



GIVING BIG: The Impact of Large, Unrestricted Gifts on Nonprofits

Results from Year One of a Three-Year Study
of MacKenzie Scott's Giving

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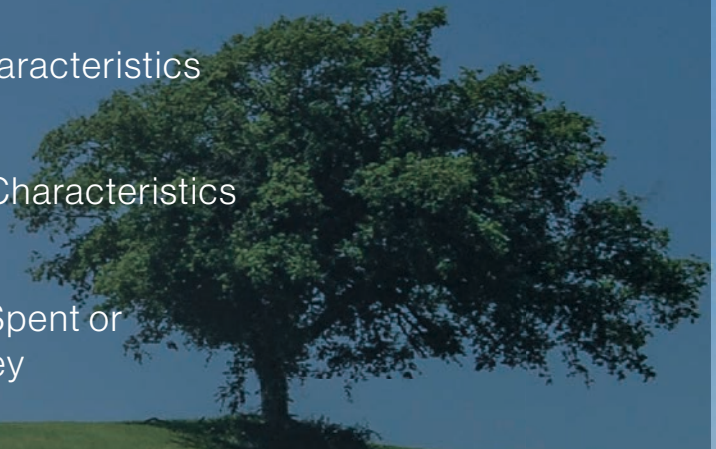
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INTRODUCTION

In late July 2020, MacKenzie Scott shocked the philanthropic and nonprofit worlds with the announcement that she had given \$1.7 billion to 116 nonprofit organizations.¹ The gifts came in the form of massive, unrestricted grants, with a significant proportion given to organizations focused on issues of equity, and were made with no restrictions — only an expectation of an annual three-page letter to the donor for the three years following their receipt.

In a *Medium* post, Scott wrote:

Like many, I watched the first half of 2020 with a mixture of heartbreak and horror. Life will never stop finding fresh ways to expose inequities in our systems; or waking us up to the fact that a civilization this imbalanced is not only unjust, but also unstable. What fills me with hope is the thought of what will come if each of us reflects on what we can offer.²

Since then, she has continued the approach, giving [nearly \\$13 billion](#) as of spring 2022.³ To put that in context, the Bill & Melinda Gates Foundation [made \\$6.7 billion in grants](#) in 2021.⁴ Scott's grants are frequently the largest ever given to recipient organizations and are made without a formal proposal or application process.

Often, recipient organizations received word of the grant out of the blue. In other cases, organizations were asked to meet with consultants who represented the donor to answer some vetting questions before a grant was made. Scott's giving has been influenced by advisors at her family office, Lost Horse LLC, and by consultants at The Bridgespan Group, a nonprofit management consulting firm, and channeled through donor-advised funds (DAFs) at institutions including Fidelity Charitable, the National Philanthropic Trust, and community foundations.

PRAISE AND CRITIQUE

Many observers noted that Scott's approach, though not necessarily new in any of its specific elements, challenges what have been norms in "big" philanthropy for decades. Some hailed it as the ultimate embodiment of "trust-based" philanthropy and a refutation of a top-down style that has characterized many other big donors' and foundations' giving in recent decades. Recipients and observers praised Scott's focus on equity and her commitment to supporting leaders of color, as well as those who identify as LGBTQIA+. "Women-led, Black women-led organizations tend to be at the very bottom of the pile for philanthropists," Dorri McWhorter, the chief executive of the YWCA Metropolitan Chicago, when it received a gift from Scott, told the *New York Times*, adding that Scott "has a recognition that the organizations are doing the good work and let us be the stewards of those dollars."⁵

¹ Scott's wealth originates from her stock in Amazon. She owned stock at the inception of Amazon and increased her share in the company following her divorce from Jeff Bezos.

² MacKenzie Scott, "116 Organizations Driving Change," July 28, 2020, <https://mackenzie-scott.medium.com/116-organizations-driving-change-67354c6d733d>.

³ Maria Di Mento, "MacKenzie Scott's Giving Total Is \$12.8 Billion — So Far," *The Chronicle of Philanthropy*, August 24, 2022, <https://www.philanthropy.com/article/mackenzie-scotts-giving-total-is-nearly-12-7-billion-so-far>.

⁴ Bill & Melinda Gates Foundation, "Bill & Melinda Gates Foundation," <https://www.gatesfoundation.org/>.

⁵ Dorri McWhorter, quoted in Nicholas Kulish, "Giving Billions Fast, MacKenzie Scott Upends Philanthropy," *The New York Times*, December 20, 2020, <https://www.nytimes.com/2020/12/20/business/mackenzie-scott-philanthropy.html>.

Still, there has been critique. Some have, often quietly, expressed concerns that recipient organizations might be overwhelmed by the gifts or that they would lead to unintended, negative consequences — or that there might be misuse of funds. Others, including some recipients of what Scott’s representatives have described as one-time gifts, worried that other donors might pull back and reduce their support. Some expressed concern for organizations in fields Scott supported that were not selected: How would these organizations’ donors and board members respond? What would be the long-term effects of being chosen “winners” and “losers”? Related, some critiqued what they saw as a lack of transparency in Scott’s approach relative to that required or expected of large foundations. “It’s an inspiring model, but it relies on an inaccessible process. Scott has been vague about her selection methods, and there is no way for organizations to actively make their case,” Alice Ng wrote in *Inside Philanthropy* in August 2021.⁶ This type of critique intensified in December 2021, when Scott initially announced a round of gifts without naming the recipients — saying she wanted to keep the focus on the nonprofits and allow them to announce the grants at a time of their choosing. She later promised a website with a searchable database of her gifts, which is expected to go live later in 2022.

SCOTT’S GIVING IN CONTEXT

For years, the relative scarcity of meaningfully sized, unrestricted gifts has been a source of frustration for nonprofit leaders, as [research by CEP](#) and others has documented.⁷ Short-term, restricted funding creates challenges for nonprofit leaders in planning; in expanding their programming; in hiring and retention; and in investing in strengthening the capacity of their organizations. Nonprofit leaders as well as scholars and advocates have noted the short-sightedness of not funding in a way that strengthens organizations for the long haul, particularly when the goals of a donor and an organization align.

Scott’s approach may not be new, but its breadth and scale is unprecedented for a donor operating outside a foundation structure. The combination of elements at this massive scale — and the contrast to philanthropic conventions — made Scott’s approach reverberate throughout the philanthropic and nonprofit sectors. After all, many big donors and foundations have operated for decades under the assumption that most gifts and grants to nonprofits should be modest in size, restricted for specific uses, and accompanied by rigorous application and reporting requirements. For example:

- ▶ Many foundations limit grants to a certain proportion of an organization’s budget because of concerns about “dependency,” “sustainability,” or “absorptive capacity.” The median grant size for even the larger, staffed foundations in CEP’s extensive database of nonprofit survey respondents is \$100,000.
- ▶ Restricted giving has been the prevailing approach for foundations, for reasons ranging from an understandable wish to support a specific initiative or program and not the organization’s work more broadly to a paternalistic sense that nonprofits cannot be trusted to allocate grants and gifts wisely.⁸ Many simply don’t see unrestricted grants as a “fit” for their philanthropic approach: The

⁶ Alice Ng, “Why Big Philanthropy Fails at Supporting the Grassroots—and How It Can Do Better,” *Inside Philanthropy*, August 31, 2021, <https://www.insidephilanthropy.com/home/2021/8/31/why-big-philanthropy-falls-short-at-supporting-the-grassroots-and-how-it-can-do-better>.

⁷ Ellie Buteau et al., “New Attitudes, Old Practices: The Provision of Multiyear General Operating Support” (Cambridge, MA: Center for Effective Philanthropy, 2020), <https://cep.org/portfolio/new-attitudes-old-practices/>.

⁸ Phil Buchanan, *Giving Done Right: Effective Philanthropy and Making Every Dollar Count* (New York: PublicAffairs, 2019), 13–14. Ibid., 118–120.

proportion of foundation grants that are unrestricted remained stuck, before 2020, at around 20 percent, despite years of advocacy by nonprofit leaders who lamented the challenges posed by a lack of flexible funding.⁹

- ▶ Finally, it is considered a given in the nonprofit sector that the process of seeking large gifts or grants will be time-intensive. Many donors and foundations, often motivated by the understandable desire to gauge the impact of their giving and to learn in order to inform future giving, seek detailed reports from those they fund.

RESEARCH QUESTIONS AND METHODOLOGY

Understanding Scott's giving as a departure from prevailing norms, we at the Center for Effective Philanthropy (CEP) decided to undertake a three-year research study examining the impact of these large, unrestricted gifts on recipient organizations. While we cannot explore all the questions raised about Scott's giving in a single research study, we will focus on a set of questions about the effects on recipient organizations:

- ▶ Do nonprofits believe this gift has increased their impact? In what ways?
- ▶ How did these nonprofits allocate the grant? And why?
- ▶ Have the nonprofits experienced unintended negative consequences of the gift? What have been the downsides of receiving this gift, if any?

Our primary purpose is to reveal insights that are relevant to a broad spectrum of other donors — individuals and foundations — at a range of giving levels. A secondary hope is that nonprofits can learn from the experiences of those who received these gifts — so they can make the most of existing gifts they receive and be prepared should they find themselves in the position of receiving a large unplanned and unrestricted gift.

This research has been conducted independent of Scott and her team or consultants. Although our own organization (CEP) received \$10 million from Scott, we are funding this effort entirely through support provided by other donors.¹⁰

To explore our research questions, we sought to survey all nonprofits that received a gift from Scott in her first round of giving in summer 2020 through her third round in summer 2021. In addition, we interviewed a subset of organizations that responded to our survey. We developed the survey instrument with feedback from an advisory group we formed for this study, which was comprised of leaders of nonprofits that received gifts from Scott as well as foundation leaders, including the funders of the study. (A full list of members and their affiliations may be found on page 3.) We also pilot-tested the interview protocol before fielding it.

⁹ Ellie Buteau, Naomi Orensten, and Satia Marotta, "Foundations Respond to Crisis: Lasting Change?" (Cambridge, MA: Center for Effective Philanthropy, 2021), <https://cep.org/portfolio/foundations-respond-to-crisis-lasting-change/>. There is some evidence of an increase in unrestricted support since the pandemic.

¹⁰ We notified Scott and her family office, Lost Horse LLC, of our study at its outset, as a courtesy. We also shared an early draft of this report with them and with Bridgespan to offer them the opportunity to provide feedback or correct anything they believed to be inaccurate; Bridgespan declined to comment on the draft and Lost Horse did not reply.

The findings we discuss in this report are based on:

- ▶ Responses from 277 nonprofit organizations to our survey, fielded in May and June 2022. Our response rate was 36 percent. (See Table 1.) (See Appendix A for demographic information about survey respondents.)
 - » Responding organizations did not differ from non-responding organizations by budget, geographic location, or when the nonprofit received a grant from Scott.
- ▶ Interviews with 40 leaders of recipient organizations that responded to the survey. (See Appendix B for demographic information about interviewees.)

Table 1. Survey and Interview Data Collection

Data Source	Timing	Number of Nonprofits
Survey of nonprofit leaders	May – June 2022	277
In-depth interviews of nonprofit leaders	June – July 2022	40

INFORMATION ABOUT RESPONDING ORGANIZATIONS

Organizations that received gifts from Scott were, on average, considerably larger than the typical nonprofit. The median budget of responding organizations was about \$8 million prior to receiving the grant. And the median staff size was about 50 staff members. By contrast, the [National Council of Nonprofits](#) reports that 92 percent of nonprofits operate with a budget of \$500,000 or less.¹¹ In a CEP dataset containing data from thousands of grantees that receive grants from large foundations, the median nonprofit size is about \$1.6 million.

Almost half of responding organizations are direct service organizations. (See Figure 1.) Advocacy and intermediary organizations were the next most common. This sample overrepresents these types of nonprofits when compared to the sector at large in the United States, according to data from Urban Institute and Candid.¹²

Operational Budget Prior to Receiving Grant (N=262)

Minimum — \$93,000

Median — \$8,387,500

Maximum — \$3,800,000,000

Number of Full-time Equivalent Staff Members (N=277)

Minimum — 1

Median — 52

Maximum — 16,000

¹¹ Tiffany Gourley Carter et al., “Nonprofit Impact Matters: How America’s Charitable Nonprofits Strengthen Communities and Improve Lives” (Washington, DC: National Council of Nonprofits, 2019), <https://www.nonprofitimpactmatters.org/site/assets/files/1/nonprofit-impact-matters-sept-2019-1.pdf>.

¹² In comparison, as of 2021, 35% of all nonprofit organizations in the United States focused on Human Services. Lewis Faulk et al., “Nonprofit Trends and Impacts 2021” (Washington, DC: Urban Institute, 2021), https://www.urban.org/sites/default/files/publication/104889/nonprofit-trends-and-impacts-2021_2.pdf; According to Candid, 17% of nonprofits are Human Services organizations, and 5% are Advocacy or Social Welfare groups. Candid, “U.S. Social Sector,” <https://candid.org/explore-issues/us-social-sector/organizations>.

FIGURE 1. Which of the following best describes your organization?

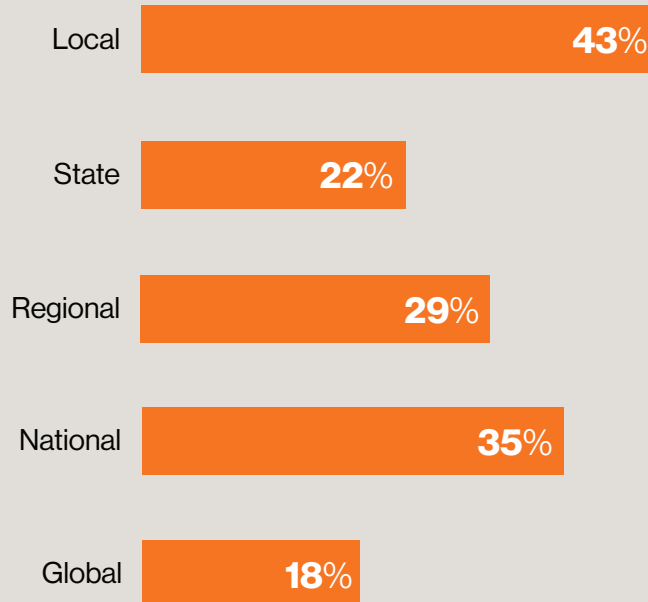
(N=277)



Note: Percentages add to more than 100 because respondents could select more than one category.

FIGURE 2. How would you describe the geographical scope(s) of your organization?

(N=277)



This report represents the first of what will be three reports in this three-year study. Given this timeline, we want to emphasize that our findings should be viewed in the context of the moment the data were collected — just one to two years after receipt of the gift. Data on how these gifts have been allocated are, of course, based on the decisions that organizations have made to date. Similarly, any sense of what impact organizations have had that they would not have otherwise had are likely preliminary, given the short amount of time that has passed since receiving the gift. Finally, any analysis of unintended consequences — positive or negative — should be viewed in light of the fact that it often takes years, if not decades, to fully understand the effects of any significant event or development on an organization.

That said, there is much we are able to answer that has not previously been known. This is, to our knowledge, the most comprehensive public accounting of the experiences of the organizations that received large, unrestricted grants and the first look into how, when faced with no grant constraints and a single grant that is often the largest they have ever received, nonprofit organizations decide where to allocate funding to advance their missions. We are grateful to the leaders who have shared their experiences and insights with us.

KEY FINDINGS

1

Nonprofit leaders describe these large, unrestricted grants as transformational for their organizations and their leadership. They believe the funding is significantly strengthening their ability to achieve their organizations' missions, which, for many, is connected to advancing equity.

2

Nonprofits are using the grant money to help those they seek to serve by improving or expanding their existing work and engaging in new work, often bringing on new staff to take on that work. Most are also using the money to improve their organization's financial stability and to fairly compensate and support staff.

3

To date, few nonprofit leaders have encountered organizational challenges or faced disruptions, such as declines in other funding as a result of these grants. Instead, leaders were able to address long-standing needs and reported increased confidence and credibility for their organizations. The main lesson they believe this experience holds for other funders is to have more trust in nonprofits.



FINDING

1

Nonprofit leaders describe these large, unrestricted grants as transformational for their organizations and their leadership. They believe the funding is significantly strengthening their ability to achieve their organizations' missions, which, for many, is connected to advancing equity.

NONPROFIT LEADERS, IN THEIR OWN WORDS

What went through your mind when you first heard that the organization you lead was receiving this grant?



It was a rush of affirmation that we had never before received... that someone was looking out for us.



The amount of money didn't even feel real — what felt more real was the pride and validation that the work I was doing mattered, and somebody had noticed.



Disbelief. Amazement. Then, a deep sense of humility and duty — that we were going to be able to help our communities through the pandemic, that we could do big things with this scale at such a critical time. And we did.



I was left in awe. I didn't know what to say except thank you. Our core values were repeated back to us as we were given this gift and investment. I thought, 'Wow, we can now support the growth of our organization and concentrate on our work, not the fundraising needed.'



I had not been aware of her previous philanthropy. I was Googling her name while on the phone. At the end of the call, I hung my head and wept. This was truly a transformational gift that our organization and I will forever be grateful for.

This was the largest unrestricted grant ever received for 88 percent of responding organizations. Leaders most often describe feeling joy, excitement, and shock when learning that their organization was receiving this grant. Some respondents initially thought news of the grant was a scam. As one leader says, “After realizing it was authentic, I was floored and cried, still in disbelief, especially since a small organization such as ours was recognized by someone nationally. We are eternally grateful.”

More than 80 percent of respondents believe this grant will significantly strengthen their organization's ability to achieve its mission.¹³ The grant has enabled many organizations to pursue opportunities that, historically, have been difficult to fundraise for, including work on equity and justice, expanding programmatic work to new geographies or new populations, or to fund capital expenses. As one leader says, “Funders rarely want to fund social justice endeavors because they are hard to measure from an impact standpoint.” About two-thirds of leaders point to the unrestricted nature of the grant as crucial for their ability to pursue these opportunities.

¹³ An additional 14 percent of respondents believe this grant will moderately strengthen their organization's ability to achieve its mission.

BIG MONEY

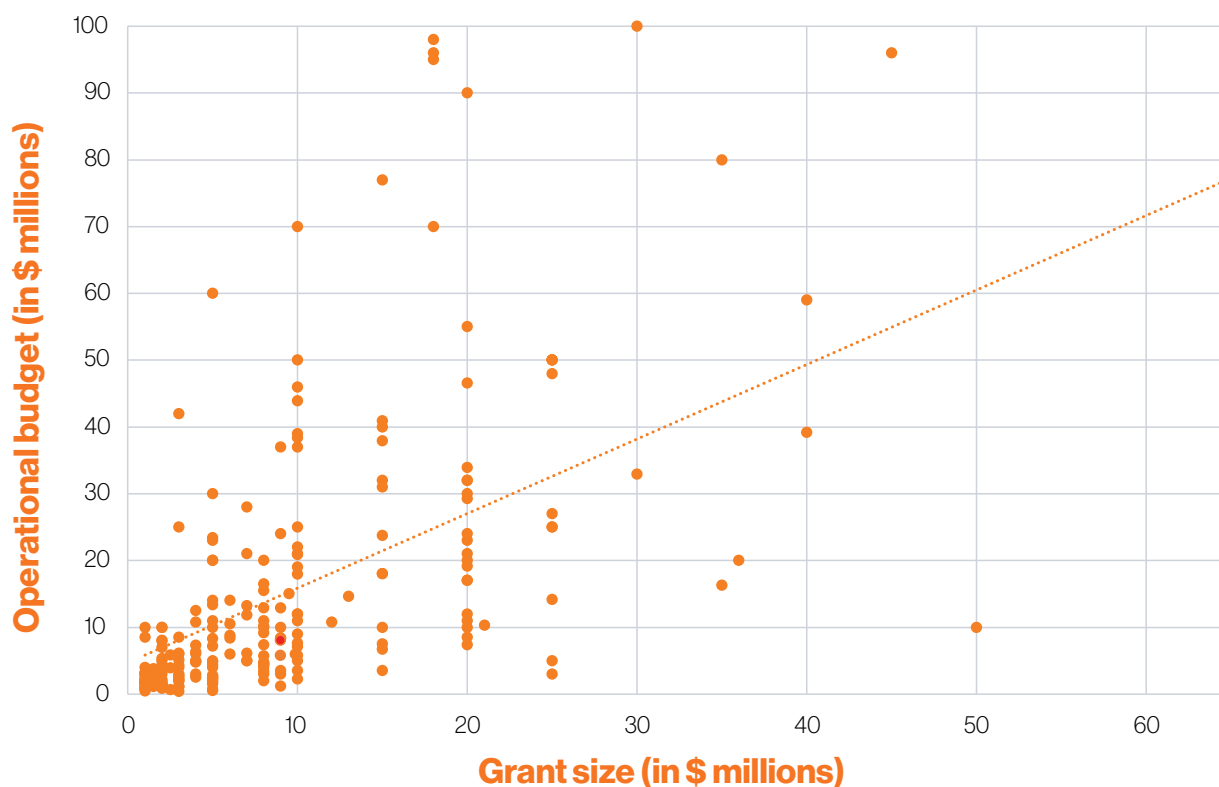
Nonprofit organizations in this study received grants that ranged from \$1 million to \$250 million. (See Table 2.) At the median, the grant size was \$8 million and constituted 69 percent of the organization's budget from the year prior to receiving this grant.¹⁴ (See Figure 3.)

Table 2. Range of Grant Size

	Amount Received (N=265)
Median	\$8,000,000
Minimum	\$1,000,000
Maximum	\$250,000,000

FIGURE 3. Size of Scott Grant(s) Compared to the Organization's Operational Budget at the Time of Grant Receipt

(N=236)



Note: Nonprofits with budgets above \$100,000,000 or below \$90,000, and grants above \$99,999,999 were removed as outliers so as not to skew the result of this statistical analysis.

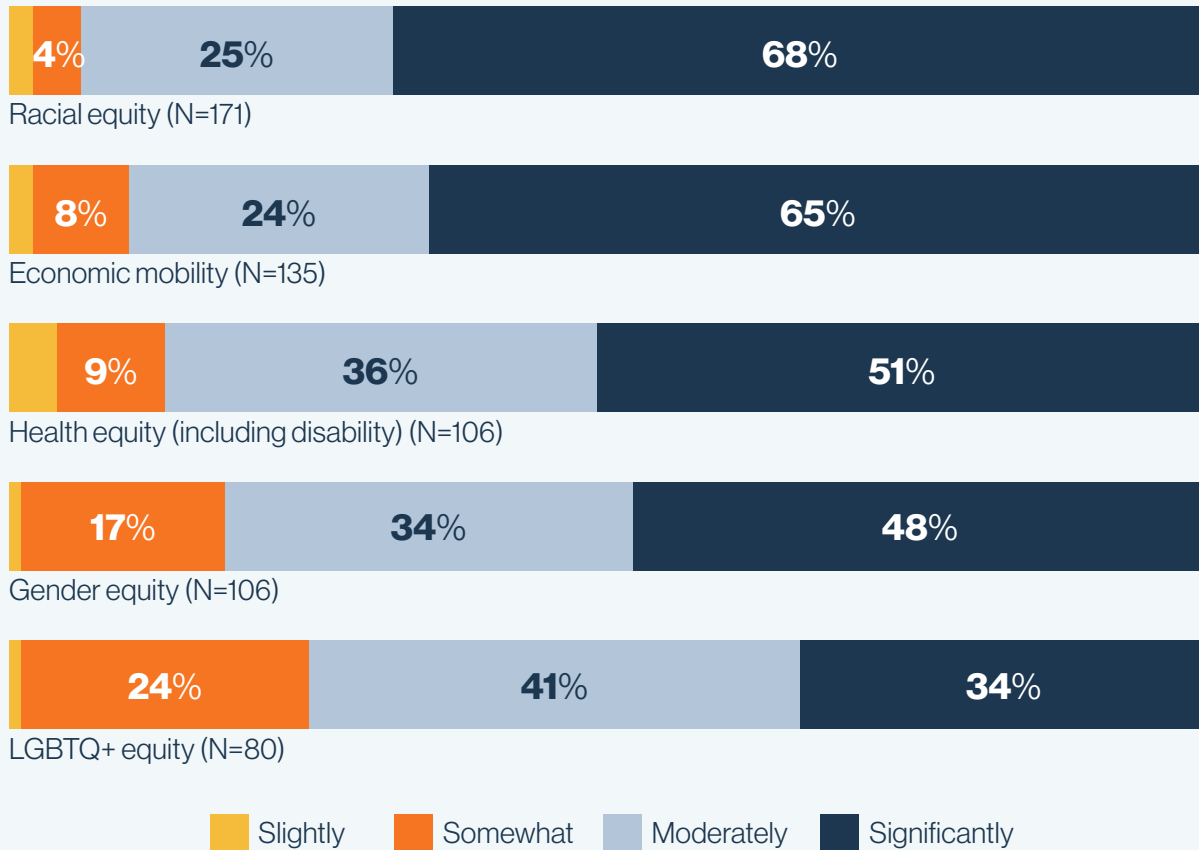
Leaders of color were more likely to receive grants that exceeded 100 percent of their prior year's operational budget than organizations not led by leaders of color (47 percent of organizations vs. 33 percent of organizations).

¹⁴ An organization's budget from the year prior explains only about 25 percent of the variation in grant size provided; this means 75 percent of the variation in grant size provided is due to factors other than the organization's budget size.

ADVANCING EQUITY

Equity is a core part of the mission of many of the recipient organizations, and leaders say their gifts allowed their organizations to contribute to advancing equity more effectively than they could have otherwise — particularly racial equity and economic mobility. (See Figure 4.)

FIGURE 4. The Extent to Which the Grant Allowed the Organization to More Effectively Contribute to Advancing Equity



Almost every interviewee describes ways in which these large, unrestricted grants contributed to important progress on equity. Many of the organizations are either more effectively able to serve their existing core constituency of marginalized communities or are expanding to serve additional communities.

One organization registered voters of color and brought justice-related initiatives to the voting ballot. Its leader explains the impact of this grant on the organization's equity efforts, saying:

We registered more than two million voters. We were able to close the voter registration gap between the white electorate and folks of color... we were able to pivot after an election or during an election to connect with people around voter registration or voter education and turnout to engage them, organize them on issues that they care about in their community. We were able to see new ballot initiatives come up on everything from reproductive justice to economic justice to policing and criminal justice reform.



Another organization focused on underserved communities describes how economic inequality was exacerbated during the pandemic and how the organization responded. Its leader says:

Most of our communities do not have depository institutions or banks. When Covid shut down entire communities, when savings started depleting, there were no more resources coming in, but individuals were able to get a short-term emergency loan. The Scott grant kept heat on in the deadliest of winters for our residents. It fed individuals who would not be able to put food on the table for months had they not been able to get this loan.

STRENGTHENING FINANCIAL STABILITY AND ORGANIZATIONAL CAPACITY

Close to two-thirds of leaders believe this grant will significantly strengthen the long-term financial stability of their organization.¹⁵ (See Figure 5.) Interviewees describe making choices to “plan for the future in a way that is much more meaningful than had we not had this gift.” One leader explains that the grant “allowed us to put a little bit of money away for future operations. It really was intended to be kind of a rainy-day fund, knowing that market changes are going to affect our top and bottom line soon.”

One reason not all leaders perceive this grant as significantly strengthening long-term stability may be the one-time nature of the gift. One-third of those we interviewed underscore the need for a plan to sustain work undertaken with the grant. Some even factored this into how they decided to allocate the funds in the first place.

One leader says, “It didn’t make sense to invest a one-time gift into ongoing activities without a clear path of how we were going to replace that money each year and sustain whatever we did.” Another says, “What do we do moving forward if we can’t sustain the positions that we’re in now? And how do we teach philanthropy to continue to support the organizations who’ve received these gifts so that they can build on them? How do I move this forward and not fall backward?”

Nonetheless, about two-thirds of leaders believe this grant will significantly strengthen the long-term organizational capacity of their organization.¹⁶ As one leader says, “For years, we have been working to improve benefits for our staff in a way that recognizes their incredible skills and dedication to this organization. This grant allowed us to make more significant progress on this front.” Already, several leaders cite the impact this grant has had on their operations — from a shift in the organization’s culture to greater investments in the infrastructure and staff. As one leader says, the grant has led to “more confidence and more breathing room,” enabling the organization to be “better able to take risks and spend money on needed internal operations that will strengthen the work for years and years to come.” Almost half of leaders interviewed note ways in which the grant has helped to cultivate a culture of care and prevent burnout among their staff, especially in the context of the pandemic.

¹⁵ An additional 25 percent of respondents believe this grant will moderately strengthen the long-term financial sustainability of their organization.

¹⁶ An additional 25 percent of respondents believe this grant will moderately strengthen their long-term organizational capacity.

FIGURE 5. Impacts of the Grants on Strengthening Nonprofit Organizations

SHIFTS IN APPROACH TO LEADING

Many nonprofit leaders say the gift enabled them to change their approach to leading. Close to two-thirds of interviewed leaders describe a sense of relief and breathing room after having received their grant. For some, this mental relief has allowed them to refocus their efforts away from fundraising and budgeting and toward impact and the bigger picture. As one leader says,

For me as the ED who's been doing this for a long time and has had many sleepless nights wondering and worrying about the next payroll, I don't have to spend as much time with that kind of worry. I can spend my time now thinking about where can we make the greatest impact in our community? What are the things that we can do that we've never been able to dream of before that are really going to make a difference? So, that's huge.

In interviews, more than three-quarters of leaders discuss the shift in their thinking that accompanied the receipt of this gift. A scarcity mindset has been replaced with an opportunity to pursue transformational possibilities, as leaders are able to reimagine their organizations "in the ideal way to achieve the biggest impact that we could have."

"This funding has been transformational because it's allowed us to live up to our values, do the right things by our network, by our beneficiaries, the communities that we work with," says one leader. Another says, "This has a really important long-term impact because the goal is to move us, and therefore our organizations that we support, from a crisis mode. When you jump from crisis to crisis, you can't get the real work done."







More than 40 percent of interviewed leaders talk about the opportunities to innovate and take risks that their grant has afforded them, knowing they are now more financially secure. “It’s an opportunity to be innovative and creative because we have more foundational support,” says one leader. Another says, “For us to have money to pilot something to see how it goes is just a miracle from heaven.” Other leaders put aside a specific portion of the gift specifically for bold or risky ideas.

Along with positive effects on their approach to leadership, one-quarter of leaders interviewed describe feelings of self-imposed pressure to spend the gift well. “There’s a lot of internal pressure to deliver on what we talked about. Even though her team isn’t constantly monitoring every step that we take, we feel that we owe it to our partners and our communities to do the right thing and to do something that’s providing value,” says one leader. Another says, “There may be some unintentional pressure to do good as fast as you can, to prove that you’re worthy of the gift.” (See Figure 6.)

FIGURE 6. Top Four Impacts of the Grant on Nonprofit Leaders



-  A shift from **scarcity to abundance** mindset
-  A sense of **relief and breathing room**
-  More **innovation and risk taking**
-  Self-imposed **pressure**


Note: Data informing this figure come from interviews of 40 nonprofit leaders.

NONPROFIT LEADERS OF COLOR, IN THEIR OWN WORDS

“
Let me describe it like this: The way that I look at our philanthropic sector in general is that there is an appearance that there is an equal way to get funds. Like, there’s an appearance that everything is fair and equal. So, when MacKenzie does what she does in a way that kind of shatters our perception of what’s equal, and she provides some equitable gifts, she gets out of the way. She trusts the leaders in ways that our foundations here that make us jump through really stupid hoops for \$50,000 and then require all this bullshit of us don’t. You know, that’s pretty remarkable, and it kind of sends a signal which I hope will be one that more funders will want to emulate.


— **Leader of an Arts/Culture Organization**

“
I’m coming into an industry where I’ve been told about two million times that organizations led by women of color get less than others. And I know that for a fact from even my for-profit work, it happens there, too. You know, venture capital is disproportionately toward white men. So, I was nervous about this because I’m thinking, man, I hope that who I am doesn’t cheat this organization out of opportunities, you know? And that’s a sad thing to even admit to you, but I did think that. And this grant really helped because what it did was it also positioned being a woman of color leader as an asset, not a liability. — **Leader of a Direct Service Nonprofit**



In my instance of being a Black leader in the arts, sadly, I am the only Black leader in this city who runs an arts nonprofit with this budget. And the feeling that I've always had is just that I have to do things three times better than my peer organizations. We have to do a tremendous amount of research and evaluation to prove that what we do actually works. We still see ourselves not being supported at levels over the past decade that are commensurate with our work and proportional to what, again, our colleagues in the same space are doing. What MacKenzie did that no other major funder has done is she takes herself out of the middle of the conversation. The significant part is her centering me as the leader of the organization and the work that we do with our young people. That's priceless. That's a feeling I've never had before.

— **Leader of an Arts/Culture Organization**



I always tell myself and my staff the worst anybody can do is say no. In Indian country, we've been hearing no for 500 years. That doesn't deter us. I would love if people would jump onto MacKenzie Scott's wavelength and giving priorities. Working in Native communities or marginalized communities, what you're always going to find is we really truly do understand what particular segment of our economy or community needs assistance and what those measures could be, we simply just do not have the resources to fully accommodate what those work plans or projects could look like. I think that she's a wonderful torch bearer for what can be done with wealth, what can be done with communities when you give the funding and say, 'You know what you need to do with this; you do the best you can for your community and organization.'

— **Leader of a Social Finance Nonprofit**



FINDING

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Nonprofits are using the grant money to help those they seek to serve by improving or expanding their existing work and engaging in new work, often bringing on new staff to take on that work. Most are also using the money to improve their organization's financial stability and to fairly compensate and support staff.



Organizations responding to our survey generally had decided, at least in broad terms, how to use nearly all of their grant money. Most organizations are using the resources to expand their programmatic work as well as to shore up their financial health and improve internal operations. Organizations are not typically using the resources in just one area or on just one initiative but rather spreading them across a range of programmatic, financial, and operational efforts.

While the typical respondent had spent less than 30 percent of the funds at the time of the survey, most had already determined uses for the rest of the grant funds. However, some of these determinations are at the broad level of, for example, establishing a special initiatives fund, meaning there are decisions yet to be made about more specific uses.

DECIDING HOW TO USE THE GRANT

About half of interviewees say that their decision-making process for this grant differed in some way from how their organization traditionally made decisions. For example, some said the process for determining how to use this grant was more inclusive and involved more people (e.g., staff, volunteers, community members) or that the timeline for making decisions was different. As one leader says, “I don’t think we’ve ever had a decision-making process be so inclusive because of constraints of other funders. This gift was so open-ended. Nothing really was off-limits that we could use it for. We rarely get that kind of funding. Usually, it’s a pretty quick turnaround, so we don’t have time to elicit ideas from the whole staff.”

Interviewees describe their boards as a partner in the discussions of how to use these grant funds and generally supportive of the directions suggested by the organization’s leadership. “Our board has a lot of faith in our ability to bring in new programs as well as a lot of faith in our ability to be good stewards of other people’s money and look long term at the operating health of the organization,” says one leader. Another leader explains, “We presented the recommendation to the board, and the board shared the same vision, and they blessed the program.”

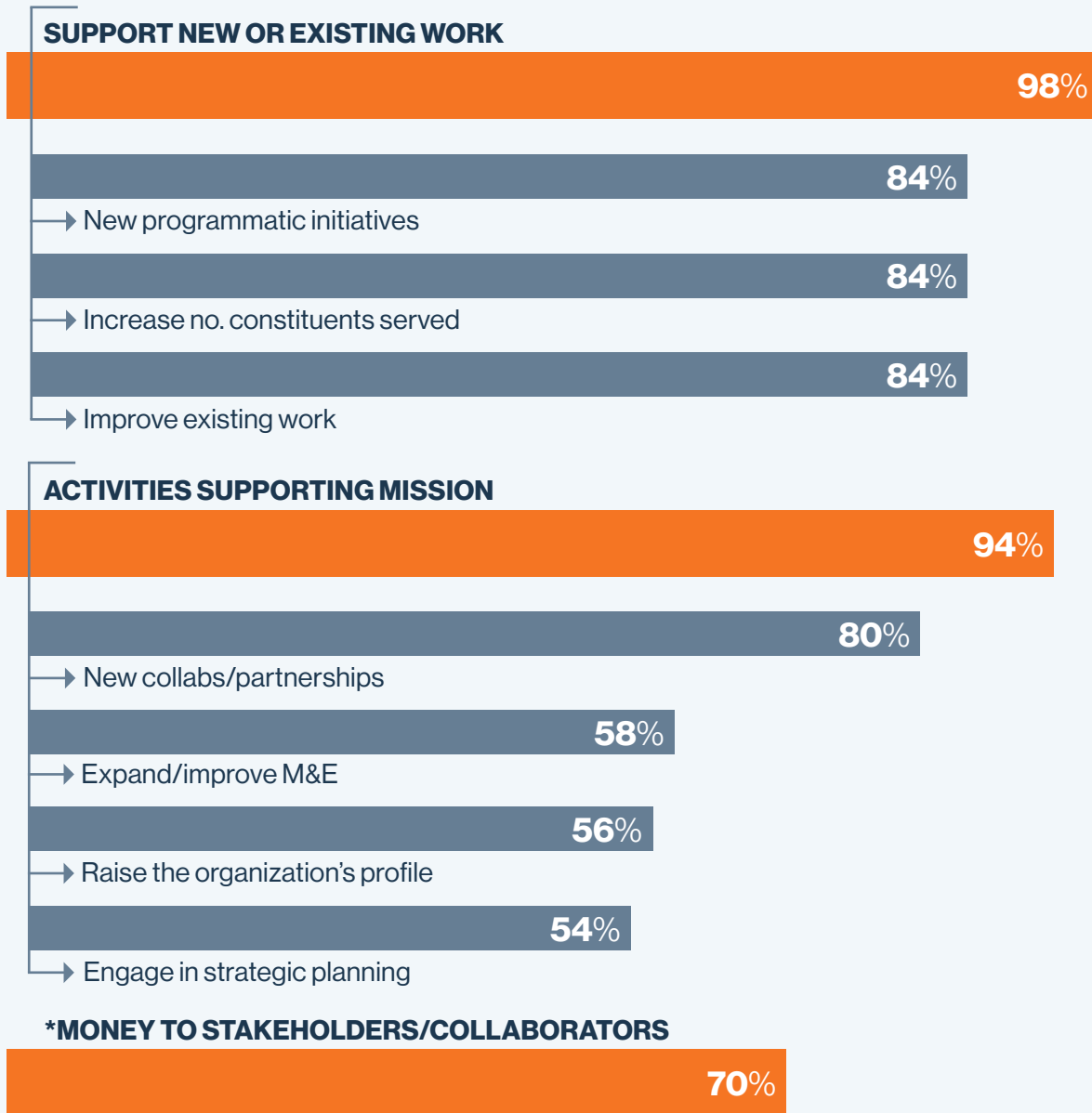
USES OF THE GRANT

Organizations have prioritized putting the money toward their programmatic work, believing this will lead to the greatest impact. Organizations are using funds on efforts such as expanding centers “to help transition families out of poverty,” a “down-payment assistance fund for BIPOC first-time homebuyers,” and securing “equipment for addressing chronic health issues, primarily for people of color, in areas with disproportionately high levels of health disparity.” Programmatic uses also encompass capital expenses, such as “replacing the lighting system in performance spaces on the verge of failing” and COVID-19 pandemic relief, including an intermediary organization’s “grants to nonprofits for immediate local pandemic services and relief.”

Almost every nonprofit is using the grant money for some element of their programmatic work. Most frequently, uses included supporting new or existing programmatic work, activities that better align the organization with achieving its mission, and provision of money or needed supplies to constituents and other nonprofit organizations. (See Figure 7.) (See Appendix C for all categories of use listed in the survey CEP administered.)

FIGURE 7. Uses of the Grant: Programmatic Work

Programmatic uses for which organizations have used or will use some portion of the grant (Ns range from 194 to 241)



**For example: purchasing supplies, providing financial support such as scholarships, or regranting.
Note: Measurement and Evaluation is abbreviated as M & E.*

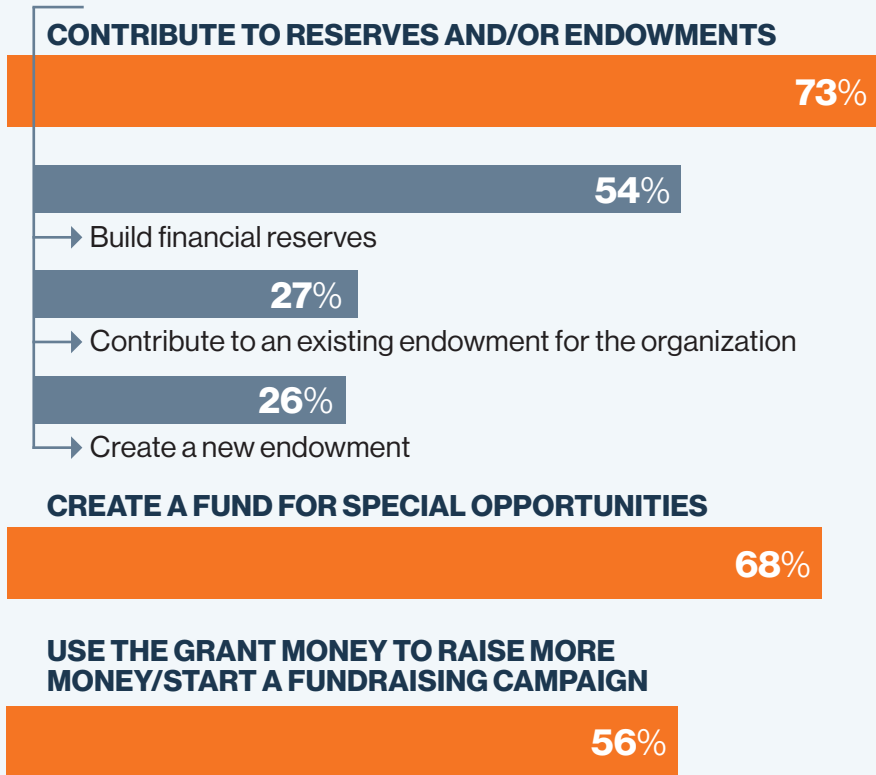
In addition, more than 90 percent are using the money to improve their organization's financial stability. Most frequently, organizations contributed to or created financial reserves or an endowment, created a fund for special opportunities, or used the grant for fundraising — specifically, using the grant money to raise more money or start a fundraising campaign. (See Figure 8.) As one leader says, “The reserve is especially critical given the volatile nature of funding in the civic engagement space and for us to be able to sustain the deep support, funding, and collaboration needed to advance our work.” Organizations led by people of color tended to undertake more activities to strengthen their organization's financial



stability and were more likely to say that they have already or will use some of the grant funds to pay debts and/or address financial gaps compared with leaders who are not people of color.¹⁷ This is true even when controlling for the budget of the organization before receiving this grant.

FIGURE 8. Uses of the Grant: Financial Stability

Financial uses for which organizations have used or will use some portion of the grant (Ns range from 187 to 230)



FINANCES OF RECIPIENT ORGANIZATIONS

In the year prior to receiving this grant, recipient organizations reported a median operating budget of \$8,000,000. Leaders of color reported operating budgets for their organizations that were lower than other organizations (\$5,000,000 vs. \$10,000,000).

Responding organizations had varying levels of financial stability prior to receiving the grant. Almost half report having had a board-designated reserve fund in place, and 41 percent had an endowment.¹⁸ Approximately one-third of responding organizations had neither board-designated funds nor an endowment. Organizations led by people of color were less likely to have a board-designated reserve fund in place before receiving this grant (43 percent vs. 60 percent).

¹⁷ The percentages are: Organizations led by people of color (54 percent) compared to leaders who do not identify as people of color (39 percent).

¹⁸ The percentage of nonprofits reporting having an endowment prior to receiving a grant from Scott matches data we have from research conducted with nonprofits across the country in 2020 as well as 2021; we do not have comparable data to contextualize the percentage of nonprofits with a board-designated reserve fund prior to receiving a grant from Scott.

Almost 90 percent of organizations are using the grant money for staff and operational needs. Most frequent uses include hiring staff or consultants, increasing salaries or improving benefits, upgrading technological infrastructure, and providing professional development for staff or leadership. (See Figure 9.) Organizations led by people of color are undertaking more of these activities and are also more likely than leaders who don't identify as persons of color to say that they have already or will use some of the grant funds to raise staff salaries and/or improve staff benefits.¹⁹ Again, this is true even when controlling for the budget of the organization before receiving this grant.

FIGURE 9. Uses of the Grant: Staff and Operational Needs

Operational uses for which organizations have used or will use some portion of the grant (Ns range from 191 to 220)



¹⁹ The proportion of leaders of color indicating that they were using the funds to raise staff salaries and/or improve staff benefits was 73 percent among leaders of color compared to 53 percent of leaders who do not identify as a person of color.

REGRANTING

About 40 percent of organizations are regranteeing some of the funding they received from Scott. Almost all of these organizations were doing some regranteeing prior to receipt of their Scott grant. We wondered whether Scott's grantmaking approach would have a sort of "trickle down" effect on how the money was regranteed, but we see relatively little evidence of this: Most of these organizations are following the same application and reporting processes they had in place prior to receiving the grant. About a quarter of the grants they have made from this money have been unrestricted.

Leaders report that this grant has allowed their organizations to establish grantmaking programs, increase the number and types of organizations to which they give, and increase the amounts they give. When asked what they believed their organization has been able to achieve so far as a result of receiving this grant, one leader says, "Increasing unrestricted multiyear responsive grants to organizations in our most marginalized communities, where we have not had the scale of flexible funds to do so before." Another says, "We've been able to distribute \$1 million in capacity-building grants to 70 nonprofits serving underserved communities."

SUPPORTING COLLABORATIONS, PARTNERSHIPS, AND ECOSYSTEMS

About 80 percent of survey respondents reported that they have or will spend some of the funds on collaborations and partnerships. In interviews, 40 percent of leaders describe this grant as strengthening their organization's entire ecosystem, beyond the organization itself; for example, by enabling new partnerships or by regranteeing the funds to create momentum for larger movements.

Some of these leaders discuss being able to sustain or deepen collaborations that might otherwise have ended due to lack of funding. "Some of the partnerships that in the past we would have to pause or halt, or at the very minimum identify further funding resources for, we've been able to continue. That's been amazing," says one leader.

Other leaders describe new partnerships that were enabled because of their grants from Scott. "Sometimes, we'd find a partner, but there was no money in the budget to be able to put any money into the partnership. So, we set up a strategic fund that allows us to be able to work in partnerships and do things when opportunities present that we have not had leeway to do in the past."

Finally, some interviewees describe increased communication and collaboration with other organizations that have also received gifts from Scott. "It sparked more dialogue and conversation," says one leader, with another adding, "It creates that cohesion and relationship-building between others that have also gotten the grant."



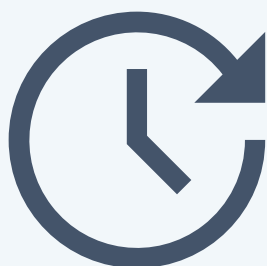
FINDING

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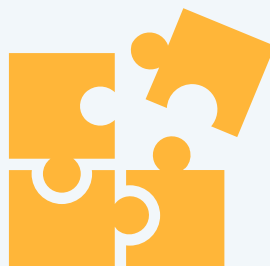
To date, few nonprofit leaders have encountered organizational challenges or faced disruptions, such as declines in other funding, as a result of these grants. Instead, leaders were able to address long-standing needs and reported increased confidence and credibility for their organizations. The main lesson they believe this experience holds for other funders is to have more trust in nonprofits.

Few leaders report that their organization encountered major challenges to date because of the grants or difficulties in deciding how to spend the funds. Indeed, uses for the funds seemed obvious to many of the leaders. Almost three-quarters of the leaders we interviewed already had plans in place that they used these funds to support or accelerate. As one leader says, “We had a vision for the use of this money, and we executed the vision.” Others had budgetary gaps that this money easily filled, and a few used the grant for emergency needs brought about by the COVID-19 pandemic. (See Figure 10.)

FIGURE 10. Clear Uses for Grant Funds



Supporting or accelerating
plans already in place



Filling **budgetary gaps** left by
restricted funding



Responding to **emergencies**
(COVID-19, racial injustice)

To the extent that there have been challenges, they stem from the fact that organizations felt they had more unmet needs than even this large grant could address — this is the case for nearly one-third of the organizations. As one leader says, “The only challenges involve considering the tradeoffs between different options, including staff development, asset investment, or hiring.” Another explains, “Of course, the gift was huge, but the needs of the community and organization are tremendous. The issue is how to choose which of the many needs to address.”

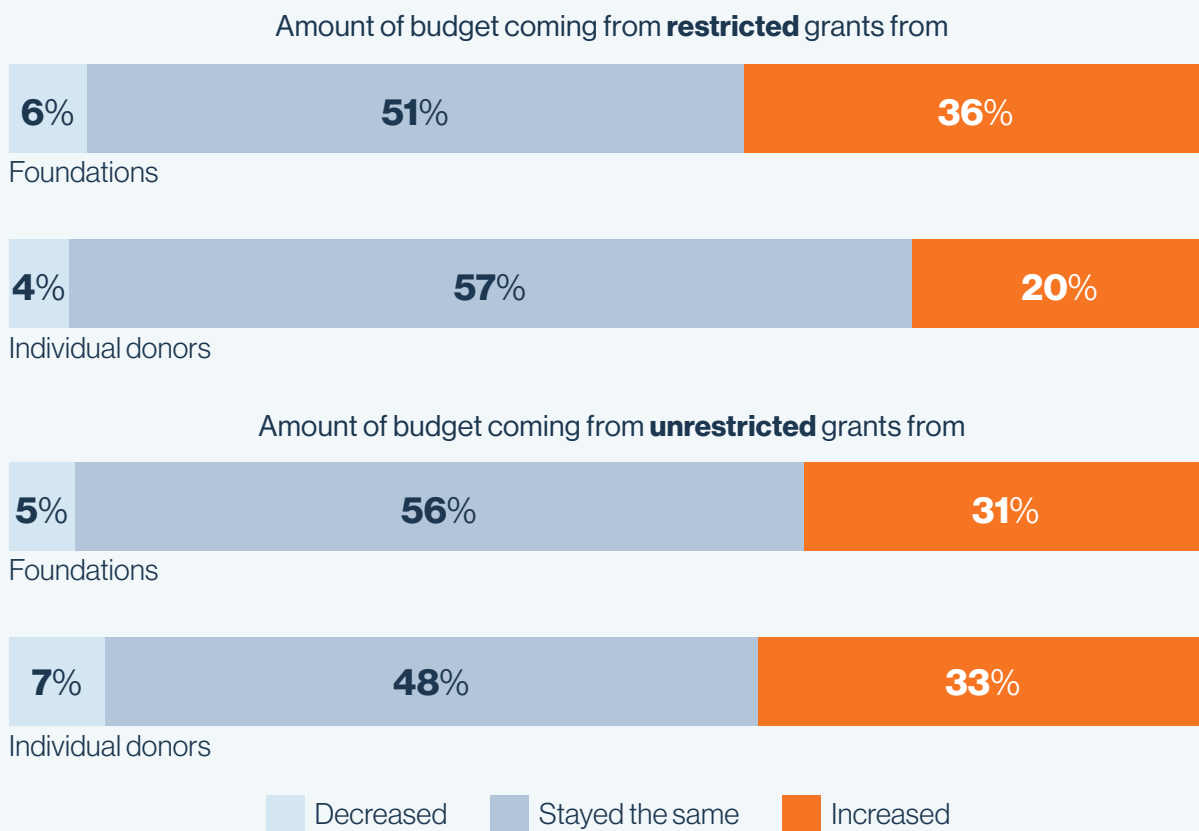
Most leaders interviewed say the gift increased their organization’s confidence or credibility. Leaders described how the receipt of this grant provided a sense of validation derived from the stature of MacKenzie Scott, as well as the caliber of the other nonprofits that received grants. “It felt very powerful, it felt very validating, and it absolutely did give us that freedom and ability to assign our own priorities to what we needed to do,” says one leader. In some cases, this grant has provided reassurance to leaders who thought, “Maybe we were a little too radical in terms of the way that we were talking,” particularly related to issues of racial equity. For example, one leader explains, “Knowing that we were going to have a sustainable racial justice program gave me a greater degree of confidence to step more boldly into racial justice work.”

FUNDRAISING

Most nonprofit leaders report that fundraising has not been made more difficult after receiving this grant, as some had feared. In fact, slightly more than half report that the Scott grant has made fundraising easier. To date, most respondents have not experienced foundations or individual donors explicitly changing funding because they received a grant from Scott. Of the few that have, there was an even split of receiving more or less money from funders. Respondents were more likely to indicate funding from both foundations and individual donors had increased than decreased. (See Figure 11.)

FIGURE 11. Change in Funding from Foundations or Individual Donors

Changes in contributed revenue since receiving the Scott grant
(Ns range from 252 to 253)



Note: All rows do not add to 100 percent because some respondents answered “not applicable.”

About three-quarters of leaders report that receiving the grant changed their approach to fundraising. Many of these leaders describe a shift to a more strategic approach to fundraising. As one leader says, “It has emboldened us to be more strategic in fundraising by giving us a cushion to be more selective about restricted grants. This will put us in a much stronger strategic position going forward, as we will be able to focus on funding that is better aligned with our strategy.” Some feel empowered to ask for larger grants, saying, “The Scott gift has made us believe that we are worthy of a gift of this size and

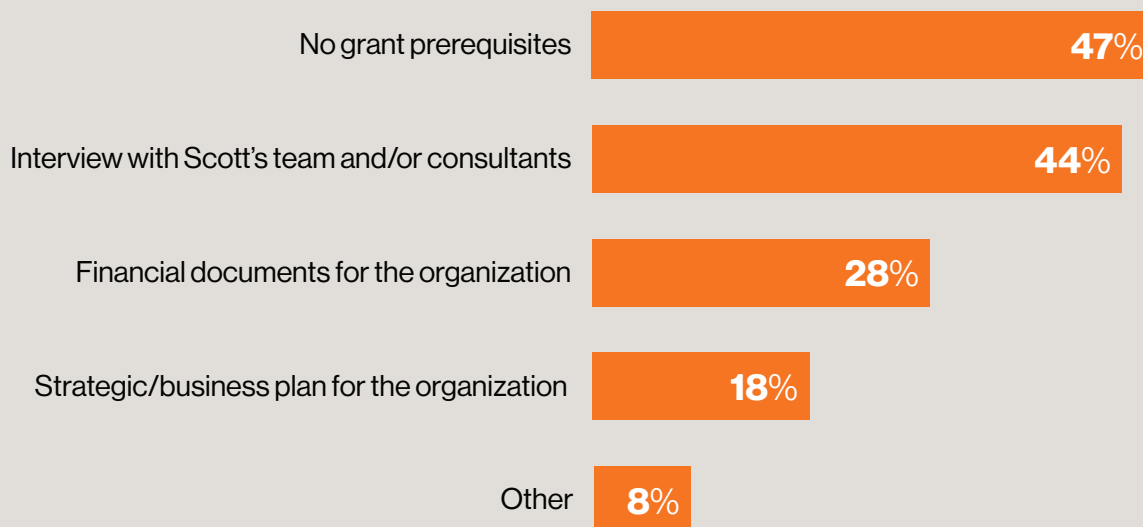
importance. We now ask an important question: ‘What would you like your donation/philanthropy to accomplish?’ We also ask for larger annual contributions.” Some leaders describe using this grant as a kind of leverage: “We have used this grant as a good practice example of how to support our work — if one donor has been able to take this approach, why not others?” Another leader says, “We also used the funds to leverage funding from other funders. As it turns out, we have raised more in philanthropic support since receiving the Scott gift. We have received the Scott ‘stamp of approval,’ and as a leader of color that stamp of approval has provided me with greater credibility.”

BEFORE RECEIVING THE GRANT

Before receiving the grant, slightly more than half of responding nonprofit leaders were asked to provide information, including financial documents for their organization, strategic or business plans, or to take part in an interview with Scott’s team or consultants. (See Figure 12.)

FIGURE 12. Grant Prerequisites

Organizational information or interviews required by Scott’s team before the award of the grant (N=271)



Note: Percentages add to more than 100 because respondents could select more than one category.

For the minority of nonprofits that experienced some negative effect on their fundraising, interviewed leaders explain that these effects tended to be temporary or limited in scope. A few of these leaders suspect — although they don’t know for sure — that negative changes in their fundraising have been a result of having received this grant. A few others find themselves in the position of having to explain to funders that their organizations still do need more funding. One leader says, “One negative is that a lot of people started saying, ‘Now, why would you need funding?’ And we had to say that in fact now we would need more funding because we are thinking big.” Another leader says, “There was an initial chilling of philanthropic gifts immediately after the publicity of the receipt of this gift. And so that was an expected outcome, but it still happened. It didn’t last very long. A couple of months later, MacKenzie Scott’s vote of confidence in our organization drew a lot of attention to us.”

LESSONS LEARNED

About 80 percent of interviewees discuss lessons learned from this experience that they hope can help other nonprofits. Most frequently, leaders are learning to think bigger in terms of what is possible for their organizations to achieve, both in their programmatic work and in their fundraising. “I would encourage other nonprofits to not be afraid to dream big and envision a bright future,” says one leader. Another says, “It’s really given me confidence as a CEO to really ask more and demand more from high-wealth individuals.” Closely related to the lesson of dreaming bigger, the next most common lesson leaders shared is the importance of having a strategic plan in place, should their organization receive this type of funding. “I would underscore the importance of having a strategic plan in place — even if you don’t necessarily have the funds to do it — because it gives you a direction, and you never know when something like this might happen,” says a nonprofit leader.

Nonprofit leaders hope that their experiences receiving these large, unrestricted gifts from MacKenzie Scott encourage other funders to trust nonprofits more than they have to date. The trust that has come with receiving such a large and completely unrestricted gift has enabled organizations to focus funds where they were most needed to achieve their mission. The experience has been “empowering.” It has allowed these organizations to “go back to our core vision” and “do not only the scalable thing but the right thing, leading to more equitable outcomes.” One leader says, “I would love for funders to explore what it looks like to be less restrictive with grants, more trusting of organizations that they know what to do to serve the communities that they serve.” Nonprofit leaders contrast this experience with other funder relationships in which they “spend so much time responding to funder demands” and “making compromises” in the way they do their work.

NONPROFIT LEADERS' PERSPECTIVES ON SCOTT'S GIVING APPROACH

Nonprofit leaders who received grants from Scott praised her trust-based approach and her focus on equity.

It is so refreshing to a veteran nonprofit person to have a donor say, "You know what? It's up to me, it's my responsibility to do the research about who I want to support. It's not up to the charities to prove to me why I should support them, and I'm going to do this in a very organized, methodical, data-driven way. And then, once I find these, the fact that I've used this process dictates the fact that I don't have to tell them how to use the money because I can trust them 100 percent because of the research that I've done about the organization." — Leader of a Direct Service Organization

It is very rare that we have a funder who allows us to make those kinds of patient and deliberate decisions. Because usually their money comes and has very short timelines on decision-making for us to accept it or not, enter into agreements with them on how they want us to spend it or how we can negotiate that spending. And the fact that Ms. Scott put no strings attached onto this money save a one-page report at the end of every year really gave us the liberty and the time to have deliberate discussions around how we might use that. — Leader of an Intermediary/Regranting Organization

I also think the very pointed emphasis on women of color-led organizations was super helpful. Having organizations that reflect and mirror the communities that they serve and making that a good thing instead of a bad thing — I think that was extremely important, and I do hope that lesson was taught, though it remains to be seen. — Leader of a Media Organization

About one-third of interviewees had questions about, or suggestions regarding, Scott's methods. Many of these leaders, however, also had positive things to say and presented their constructive feedback as additive, rather than as a rejection of Scott's approach.

Change, real social change, takes time, and a big transformative gift like this with no time restrictions, that's great. But, if they really want to have impact on the world, some of these groups they ought to fund them a second time, a third time. And the fact that we have no way of knowing whether that's even possible is just a little bit frustrating. — Leader of a Philanthropy Serving Organization

It's not clear how we could influence MacKenzie Scott to recognize our peers who they missed. I think that's one of the complications. Like, normally, we could say to a peer, "Hey, this program officer at this foundation is trying to build a portfolio," or "We're getting funding for this from this other foundation, I can make an introduction." Which happens, you know. Those are the sorts of conversations that EDs have together, and it's not possible to do that with this source of funding. — Leader of an Advocacy and Research Organization

CONCLUSION

Scott's approach has challenged norms that influence giving by individual donors and foundations alike. To be sure, other donors and foundations have given large, unrestricted gifts. Others have streamlined proposal and reporting processes or given surprise, out of the blue gifts. Others have prioritized giving focused on equity or made an effort to support organizations led by people who share demographic characteristics or life experiences with those they serve. Yet, while none of the particulars of Scott's giving approach are new, they have been put together at a scale that has generated much interest and debate in philanthropic and nonprofit circles.

Scott's entry onto the philanthropic stage also comes at a moment when many foundations and big donors have re-examined their approaches. The COVID-19 pandemic and racial justice reckoning of summer 2020 prompted many to reconsider their approaches to unrestricted giving, to streamline processes, to focus on equity, and to place more trust in nonprofits.²⁰ Even before 2020, there were a number of efforts backed by major funders focused on supporting organizations for the long haul with larger, flexible grants. The Ford Foundation, for example, announced its now \$2 billion BUILD initiative in 2015, supporting organizations focused on inequality. This context makes it all the more important to understand the experiences of those who have received gifts from Scott — and what other donors might learn from them.

Some have wondered whether nonprofits would crumble under the weight of these grants — that they would not be able to effectively allocate these sums of money, they would lack capacity, or that other funders would pull back their funding to those that received gifts from Scott. Despite these worries, our findings suggest that, for the vetted organizations that received massive gifts from Scott between summer 2020 and summer 2021, the effects have been dramatically and profoundly positive, at least so far and at least in the eyes of their leaders.

These large sums of unrestricted gifts have allowed organizations to fulfill basic, unmet needs — from expanding programs to strengthening financial sustainability to improving operations. Organizations have been able to quickly determine uses for these funds, and there have been few, if any, unintended negative consequences to date. On the contrary, the leaders we surveyed and interviewed report a new sense of empowerment and agency that they believe has positively affected their organizations, their fundraising ability, and their own personal leadership.

It is too early to render definitive conclusions about Scott's giving and its effects. Like all research, our study is limited by the moment in which it was conducted and by its scope. We have documented the perspective of those who received funding — and so, it is perhaps not entirely surprising that the findings are largely positive. Our study cannot shed light on the effects of the grants on organizations that didn't receive them, of course, or on the fields or movements that were supported.

But understanding the particular ways in which those on the receiving end of Scott's giving have experienced it, and how they are using the funding, offers insights that can inform other donors as

²⁰ Bateau, Orensten, and Marotta, "Lasting Change?"

they consider how to structure their giving. In subsequent years of this effort, we will seek to track the progress of those organizations whose leaders we interviewed and surveyed for this effort, as well as add more recent recipients of Scott's giving.

In years two and three of our study, we hope to explore questions that require some time to examine, including:

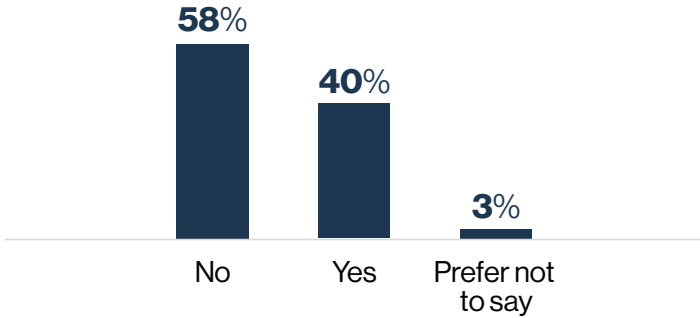
- ▶ How do the experiences of nonprofits that received these large, unrestricted gifts change over time?
- ▶ What additional evidence do these organizations have of the impact of these gifts on their programs, financial health, and operations?
- ▶ Do the nonprofits funded by Scott reach a “financial cliff” that forces them to pull back on expanded or new efforts because they cannot replace her funding?
- ▶ How do these organizations' growth and evolution compare to others in their fields that did not receive these gifts?
- ▶ Do leadership turnover rates look different for these organizations than for others and in what way?
- ▶ To what extent are other funders' practices influenced by MacKenzie Scott's approach?

These are just some of the questions we will explore in the next stages of this research effort.

Appendix A: Survey Sample Leader Characteristics

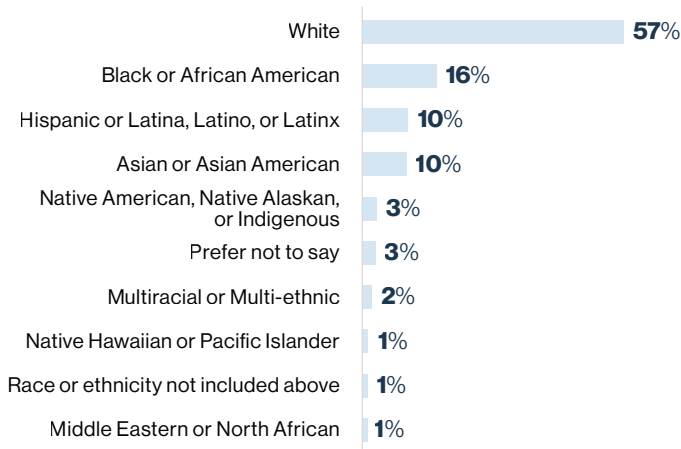
Racial Identities of Surveyed Leaders

Do you identify as a person of color?
(N=224)



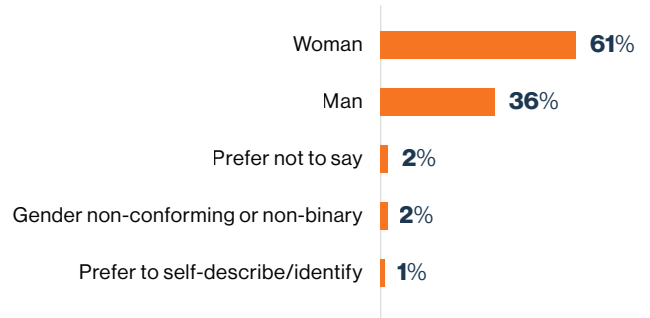
Note: The percentages above total to 101 due to rounding.

What is your race or ethnicity?
(N=277)

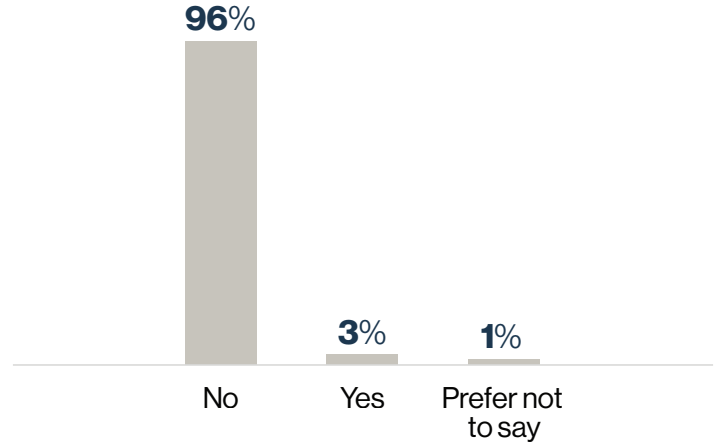


Gender Identities of Nonprofit Leaders

How do you describe yourself?
(N=258)

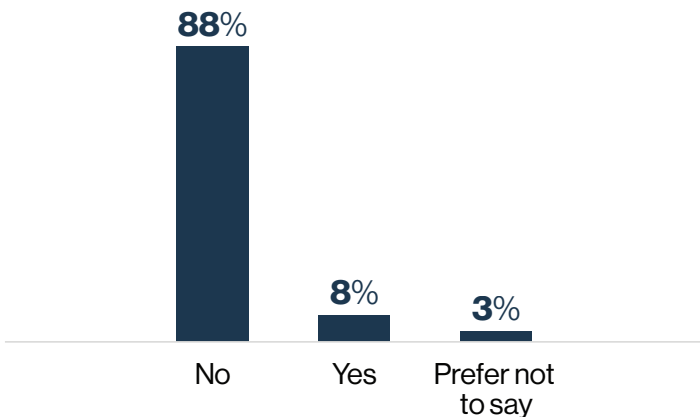


Are you transgender?
(N=255)



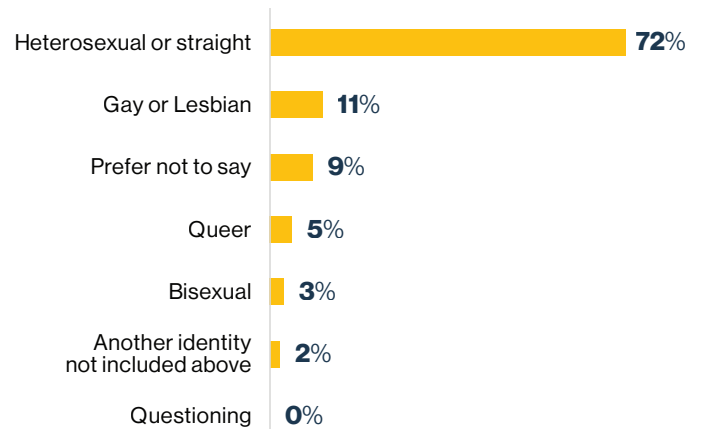
Disability Identities of Surveyed Leaders

Do you have a disability?
(N=258)



Sexual Orientation of Surveyed Leaders

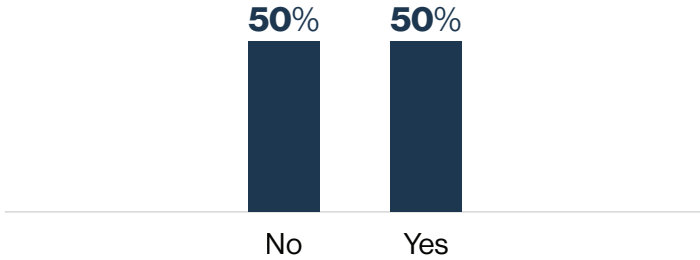
Do you consider yourself to be:
(N=243)



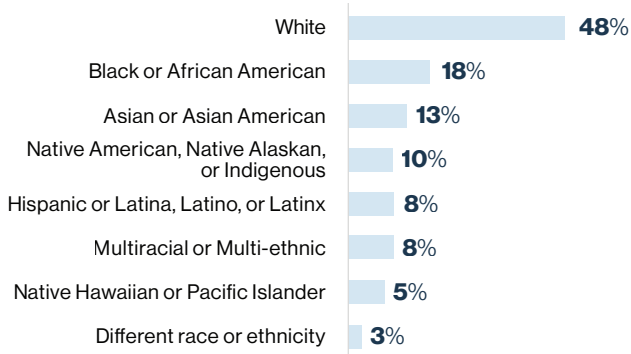
Appendix B: Interview Sample Leader Characteristics

Racial Identities of Interviewed Leaders

Do you identify as a person of color?
(N=40)

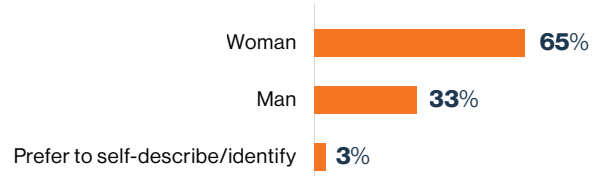


What is your race or ethnicity?
(N=40)

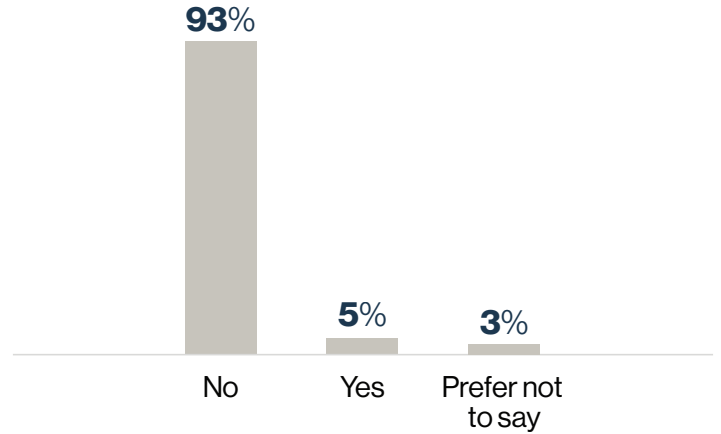


Gender Identities of Interviewed Leaders

How do you describe yourself?
(N=40)

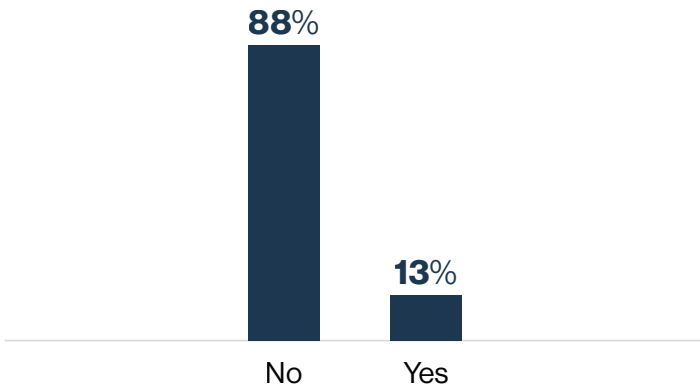


Are you transgender?
(N=40)



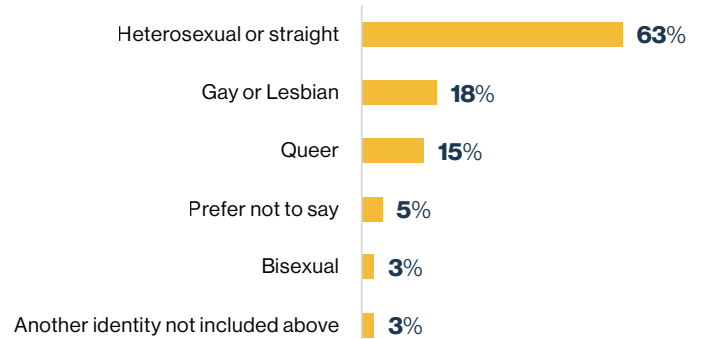
Disability Identities of Interviewed Leaders

Do you have a disability?
(N=40)



Sexual Orientation of Interviewed Leaders

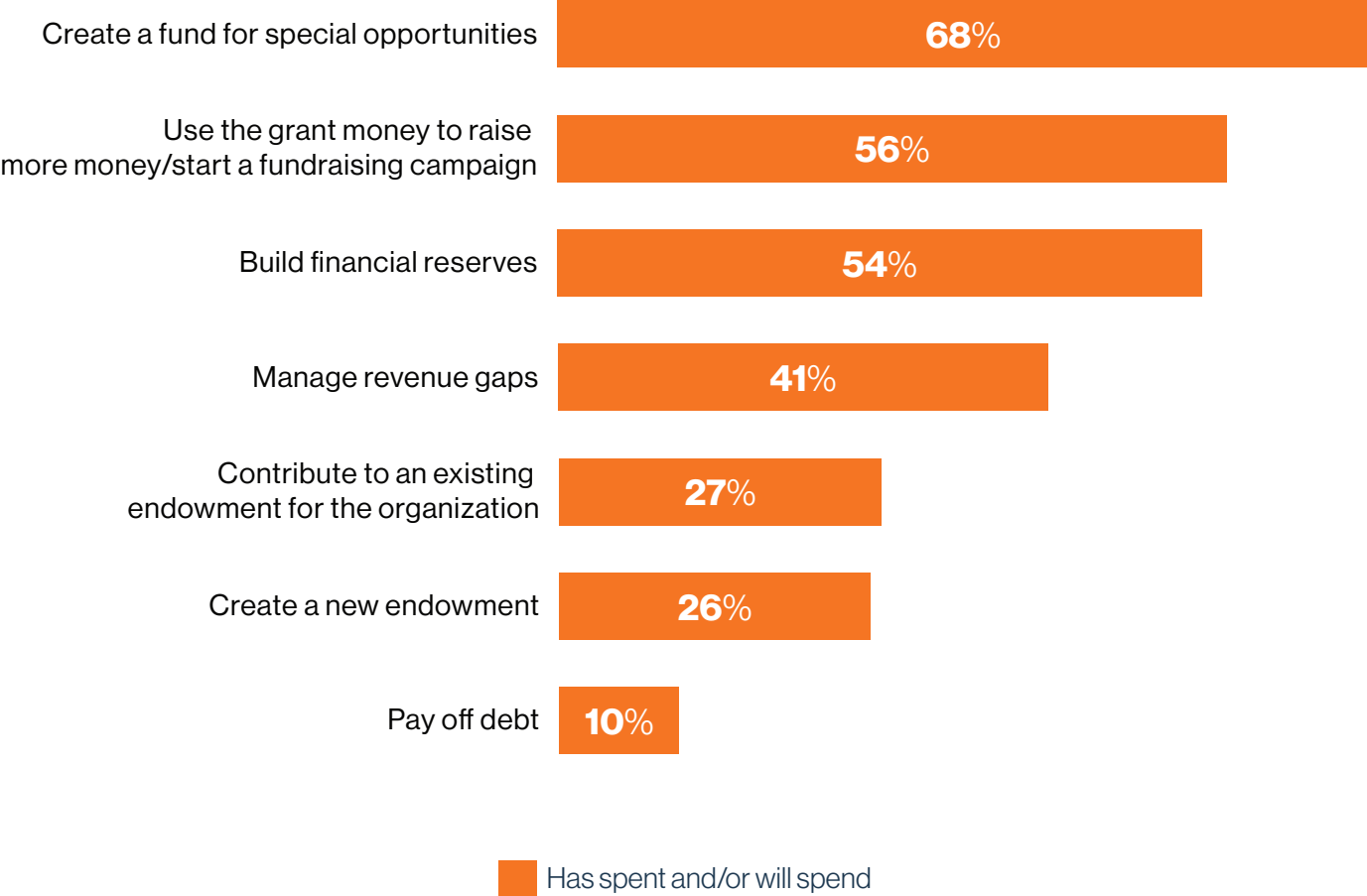
Do you consider yourself to be:
(N=40)



Appendix C: How Organizations Have Spent or Will Spend the Grant Money

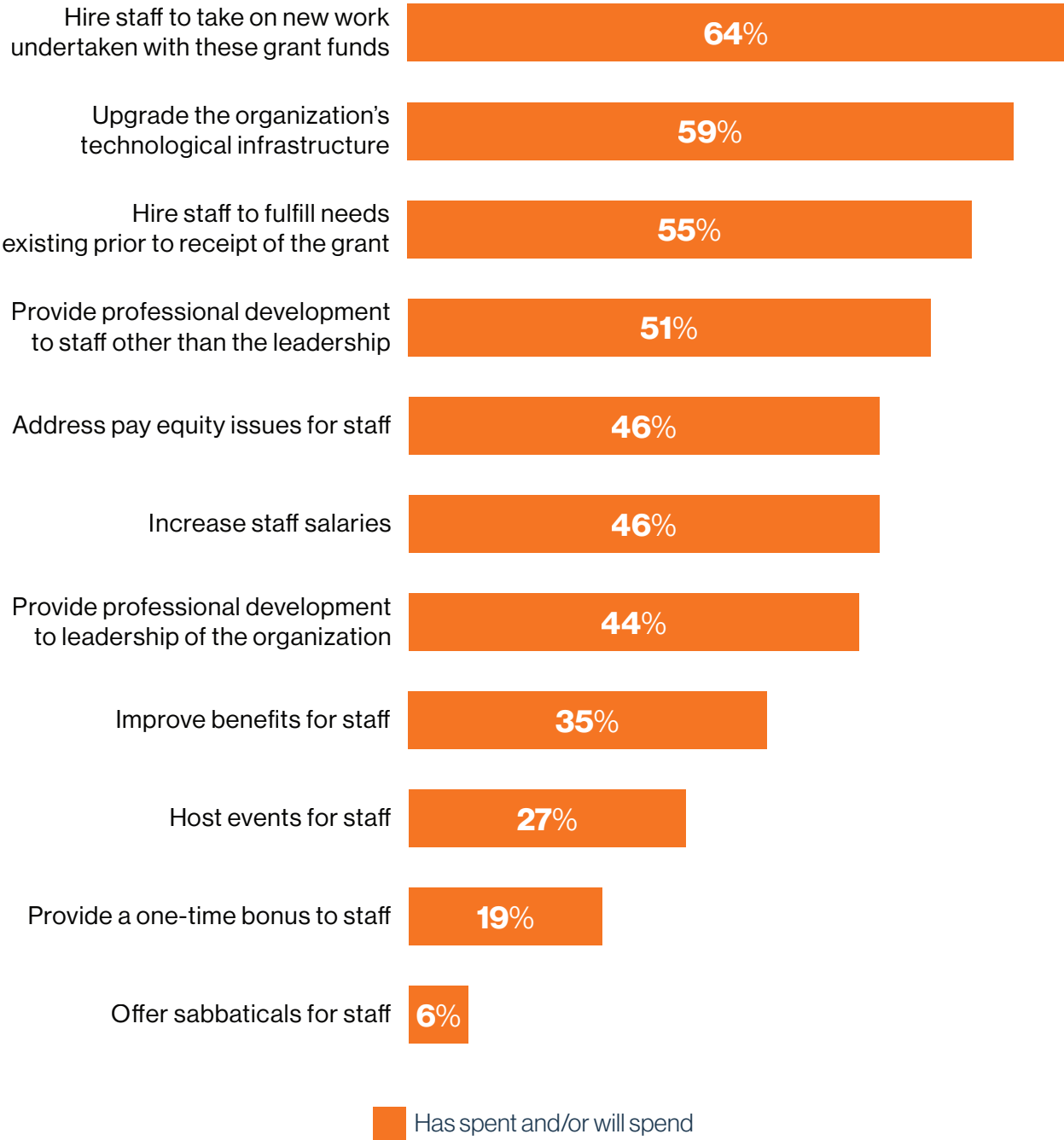
The figures below include the full list of categories included in the survey that CEP administered.

For which of the following **financial uses** has or will your organization spend a portion of the grant? (Ns range from 186 to 213)



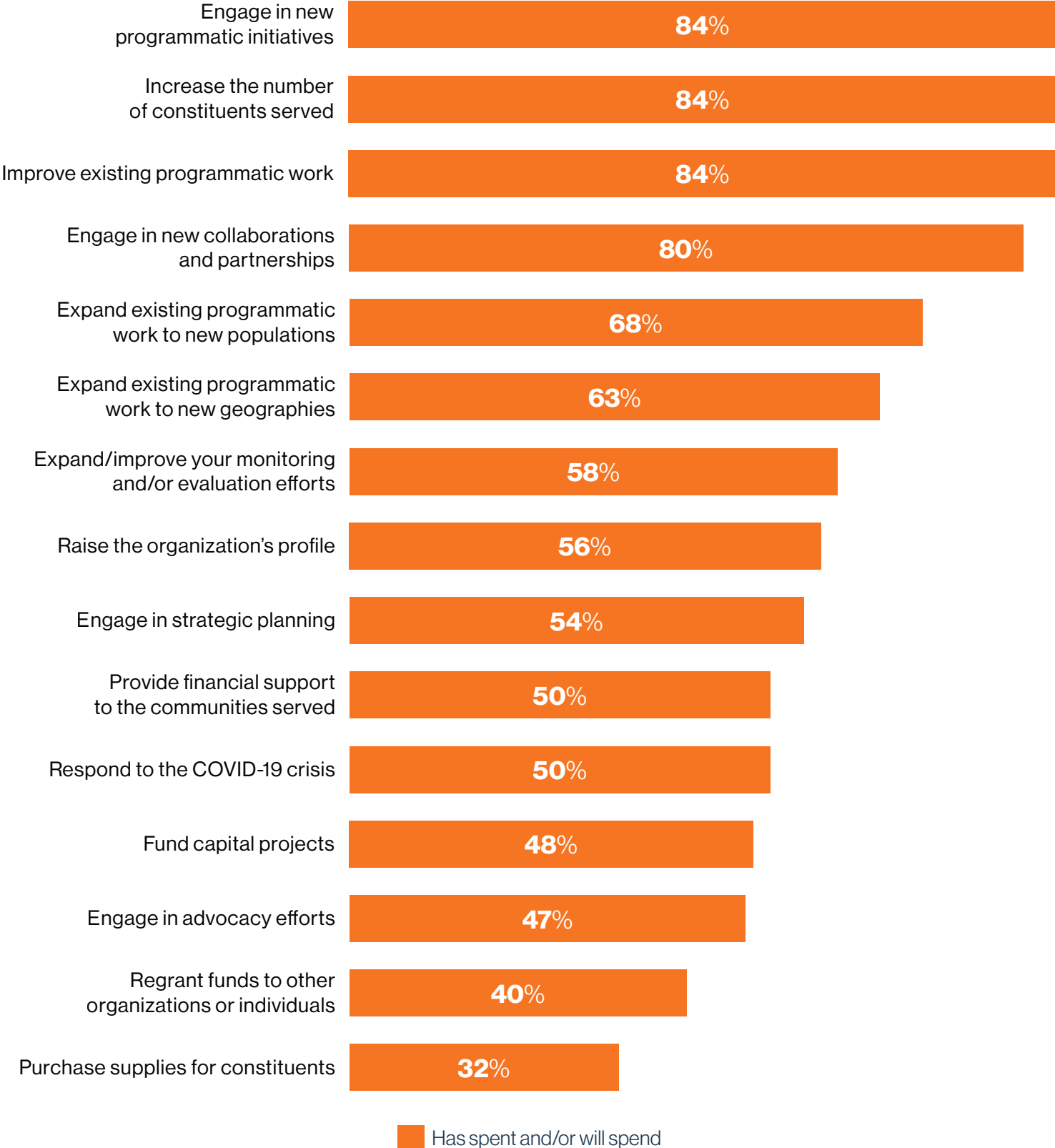
Appendix C: How Organizations Have Spent or Will Spend the Grant Money

For which of the following **operational uses** has or will your organization spend a portion of the grant? (Ns range from 185 to 210)



Appendix C: How Organizations Have Spent or Will Spend the Grant Money

For which of the following **programmatic uses** has or will your organization spend a portion of the grant? (Ns range from 183 to 217)



Appendix D: Methodology

The findings presented in this report are based on data collected, analyzed, and interpreted by the Center for Effective Philanthropy (CEP). In total, leaders of 277 nonprofit organizations completed a survey and leaders from 40 organizations were interviewed. Information detailing the process for collecting and analyzing the data is below.

Survey Methodology

SURVEY POPULATION

We sought to study nonprofit organizations that were identified as receiving a grant from MacKenzie Scott on her Medium posts published on [July 28, 2020](#), [December 15, 2020](#), and [June 15, 2021](#). In total, her posts listed 768 organizations.²¹

CEP engaged in an extensive search to locate email contact information for the executive director or equivalent of the recipient nonprofit organizations.

SURVEY SAMPLE CHARACTERISTICS

In May 2022, CEP invited 760 nonprofit organizations to participate in a survey examining their experiences as recipients of large, unrestricted gifts.²² Completed surveys were received from 247 organizations, and partially completed surveys were received from 30 organizations. (See Table 3.) We did not provide any incentives (financial or other) in exchange for the completion of this survey.

Table 3. Response Rates

Survey Sample	Survey Period	Number of Eligible Respondents	Number of Completed/Partial Responses	Survey Response Rate
Nonprofits	May 2, 2022, to June 7, 2022	760	277	36%

SURVEY ADMINISTRATION

The survey was fielded online for a six-week period from May 2, 2022 to June 7, 2022. Participants were sent an introduction email a few days before the launch of the survey to introduce them to CEP and to this research study. Participants were later sent a brief email that included a description of the study’s purpose, a statement of confidentiality, and an individual link to the survey to prevent respondents from completing the survey more than once.²³ The survey was in English and was administered through Qualtrics. Participants were sent up to 10 reminder emails.

In addition, during the survey administration period, CEP staff members randomly selected and contacted a portion of the sample via telephone to encourage participants who had not started a survey or who had a survey in progress to complete the survey before the deadline.

²¹ In her first three rounds of giving Scott made 786 gifts. Our final survey sample contained 768 organizations because some organizations received more than one gift and, in those cases, we only sent the organization one survey. Although CEP was the recipient of a gift from Mackenzie Scott, CEP was excluded from the survey sample and did not participate in this research.

²² While the survey was fielded, 8 nonprofits were removed from the panel as we could not contact the executive director or other senior team member at the organization.

²³ Participants were also informed that a screen reader option was available if needed.

SURVEY RESPONDENT DEMOGRAPHICS

Survey respondents represented organizations that varied in expenses and staff size. See main report for descriptive statistics.

RESPONSE BIAS

We analyzed survey responses to determine whether participants were more likely to answer the survey based on when the organization first received a gift from Scott, their annual expenses, or the geographic region where the organization is located. Our analyses did not reveal any statistically significant differences on these measures between those that did or did not respond to our survey.

SURVEY INSTRUMENT

The survey examined nonprofits' experiences as recipients of large, unrestricted gifts. The survey, which contained 71 items, asked about the organization and whether it had determined uses for the gift. For organizations that indicated that they had determined how they would use the gift, we asked about types of financial, operational, or programmatic activities for which they were going to use the funds. All organizations were asked about the impact of Scott's gift(s) on their organization, their fundraising, and their equity efforts.

A copy of the survey instrument can be found on our website, www.cep.org.

QUANTITATIVE ANALYSIS OF SURVEY DATA

The unweighted quantitative survey data from nonprofit leaders were examined using descriptive statistics and a combination of independent sample t-tests, chi-squares, correlations, analyses of variance, and linear and logistic regressions. An alpha level of 0.05 was used to determine statistical significance for all testing conducted for this research. Effect sizes were examined for all analyses. Small effects are only reported if, during statistical analyses, a trend of small effect sizes was found across several of the variables tested.

QUALITATIVE ANALYSIS OF SURVEY DATA

Thematic and content analyses were conducted on the responses to the open-ended items in the survey.

A codebook was developed for each open-ended item by reading through all responses to identify common themes. Each coder used the codebook when categorizing responses to ensure consistency and reliability. One coder coded all responses to a survey question and a second coder coded 15 percent of those responses. An average interrater reliability level of at least 80 percent was achieved for each codebook. Our inter-rater reliability averages (IRR) ranged from 93 percent to 97 percent.

Selected quotations from the open-ended survey responses were included in this report. These quotations were selected to be representative of themes in the data.

Interview Methodology

INTERVIEW POPULATION

In the survey, we asked whether the respondent would be interested in participating in a confidential interview with CEP staff about their experience with this grant. Of those who had completed the survey by the original deadline, 144 respondents volunteered to be interviewed. Our goal was to interview 40 leaders.

To ensure that our interview group was representative of the different rounds of giving and included at least 20 leaders of color, organizations were stratified according to the following variables:

- ▶ When they received the MacKenzie Scott grant (July 2020, December 2020, or June 2021)
- ▶ Whether the respondent identifies as a person of color

Nonprofit leaders were then randomly selected from each of the stratified groups, and 55 organizations were invited to schedule an interview. Ultimately, leaders of 40 organizations participated in interviews.

SAMPLE DEMOGRAPHICS

Interview respondents represented organizations that varied in type and round of funding. A detailed description of the nonprofits' characteristics is provided in Table 4.

Table 4. Nonprofit Characteristics

Nonprofit Characteristic	Interview Sample
<i>Type of organization (N=40)*</i>	
Advocacy organization	35%
College or university	5%
Community foundation	8%
Direct service organization	38%
Grassroots organization	8%
Intermediary organization/regrantor	38%
Museum	10%
Philanthropy serving organization	13%
Private foundation	0%
Religious organization	3%
Research organization	10%
Social finance institution	10%
Other	3%
<i>Round of funding (N=40)</i>	
Round 1 (July 2020)	30%
Round 2 (December 2021)	35%
Round 3 (June 2021)	35%

*Interviewees were allowed to select multiple categories to describe their organization, so those categories are not mutually exclusive.

INTERVIEW PROTOCOL

An interview protocol was developed, and pilot interviews with nonprofit leaders were conducted to test its clarity, relevance, and utility. The interview protocol was edited based on the pilot interviews. Pilot interviews were not included in the final analysis of interview data.

The interview protocol began with an introductory script describing the purpose of the study and the confidentiality of the conversation. At the start of the conversation, interviewees were asked to provide permission for the interview to be recorded and transcribed.

The interview protocol consisted of 11 questions total about the decision-making process for determining the uses of the grant; the impact of the grant on the organization, the communities and/or fields it seeks to affect, and on the leader of the organization; and any lessons the organization has learned or lessons for other funders.

DATA COLLECTION

In June and July 2022, 40 interviews were conducted by two CEP staff members. Interviewers discussed the interview process and worked together to establish consistency in style. Interviews lasted approximately one hour.

DATA ANALYSIS

Interview recordings were professionally transcribed and thematically coded by members of CEP's research team. A codebook was drafted by the interviewers as they conducted the interviews. The codebook was then used to code all transcripts and ensure consistency across all coders. Substantial pairwise interrater reliability agreement was achieved for the codebook.

Descriptive statistics were conducted to examine the prevalence of common themes in each interview. Quotations that were representative of these themes are included throughout the report.



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