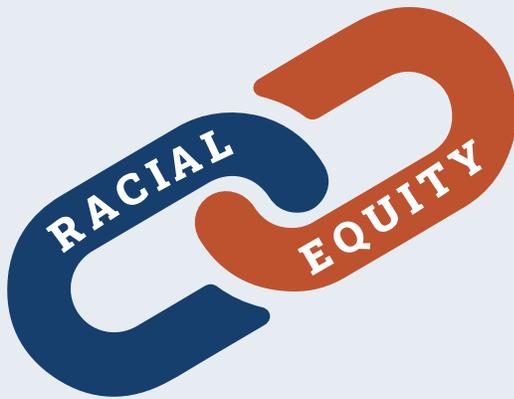
Nurtured by a culture of inclusivity, equity is an ongoing practice and process of acknowledging and proactively eliminating systemic barriers and increasing opportunities and resources supporting the health and wellbeing of groups that are and have historically been harmed by existing systems.

This definition informs our grantmaking practices by putting the most impacted members of the community front and center, acknowledging that the most significant challenges they face are systemic, and focusing the foundation's work on creating access and streamlining processes to access grant resources. The most competitive applications we receive are responsive and relevant to impacted communities, and the leadership reflects the communities they serve.

In addition to informing grantmaking, this approach has impacted all aspects of the organization, including the leadership and organizational culture. **The staffing structure has been flattened to create a more equitable distribution of decision-making power and resources.** The team's well-being is valued, as is the well-being of our grantee partners, board members, funding partners, and other stakeholders.

One of the key insights that the organization has gained and continually seeks to act upon is the understanding that MCF is only one foundation in an ecosystem of funders. No matter how much MCF changes its own practices, it represents only a small fraction of the practices grantees must respond to as they seek to fully fund their work. **Consequently, MCF staff is always seeking to work with other funders to support innovative approaches that center community.** As a result, MCF has recently partnered with NewMexicoWomen.org, an operating foundation focused on gender and racial equity, to begin building a community of practice of philanthropic partners focused on equity in New Mexico.

INVESTMENT STRATEGIES



Investment Strategies Linked to Racial Equity Intersections

The MCF Board has adopted priorities to focus resource allocation. These priorities are based on 1) MCF's ability to influence positive change in the near term and 2) the probability that change in these specific areas will lead to broader system change in the longer term. MCF has two primary grantmaking mechanisms: its annual Open Cycle and its participation in a pooled fund called the Zone Grant. The Open Cycle, which accounts for about 80% of the annual grants budget (which is approximately \$3.5 million per year), is designed to create an opportunity for any nonprofit or program to apply for funding. The Zone Grant, which comprises about 20% of the grants budget, is a unique pooled fund that adopts the practices of Trust-Based Philanthropy to make grant application and management easier for already-stretched nonprofit organizations and seeks to center community voice in RFP development and decision-making.

Across both mechanisms, MCF applies a social determinants of health perspective that considers the broad array of factors that contribute to people's well-being, looking for intersections among different program areas and prioritizing community-led organizations that actively partner across areas. **Through its Economic Development and Family Asset Building program area, the foundation supports various strategies, some that are proven approaches (matched savings accounts) and some that are more innovative (a low-interest investment fund for Native American women entrepreneurs).** The intersection with equity is driven by MCF's focus on work that benefits low-income people of color and its interest in how these strategies connect with other aspects of people's lives. For example, a

program that supports food entrepreneurs in communities of color might also help support asset building while also addressing nutritional challenges. MCF staff are always looking for programs and projects that try to get at a root cause of inequity or propose new approaches that short-circuit existing systems.

Centering Community

At the end of the day, MCF is trying to address systems change with every grant it makes. By elevating leaders of color and centering the voice of the community, the foundation's broader strategy is to support the emergence of more equitable "small systems" that in aggregate can shift bigger systems. For example, the Color Theory initiative is a partnership of multiple service providers that serve entrepreneurs in underinvested communities by creating a common language and shared data systems to enable low-friction referrals among them. With immigrants' rights organizations serving as key partners, the entire ecosystem is centered on the most impacted population, supporting community members' efforts to create businesses and build wealth, for their families and for their communities.

Because of its annual cycle format, the Foundation often has different grantees year after year. Nonetheless, a number of organizations have emerged as exemplars, including **Prosperity Works** (matched savings accounts and energy transition), **Rio Grande Community Development Corporation** (enterprise support), **International District Economic Development Center** (serving a multiracial, immigrant and refugee-heavy district), **Native Women Lead** (support for Indigenous entrepreneurs), and **Street Food Institute** (culinary business development), to name just a few. The Foundation does not earmark specific budgets for its various program areas, but it seeks to award the majority of its grants to organizations that have people of color on their boards and executive staff.

By elevating leaders of color and centering the voice of the community, the foundation's broader strategy is to support the emergence of more equitable "small systems" that in aggregate can shift bigger systems.

Transparency in the Application Process

One internal practice that MCF has adopted to reinforce its efforts to support equity is to incrementally shift power by centering community voice whenever possible. Three examples of this include the adoption of the principles of Trust-Based Philanthropy, the Zone Grant process, and the implementation of equitable learning and evaluation practices. Trust-Based Philanthropy principles, as defined by the Trust-Based Philanthropy Project (www.trustbasedphilanthropy.org), include giving unrestricted, multiyear funding; “doing the homework”; simplifying paperwork; being transparent; soliciting and incorporating feedback; and offering support beyond the check.

Although the practices are not perfectly suited for an open application process or the foundation’s leadership team model, MCF has made progress toward many of the tenets:

- Unrestricted funding has been the norm from the foundation’s early days and multiyear funding strategies have been employed at times.
- MCF learns about grantee partners (or prospective grantees) through the application process, but also through roundtables, one-on-one meetings, and community events.
- Each iteration of the grant application becomes more streamlined and easier to complete, without requirements like budgets and other ancillary information that MCF staff don’t think is necessary. The foundation is also experimenting with alternative forms of reporting—even though its one-page annual report is quite brief.

- MCF has worked toward transparency in grantmaking; for instance, the grants distribution budget, foundation priorities and leverage points, and grantees are highlighted on the foundation’s website. MCF also shares information about grantmaking and its equity journey via blog posts, one-on-one calls, and roundtable discussions.
- The foundation solicits feedback via webinars, workshops, surveys, and one-on-one conversations. That feedback then shapes long-term strategy and theory of change. For example, the Executive Director has conversations with each grantee partner, with the goal to deeply listen as well as to share information about the foundation. Each grantee partner is then sent a follow-up survey that allows them to share any further feedback anonymously, if they wish.
- MCF support beyond the check typically includes connecting grantee partners with other resources, organizations, and funders and showcasing grantee’s work on the foundation’s website and social media as well as through the board and funding partners.

To extend these principles beyond MCF, the foundation has worked to build and support the Zone Grant, which is a pooled funding structure that encourages other local, regional, and national foundations to also give in this way. In addition, the Zone Grant (which currently operates as the Native American Recovery Fund) engages community leaders to help drive the language used in the Request for Proposal (RFP) process and participate in decision making for grant awards.



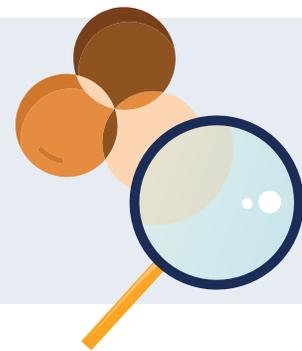
Internal Practices that Focus on Equity and/or Reduce Bias

Finally, MCF staff are working to co-develop and implement equitable learning and evaluation practices via a process that puts grantee partners in the center of a conversation about learning and what success looks like for their organizations and the communities they serve. Staff members are working with a skilled facilitator and a cohort of grantee partners that answered the call to serve on an advisory committee (participants are offered honoraria for their time) to generate recommendations for learning and evaluation practices that are meaningful, actionable, equitable, and mutually beneficial to nonprofits and funders. This work is iterative and ongoing as it

seeks to create a space to hold a shared understanding of what success looks like and how challenges can be transformed into opportunities as grantmakers and grantees learn through their work together.

One of the greatest impacts of this approach has been the ability to take a close look at internal and external practices that may not be contributing to equity. Discussing these topics within the foundation's team and with the larger community spreads awareness of racist systems and enables change. MCF's practices have benefited communities of color in New Mexico, but the process of this work has been transformative for the staff and board, enabling the foundation to devote time and deep attention to this topic.

One of the greatest impacts of MCF's approach is the ability to take a close look at internal and external practices that may not be contributing to equity.



Key Lessons for Funders



Two **key takeaways** for MCF staff have been the **need for humility** and the **willingness to share power**.

POWER DYNAMICS ARE INTRINSIC IN PHILANTHROPY: by holding resources, foundations have power, and that power brings an opportunity to be thoughtful about how it can be shared or can be leveraged to draw in funding that otherwise might not be deployed in New Mexico. Acknowledging those power dynamics and being open to community ideas has been key to MCF's learning journey, which the foundation sees as an ongoing practice that will inform how it does its work going forward.



CARLA ROMERO
Executive Director, McCune Charitable Foundation

We are always seeking to work with other funders to support and encourage new approaches that center community.