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Fund the People is Fighting for the Wellbeing of Nonprofit Workers — and Funders are Listening

Dawn Wolfe | November 08, 2022



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Fund the People is a small organization with a powerful message for the philanthrosphere: It’s past time for funders to prioritize nonprofit workers’ wellbeing in their grantmaking. If heeded, this message would upend the way funding is done — and bring about transformative changes for struggling, underpaid nonprofit workers.

“Foundation boards and CEOs need to just take a pause and think about what would happen if half the people who work in the organizations they fund leave?” said Rusty Stahl, Fund the People’s founder, president and CEO. “What would happen if they went on strike? What would happen if they burned out?” Nonprofits would start collapsing as a result.

As Inside Philanthropy has previously reported, [nonprofit workers are most definitely burned out](#). Many are finding better pay and working conditions in, of all places, the retail sector. A recent National Council of Nonprofits survey found that 71% of nonprofit organizations had vacancy rates of more than 20%, while nonprofits are coping by cutting back their work and even closing waiting lists for services.

In other words, Stahl’s questions about nonprofits collapsing aren’t hypothetical. Fortunately, there are solutions, and Fund the People wants to lead the way.

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Founded in 2014, Fund the People's 2021 budget was just over \$185,000, and it has two staff members, including Stahl. But don't let its size fool you. Fund the People's advisory council is [stacked with heavy hitters](#), including representatives from the Kresge, Ford, and William and Flora Hewlett foundations. Other council members include representatives from the worlds of policy and advocacy, academia and consulting. Past and current institutional funders include the Ford, Durfee, Hewlett, Packard, Barr and Kresge foundations.

Durfee, which itself moves money to [support nonprofits' leadership](#) and staff, was an early Fund the People supporter because "we share a common passion and mission, investing in the people who are doing the work," said Executive Director Claire Peeps. Peeps currently holds a seat on Fund the People's advisory council. "At the end of the day, an organization's sustainability depends on the sustainability of its people. Rusty and his team recognized the systemic imbalance between the funding of programs versus the funding of staff development and wellbeing."

The organization's slow growth is also intentional. Stahl and the team behind it spent two years in research and development before the 2014 launch, and Stahl himself eventually decided to pursue nonprofit worker advocacy as the result of work he started doing as a graduate student at Indiana University.

One of the challenges for an organization like Fund the People, which wants to change attitudes

across the philanthropshere, is to avoid creating a trend that “gets popular for a year and gets talked about a lot, and then goes the way of all things.” That is, into oblivion. With that in mind, he said, “We’ve been trying to take a slower-burn approach” to growing the organization and building out its content, tools and ideas.

“I’m not that worried that we haven’t had the sparkle and razzle-dazzle” of funders rushing to be early adopters of his organization’s ideas, he said.

Fund the People’s size also hasn’t stopped the organization from putting forward some big ideas. In a [recent blog post](#), Stahl called on foundations to flip their funding formulas. As an example, Stahl urges funders that currently allow 80% to go to programs and 20% to overhead costs to reverse those percentages.

“People costs,” including salary and benefits, make up the vast majority of the expenses borne by most nonprofits, Stahl told Inside Philanthropy, and for most nonprofits, direct program costs are comparatively small. “So why are funders giving them the opposite of what they need?”

“Funders ought not to be lazy”

During our conversation with him, Stahl laid out some of the factors he believes contribute to funders’ role in the nonprofit starvation cycle.

“First of all, funders ought not to be lazy,” he said. “They ought to do the work they’re supposed to do to understand the human health of grantee

organizations in the social movements they support, just like they do all this due diligence to figure out the financial health and the strategic health of organizations.”

The rise of trends like venture philanthropy and strategic philanthropy, which Stahl called the “technocratic approach,” have also emphasized funders’ insistence on measuring outcomes instead of investing in the people who make those outcomes possible.

Ironically, Stahl has received pushback from funders that don’t want to ask grantees about their workers’ needs on the basis of not adding more hoops for grantees to jump through when submitting applications and reports. “And that becomes an excuse for not asking about the human health of the organization. And I think it’s a bad excuse; it’s an abdication of duty.”

While the results of funders’ inaction on nonprofit employee wellbeing can be devastating, Stahl said he doesn’t believe that they’re intentionally negligent. “I think there are a lot of funders who want to do the right things. But they’re not taught that this is part of their job. The inherited wisdom of how to be a good grantmaker largely does not include anything about supporting the staff of grantee organizations.”

Creating a community that supports its people

Fund the People has plans to reform that inherited wisdom. Current and upcoming work

includes [consulting services](#), the [Fund the People podcast](#), and the [Funding That Works](#) online academy for funders and nonprofits alike. The organization has also developed a free online toolkit of resources for funders and nonprofits that provides information about how and why to invest in nonprofit employees, including materials on “talent justice” focused on equity in the nonprofit workforce. Stahl and his organization are also active on the policy front, working in coalition with Independent Sector’s [Seat at the Table](#) initiative to educate elected officials about the value of the nonprofit workforce and why governments should invest in supporting nonprofit leaders and workers.

“The real problem we’re confronting is not that nonprofit people don’t have skills and knowledge,” Stahl said. “The real problem we’re looking at is a chronic deficit of investment in the nonprofit workforce for so many decades that we just all live with this scarcity mindset and this starvation cycle. So the real problem is not how do we develop people; it’s how do we create a philanthropic and nonprofit community that supports its people?”

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