



A PODCAST WITH RUSTY STAHL | S5 EP9

**It's not an Either/Or – General Support,
Project Support, and Talent-Investing**
Rusty's Rants & Reflections Series



WITH HOST
Rusty Stahl
Fund the People



INTRO (00:04)

Welcome to the Fund the People Podcast! I'm your host, Rusty Stahl. I'm President and CEO of Fund the People, where our mission is to maximize investment in America's nonprofit workforce. We give funders and nonprofits cutting edge ideas, research and tools to help drive equity, effectiveness, and endurance in the social sector. So let's start the show!

RUSTY (00:34)

Welcome to the Fund the People Podcast, This is your host Rusty Stahl. **In this episode, I'm offering up another one of my Rants and Reflections. Today's topic: It's not an either/or. How talent-investing can be part of any type of grant making.**

Today I just want to talk about how the various ideas and trends happening inside the philanthropic community are missing the mark on talent investing, but how lucky they are that **talent investing can be part of any and all of these trends and any or all kinds of grant making.**

So for example, we have big debates going on about restricted versus unrestricted grants. That is project or program grants versus general operating support. Now look, some foundations are always going to do project or program specific funding, it's just the way many donors and foundation boards and foundation professionals are going to proceed. And a lot more general operating support has come online in recent years, especially with the pandemic and that's a good thing.

Talent investing can be part of restricted or general support. As I talked about in our last episode it's important to infuse general support with talent investing. I said that general support is like a smoothie and talent investing is like the kale that you blend into the smoothie, the fruit gives you the sweetness and the kale gives you the nutrition and you need both. Restricted dollars too,

you know, the people working on those restricted programs and projects they need support. So, how can you think about the people who are doing the work within a project or program and the people who support them?

[00:02:30] Investing in those team members can help make your project or program sing in a way that restricting dollars just for “programmatic costs” doesn't help the organization to achieve. The reality is that nonprofit programs don't exist without nonprofit people. I like to say people are programs and that's how things work. And in fact, you look at any organizational budget, project or program budget, the biggest line items are people costs: staff and maybe consultants. And so **I fail to understand why nonprofits' budgets are, you know, somewhere between 60 and 99% percent of costs are people, and somewhere between 40 and 1% of costs are program costs or other kinds of costs. Yet foundation grants are somewhere between 60 and 90% percent program costs and you know this little bit of 40 to somewhere around 10% allocated for staffing costs or indirect costs or overhead costs, whatever you want to call it. I don't like those terms. I call them people costs.**

[00:03:56] The point is **those grant budgets are the inversion of the actual budgets.** So let's align our grant budgets and our organizational budgets so that they actually match, and the grant actually supports what the nonprofit needs.

So you can do talent investing through restricted project or program support, or infused into general support. Now, there's been a lot of talk and some good amount of action on trust-based grant-making, on responsive philanthropy, on social justice philanthropy, on participatory grant-making. All of these things are critically important in our sector, but even those trends, along with things like the full cost movement, all of these things are important, but they're all lacking an analysis of how to invest in the staff who are doing the work.

The trust-based philanthropy approach seems to center around providing general support and unleashing organizations doing away with a lot of the unnecessary documentation and hoops and trusting that organizations know what they need to do with their money and they need to spend less time getting it. And that is certainly, I agree with all of that. But how does trust-based philanthropy help us to invest in our staff? As of now, it's not been a major emphasis.

[00:05:28] Full costs, how does the full cost movement in philanthropy connect to investing and supporting staff people? To my shock and dismay that has not been a part of the conversation about full costs. And I don't understand again, **if a majority of an organization's budget is salary, benefits and consulting fees, i.e. people costs, how can you talk about their full costs, their real costs of doing business, without talking about staff costs, and the value of those costs, and the commitments of those costs, and the need for funders to not only pay for those costs but to invest in those staff people, so that they do their best work and stay in place for the term of service that is needed. So that people don't burn out, so that people don't leave too soon.**

[00:06:25] You know, we can't keep having these conversations about how to reform philanthropy without talking about how philanthropy invests in the staff people in those nonprofits.

[00:06:39] I'm tired of social justice funders walking around, talking about how they're so strategic about investing in XYZ issue that's around the corner, that's coming up, without ever talking about the workers rights inside the organizations that they fund. Without talking about how they are investing in decent wages and benefits. How can we have social justice funders who continue to enable poverty wages and exploitation in the very organizations which are supposed to be the vehicles that they are using to bring about a more just society or economy. It really doesn't make any sense to me and I think it undermines the moral standing and the effectiveness of social justice philanthropy.

So it's not an either/or. Talent investing can be part of general support, it can be part of project support, it can be part of trust-based philanthropy, it can be part of no trust philanthropy. It can be part of strategic grant-making, it can be part of responsive grant-making. It can be part of social justice philanthropy. It can certainly and has been part of conservative philanthropy. So it's time to infuse our trends and our reforms in philanthropy with the understanding and idea that we must invest in the nonprofit workforce as we go about our work. That's all I've got for now. I'll talk to you next time.

RUSTY

[00:08:28] Thank you so much for listening to the show! On our next Rants and Raves episode I'll be sharing my vision for a multi-generational, multiracial, nonprofit workforce. I hope you'll listen. Stay tuned for the next episode of Fund The People Podcast.

OUTRO [00:08:49]

Thanks for listening to Fund the People Podcast! Visit fundthepeople.org and click on "Podcast" to find a transcript for this-and other-episodes and all the links discussed in the episode. If you enjoyed this episode, we'd really appreciate a 5-star rating and a quick review if possible on Apple Podcasts - it helps more people to find the show. Thank you for driving change in our communities. Remember to keep your tank full, take care of yourself, and take care of one another.