



EMERGING IMPACTS:

The Effects of MacKenzie Scott's Large, Unrestricted Gifts

Results from Year Two of a Three-Year Study

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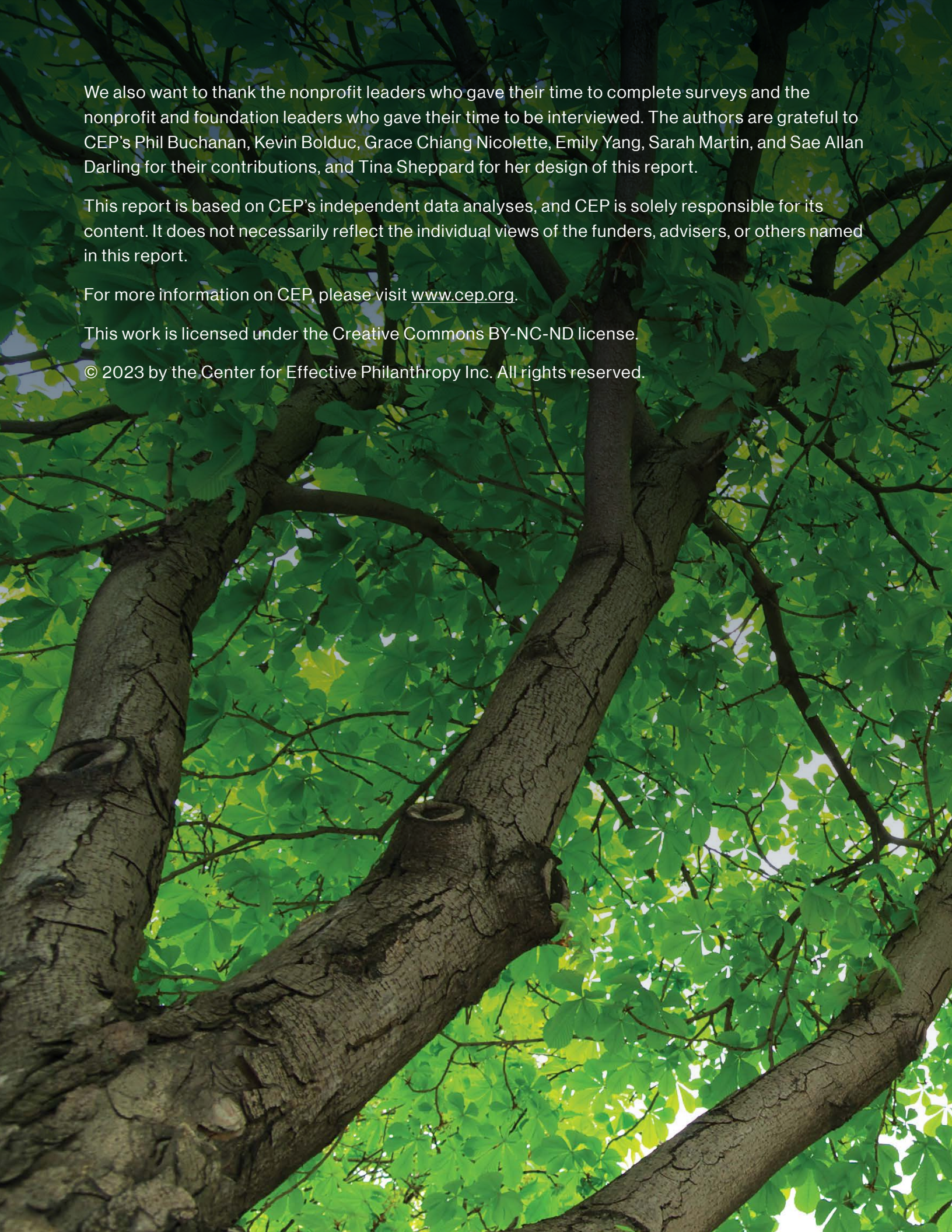
ACKNOWLEDGMENTS

We are very appreciative of the support for this study provided by the following foundations and donors: Conrad N. Hilton Foundation, Ford Foundation, Raikes Foundation, Houston Endowment, Longwood Foundation, Rita Allen Foundation, Skoll Foundation, Barr Foundation, and Peter Brach.



We are grateful to the members of the advisory group for this study for their crucial feedback:

- **Ramsey Alwin**
President and CEO
National Council on Aging
- **Yvonne Belanger**
Director of Learning & Evaluation
Barr Foundation
- **Brita Blesi**
Director, Learning and Evaluation
Houston Endowment
- **Peter Brach**
Founder
Propel Philanthropy
Manager
Funders 2025 Fund
- **Elizabeth Christopherson**
President and CEO
Rita Allen Foundation
- **Matthew Forti**
Managing Director
One Acre Fund USA
- **Pam Foster**
Chief Operating Officer
Co-Impact
- **Sampriti Ganguli**
Senior Advisor
Arabella Advisors
- **Shivani Garg Patel**
Chief Strategy Officer
Skoll Foundation
- **Tim Garvin**
President and CEO
United Way of Central Massachusetts
- **Stephanie Fuerstner Gillis**
Director, Impact-Driven Philanthropy
Initiative
Raikes Foundation
- **Kathara Green**
Chief of Staff and Managing Director
Skoll Foundation
- **Bob Hughes**
Former President and CEO
Missouri Foundation for Health
- **Carol Karutu**
Vice President of Programs
END Fund
- **Shaheen Kassim-Lakha**
Senior Director, Strategic Partnerships
Conrad N. Hilton Foundation
- **Ruth Levine**
Vice President, Just Societies and
Chief Learning Officer
David & Lucile Packard Foundation
- **Vanessa McDowell-Atlas**
CEO
YWCA Madison
- **Suzanne Raether**
Development Director
Alternate ROOTS
- **Lysa Ratliff**
CEO
KABOOM!
- **Kathy Reich**
Director
Building Institutions and Networks
Ford Foundation
- **Billy Shore**
Founder and Executive Chair
Share Our Strength
- **Maria Stecker**
Senior Program Officer, Grantmaking
Longwood Foundation
- **Jehan Velji**
Director, Effective Philanthropy Group
William and Flora Hewlett Foundation
- **Marcus Walton**
President and CEO
Grantmakers for Effective Organizations
- **Melanie Willingham-Jaggers**
Executive Director
GLSEN
- **Ava Willis-Barksdale**
Vice President for Institutional Advancement
Lincoln University
Executive Director
Lincoln University Foundation of Pennsylvania



We also want to thank the nonprofit leaders who gave their time to complete surveys and the nonprofit and foundation leaders who gave their time to be interviewed. The authors are grateful to CEP's Phil Buchanan, Kevin Bolduc, Grace Chiang Nicolette, Emily Yang, Sarah Martin, and Sae Allan Darling for their contributions, and Tina Sheppard for her design of this report.

This report is based on CEP's independent data analyses, and CEP is solely responsible for its content. It does not necessarily reflect the individual views of the funders, advisers, or others named in this report.

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INTRODUCTION

MacKenzie Scott has quickly become one of the most widely known philanthropists in the United States.¹ In just three years, she gave more than \$14 billion in unrestricted support to more than 1,600 organizations,² stating that her aim “has been to support the needs of underrepresented people from groups of all kinds.”³ Her gifts have often come as a surprise to recipients, with no restrictions on how or when they must be used, and with few, if any, reporting requirements.

These gifts have been transformational for recipient organizations.

These gifts have been transformational for recipient organizations.⁴ This was a main finding of research we at the Center for Effective Philanthropy (CEP) conducted in 2022, the first year of a three-year study examining Scott’s giving. Leaders of recipient organizations described the significant impact these gifts had on their organizations’ ability to achieve their missions as well as on their long-term financial stability and organizational capacity. As we reported then, “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.”

PRAISE AND CRITIQUE

Scott’s approach has been praised by many, including those in the media who have held it up as an example, particularly for what Giving Pledge billionaires should be doing with their wealth.⁵ “Inside Philanthropy” noted that Scott “is certainly giving away a much greater portion of her wealth than any other donor or institution you could name.”⁶ Many, including nonprofit leaders, have touted the benefits of her approach. Rather than tell nonprofits how her gifts must be used, Scott has been clear that she wants the nonprofits to make those decisions, believing they know best what they and their constituents need. While Scott’s gifts initially came with reporting requirements, albeit minimal, those requirements have recently been waived entirely for many, if not all, recipient organizations.

Scott’s approach has also been critiqued, however: for not being guided by what appears to be a clear strategy, for the one-time nature of her gifts, for the gifts being bigger than some believe recipient

¹ Joseph Low, “Top 10 Philanthropists in the World,” *LUXUO*, January 15, 2023, <https://www.luxuo.com/business/super-rich/top-10-philanthropists-in-the-world.html>. Scott, the ex-wife of Amazon founder Jeff Bezos, began her charitable giving shortly after the couple announced their divorce in 2019.

² “Yield Giving,” *Yield Giving*, <https://yieldgiving.com>.

³ MacKenzie Scott, “Helping Any of Us Can Help Us All,” *Medium*, March 23, 2023, <https://mackenzie-scott.medium.com/helping-any-of-us-can-help-us-all-f4c7487818d9>.

⁴ Ellie Buteau et al., *Giving Big: The Impact of Large, Unrestricted Gifts on Nonprofits* (Cambridge, MA: Center for Effective Philanthropy, 2022), https://cep.org/wp-content/uploads/2022/11/BigGiftsStudy_Report_FNL.pdf.

⁵ Darnell Christie and Sonia Elks, “U.S. Super-Rich Found Failing in Pledge To Donate Most of Wealth,” *Reuters*, July 29, 2020, <https://www.reuters.com/article/us-usa-charity-wealth-trfn/u-s-super-rich-found-failing-in-pledge-to-donate-most-of-wealth-idUSKCN24U2Y2>.

⁶ Michael Hamill Remaley, “Is MacKenzie Scott the Leading Social Justice Funder? Yes and No,” *Inside Philanthropy*, April 11, 2023, <https://www.insidephilanthropy.com/home/2023/4/11/is-mackenzie-scott-the-leading-social-justice-funder-yes-and-no>.

organizations can handle, and for a perceived lack of transparency.⁷ “She owes her fellow citizens greater transparency over the power she’s wielding,” Stanford political science professor Rob Reich told “Bloomberg” in 2021.⁸ In December 2022, Scott’s team released a “searchable database of gifts”⁹ on the [website](#) for her charitable organization, Yield Giving.¹⁰ “If more information about these gifts can be helpful to anyone, I want to share it,” Scott wrote in a *Medium* post.¹¹ “Yield is named after a belief in adding value by giving up control.”¹²

SCOTT’S GIVING IN CONTEXT

Scott’s giving comes at a time of change in philanthropy. Since the beginning of the COVID-19 pandemic in 2020 and the national spotlight on racial injustice following the murder of George Floyd by police in Minneapolis, many funders have reported streamlining their processes to reduce the burden on grantees and providing more unrestricted support.¹³ Findings from two research studies published earlier this year by CEP indicate that grantees continue to experience those changes in 2023.¹⁴

Yet Scott’s giving continues to stand in contrast to more common approaches to philanthropy. Her grants are differentiated by their size as well as their unrestricted nature, in terms of both how the resources can be deployed and the time period for their expenditure. The relative scarcity of meaningfully sized, unrestricted gifts has long been a source of frustration for nonprofit leaders.¹⁵ Within this context, the breadth and scale of Scott’s approach are unprecedented.

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philanthropy.

⁷ David Callahan, “Dear MacKenzie and Dan: Advice for America’s Biggest Donors,” *Inside Philanthropy*, May 25, 2022, <https://www.insidephilanthropy.com/home/2022/5/25/dear-mackenzie-and-dan-some-advice-for-americas-biggest-donors>; Philip Rojc, “MacKenzie Scott’s Far-Reaching Giving Continues to Grow. What Impact Is She Having?” November 15, 2022, *Inside Philanthropy*, <https://www.insidephilanthropy.com/home/2022/11/15/mackenzie-scotts-far-reaching-giving-continues-to-grow-what-impact-is-she-having>.

⁸ Rob Reich, quoted in Fola Akinnibi, “Inside MacKenzie Scott’s Record Setting Year of Philanthropy,” *Bloomberg*, August 12, 2021, <https://www.bloomberg.com/news/newsletters/2021-08-12/exactly-where-mackenzie-scott-is-giving-away-billions-in-philanthropy>.

⁹ MacKenzie Scott, quoted in Nicholas Kulish and Maria Cramer, “\$12 Billion to 1,257 Groups: MacKenzie Scott’s Donations So Far,” *The New York Times*, March 23, 2022, <https://www.nytimes.com/2022/03/23/business/mackenzie-scott-philanthropy.html>.

¹⁰ “Yield Giving,” *Yield Giving*, <https://yieldgiving.com>. This database may not include all gifts that Scott has given to date.

¹¹ MacKenzie Scott, “Bridges and Barriers,” *Medium*, December 14, 2022, <https://mackenzie-scott.medium.com/bridges-and-barriers-a94b5be35c10>.

¹² “Yield Giving,” *Yield Giving*, <https://yieldgiving.com>.

¹³ Naomi Orensten and Ellie Buteau, *Foundations Respond to Crisis: A Moment of Transformation?* (Cambridge, MA: Center for Effective Philanthropy, 2020), <https://cep.org/portfolio/foundations-respond-to-crisis1>; 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>.

¹⁴ Phil Buchanan, Lauren Broder, and Christina Im, *State of Nonprofits 2023* (Cambridge, MA: Center for Effective Philanthropy, 2023), https://cep.org/wp-content/uploads/2023/06/NVP_State-of-Nonprofits_2023.pdf; Katarina Malmgren, *Before and After 2020* (Cambridge, MA: Center for Effective Philanthropy, 2023), https://cep.org/wp-content/uploads/2023/07/Before_and_After_2020.pdf.

¹⁵ Ellie Buteau et al., *New Attitudes, Old Practices* (Cambridge, MA: Center for Effective Philanthropy, 2020), https://cep.org/wp-content/uploads/2020/11/Ford_MYGOS_FNL.pdf.

RESEARCH QUESTIONS AND METHODOLOGY

Understanding Scott's giving as a departure from prevailing norms and recognizing the potential for other funders to learn from its effects, we at CEP have undertaken a three-year research study examining the impact of these large, unrestricted gifts on recipient organizations. Year one focused on a set of questions about the effects on recipient organizations. In year two, we further examine how organizations are faring with these gifts and expand the study to ask about funders' perceptions of nonprofits' ability to handle such gifts.

- ▶ Do nonprofits believe this gift has increased their impact and in what ways?
- ▶ How did nonprofits allocate the grant, and what was their decision-making process?
- ▶ Have nonprofits experienced unintended negative consequences of these gifts? What have been the downsides of receiving this gift?
- ▶ To what extent are funders' beliefs and practices being influenced by MacKenzie Scott's approach?

The findings discussed in this report are based on several data collection efforts:

- ▶ Responses from 632 nonprofit organizations that had received a gift from Scott and responded to our survey, which was fielded in March and April of 2023. Our response rate was 41 percent. (See Table 1.) (See Appendix A for demographic information about survey respondents.)¹⁶
- ▶ Interviews with leaders of 40 recipient organizations, 24 of whom were also interviewed in the first year of this study. (See Appendix B for demographic information about these interviewees.)
- ▶ Interviews with leaders and program staff at a total of 37 private foundations, community foundations, and United Ways, a group we will refer to in this report as "funders." (See Appendix C for demographic information about these interviewees.)

Table 1. Survey and Interview Data Collection

Data Source	Timing	Number of Organizations
Survey of nonprofit leaders	March – April 2023	632
In-depth interviews with nonprofit leaders	March – May 2023	40
In-depth interviews with funders	April – May 2023	37

This report is the second in our study.¹⁷ Our findings should be viewed in the context of the moment the data were collected: just one to three years after receipt of the gift. Any analysis of unintended

¹⁶ Responding organizations did not differ from non-responding organizations by budget or geographic location within the United States. Organizations based outside of the U.S. were slightly more likely (i.e., a small effect size) to respond to the survey than organizations based in the U.S. Organizations that received their grant after June 2021 were slightly more likely (i.e., a small effect size) to respond to the survey than organizations that received a grant before that time. Forty-seven percent of organizations that received a grant after June 2021 responded to the survey, compared with 35 percent of organizations that received a grant prior to that time.

¹⁷ This research has been conducted independent of Scott and her team or consultants. Although CEP received a \$10 million grant from Scott, we are funding this effort through support provided by other donors.

consequences — positive or negative — should be viewed in light of the fact that it often takes years to understand fully the effects of any significant event or development. This remains, to our knowledge, the most comprehensive public accounting of the experiences of the organizations that received grants from Scott. While our findings are consistent with what we found in the first year, they are deeper and more nuanced, as we were able to analyze a much larger set of data. In addition, we added an element examining how other funders see Scott's giving, allowing us to contrast the perspectives of funders with those of recipient organizations. We are grateful to the nonprofit leaders who have shared their experiences and insights with us, as well as to the funders we interviewed.

SIZE OF SCOTT GRANTS AND RESPONDING ORGANIZATIONS

Organizations that received gifts from Scott between 2020 and 2022 were, on average, much larger than the typical nonprofit. The median staff size was about 50. The median budget of responding organizations was about \$6.5 million. By contrast, in a CEP dataset containing data from thousands of grantees that receive grants from larger foundations, the median nonprofit size is \$1.7 million. More broadly, most nonprofits in the U.S. operate with a budget of \$500,000 or less.¹⁸

Scott's grants are also typically much larger than the grants of even large foundations and megadonors. Nonprofit organizations in this study received grants from Scott that ranged from \$500,000 to \$80 million. (See Table 2.) At the median, the grant size was \$5.75 million and represented 83 percent of the organization's prior-year budget.¹⁹ (See Figure 1.) This compares to a median grant size of \$110,000 at staffed foundations in CEP's dataset of grantmaking at hundreds of foundations.

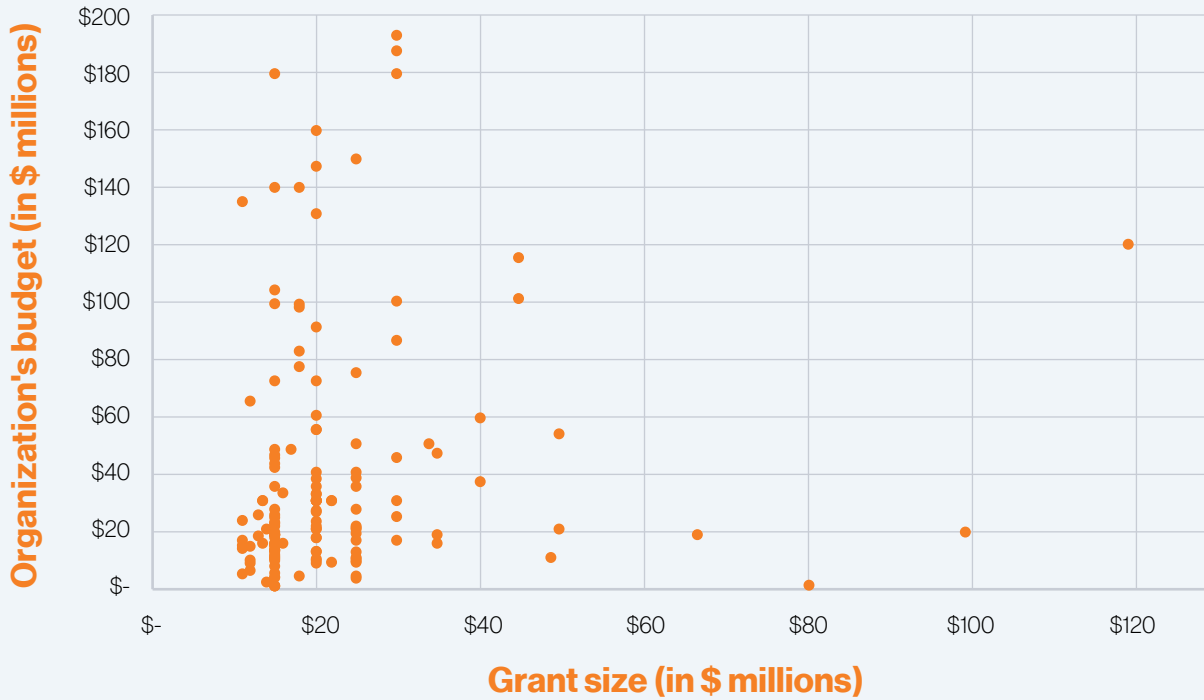
Table 2. Range of Grant Size, Nonprofit Budget, and Staff Size

	Grant Amount Received (N=617)	Operating Budget Prior to Grant (N=621)	Staff Size (Full time equivalent) (N=627)
Minimum	\$500,000	\$10,000	1
Median	\$5,750,000	\$6,500,000	48
Maximum	\$80,000,000	\$4,500,000,000	10,000

¹⁸ 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.councilofnonprofits.org/reports/nonprofit-impact-matters-how-americas-charitable-nonprofits-strengthen-communities-and>.

¹⁹ An organization's budget from the year prior explains only about 26 percent of the variation in grant size provided; this means 74 percent of the variation in grant size provided is due to factors other than the organization's budget size. Regarding Table 2, of the 632 survey respondents, 617 provided a valid response about grant size.

FIGURE 1. Size of Scott Grant(s) Compared to the Organization’s Operational Budget at the Time of Grant Receipt (Lowest/Highest Values Removed)
(N=587)



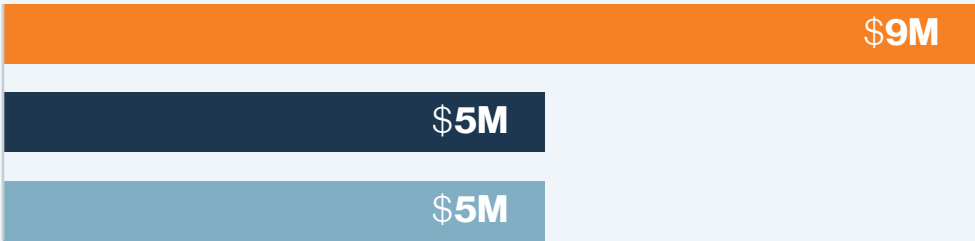
**Note: Nonprofits with budgets above \$200 million, and grants below \$10 million and higher than \$40 million were removed as outliers in order to most clearly display the spread of both grant sizes and operational budgets.*

As her giving has progressed, Scott has given to organizations that are somewhat smaller than those she gave to in 2020 — her first year of giving — and the size of her grants, while still massive relative to those of other donors, has also come down (see Figure 2).²⁰

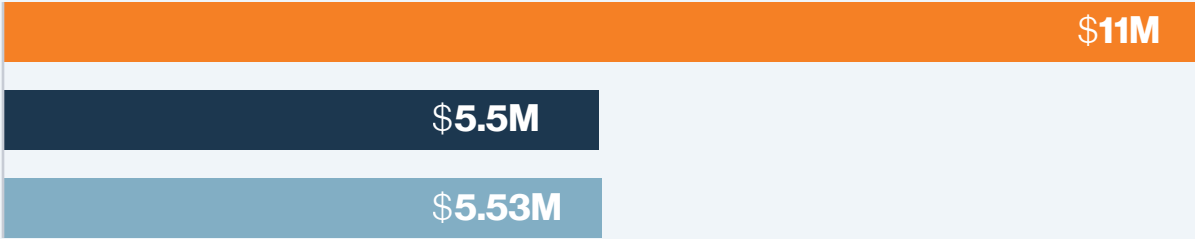
FIGURE 2. Median Scott Grant Size and Organization Budget by Year of Grant Receipt (Ns range from 614-615)

2020 2021 2022

Median grant size



Median budget



²⁰ The effect size for the difference between average grant size in 2020 and 2022 is small. When outliers are removed, there is no statistical difference in median grant size between the years of 2020 and 2021.

HOW QUICKLY ARE ORGANIZATIONS SPENDING THE GRANT MONEY?

More than 90 percent of organizations receiving a grant from Scott had determined specific uses for some or all of their grant funds at the time we surveyed them in the spring of 2023.²¹ Scott's giving did not come with restrictions on the time frame in which the grant funds needed to be spent, but 69 percent of organizations describe having spent some of the grant, while 9 percent report having spent all of it. The remaining 22 percent had not yet spent any portion of the grant. Predictably, the median percent of grant spent by organizations increases the longer they have had their grant from Scott (see Table 3).

Table 3. Median Percent of Grant Spent by Year of Grant Receipt

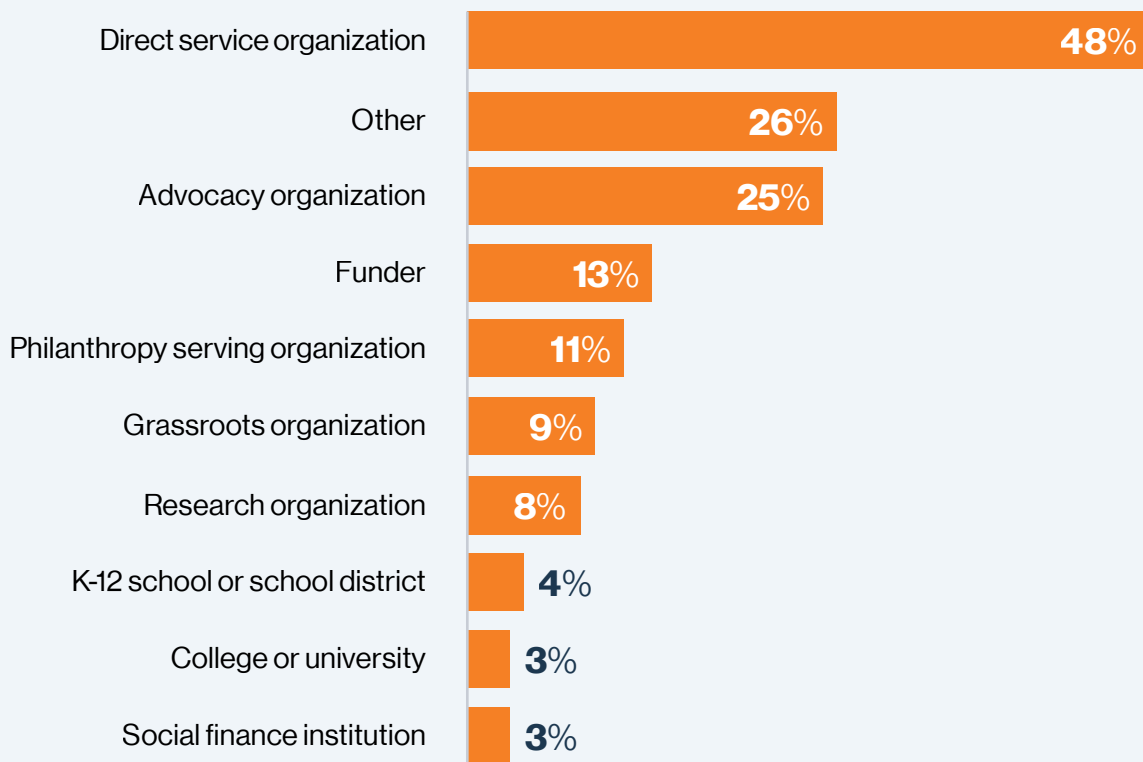
Year of Grant Receipt	Median Percent of Grant Spent
2020	42%
2021	20%
2022	6%

²¹ Slightly over half — 52 percent — had determined specific uses for *all* the grant funds, while 39 percent had determined specific uses for *some* of the grant. Organizations that received a grant in 2020 report having spent a higher percentage of their grant compared to those who received their grant in 2021 (effect size = large) and 2022. The median for 2020 is 42 percent, for 2021 is 20 percent, and for 2022 is 6 percent.

WHAT TYPES OF NONPROFITS ARE RECEIVING GRANTS FROM MACKENZIE SCOTT?

MacKenzie Scott has chosen to give to a variety of organizations. About half are direct service organizations, and a quarter are advocacy organizations (see Figure 3). In 2022, she added K–12 schools to her list of recipients and donated to more funds that regrant the money to “a diverse group of smaller organizations working toward a common cause.”²²

FIGURE 3. Types of Nonprofit Grant Recipients (N=631)



Note: Respondents selecting “other” wrote in a variety of organization types, including arts and cultural organizations, and community development financial institutions. Many of these respondents also selected one or more of the types defined here to describe their organization.

²² MacKenzie Scott, “Of and By,” *Yield Giving*, November 14, 2022, <https://yieldgiving.com/essays/of-and-by>.

KEY FINDINGS

1

Nonprofit leaders describe expanding and improving programs to pursue opportunities — often related to equity — resulting in what they increasingly see as demonstrable impact.

2

Nonprofit leaders describe using Scott's grants to strengthen their organizations' capacity and staff climate, translating into better support for the communities their organizations serve.

3

Funders generally express positive opinions about Scott's giving, but many have concerns, particularly about the ability of nonprofits to handle large, unrestricted gifts.

4

Despite funder concerns, nonprofit leaders report few challenges or unintended negative consequences and are planning for the long term to minimize risks of a financial cliff.



FINDING

PURSUING OPPORTUNITIES FOR IMPACT

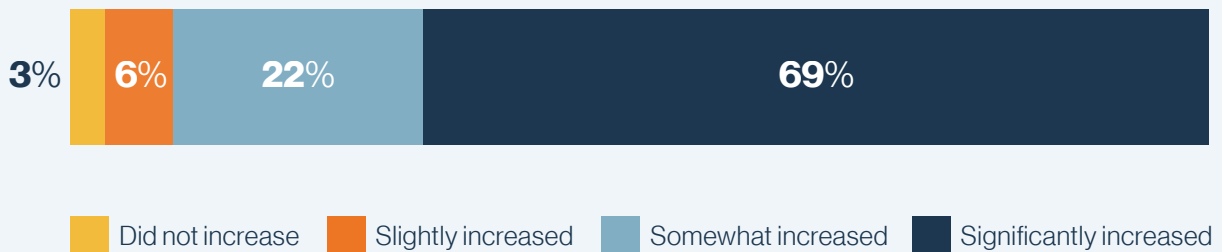
Nonprofit leaders describe expanding and improving programs to pursue opportunities — often related to equity — resulting in what they increasingly see as demonstrable impact.

Leaders of organizations that received a gift from MacKenzie Scott report what they see as crucial positive impacts of these gifts. For many, the lack of restrictions on when and how the money should be used has created the opportunity for them to pursue their missions in ways not previously possible, including through innovating and taking risks. One leader reflects that the grant’s unrestricted nature “really allowed us to think creatively, and to create the program based on the need that we saw, and the need that our clients were telling us about.”

NEW AND EXPANDED PROGRAMS

Leaders report using Scott’s funding to engage in new programmatic initiatives, improve existing initiatives, and innovate and take risks. Almost all leaders say this gift has increased their organization’s ability to pursue opportunities that hadn’t been possible with previous funding (see Figure 4).

FIGURE 4. Grant’s Impact on the Organization’s Ability To Pursue Opportunities Not Possible With Previous Funding (N=627)



Almost all leaders say this gift has increased their organization’s ability to pursue opportunities that hadn’t been possible with previous funding.

Nearly 80 percent of leaders are using some portion of Scott’s funding to engage in new programmatic initiatives or improve existing initiatives. Whether to “reach a broader group of individuals,” “jump-start a project that we had been working on for years,” or “take more risks and fund more test programs,” leaders report making substantial changes in their programming to pursue greater impact. More

than half of leaders report using some of their funds from Scott to expand their organization’s existing programmatic work — either to new geographies or new populations — ultimately expanding the organization’s impact. One organization increased the number of people served by 30 percent, because with Scott’s grant they were able “to serve a larger population of the reentry folks and ex-offenders.” Another organization went “from serving 65,000 to 165,000 individuals, and we have that financial leverage now that we’re able to purchase the product to sustain the 165,000 individuals.”

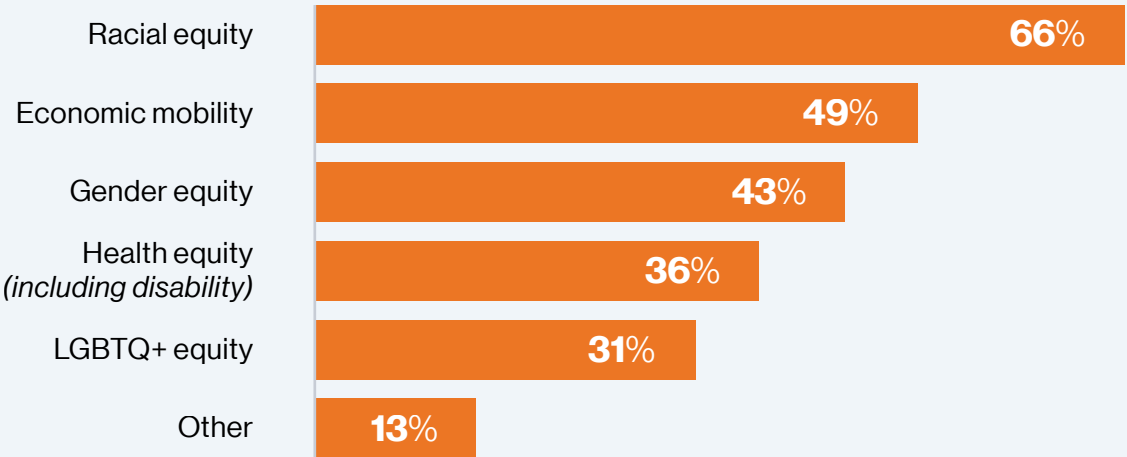
Just over half of nonprofits have used the funds to innovate or take risks. “Having the cushion allows us to take some greater risks,” one leader notes. One organization was able to start a program to increase services for their clients in greatest need. “Previously, our clients were just receiving one meal per day, which I think we can all agree is not enough,” said the leader. “This grant enabled us to start a program for our most food insecure clients that provided breakfast in addition to their one meal a day.”

Another organization used the funds from Scott to launch a program to “develop an entrepreneurial leadership camp for Black and brown business owners or those who are budding entrepreneurs. We’re now in our third year,” the leader notes, “which was going to be it for us because that was the extent of the grant dollars, but we received additional grant dollars and additional media attention. It’s been very successful.”

DEEPER EQUITY WORK AND IMPACTS ON LEADERS OF COLOR

For many organizations, these new and expanded programmatic efforts were focused on advancing equity. Almost all leaders — 90 percent — report that their organization used some of the grant money to advance equity. Two-thirds of the organizations used some of the grant money to advance racial equity, and about one-half used funds to address economic mobility. Around 40 percent used funds to address gender equity. Around 40 percent used funds to address gender equity.²³ (See Figure 5.)

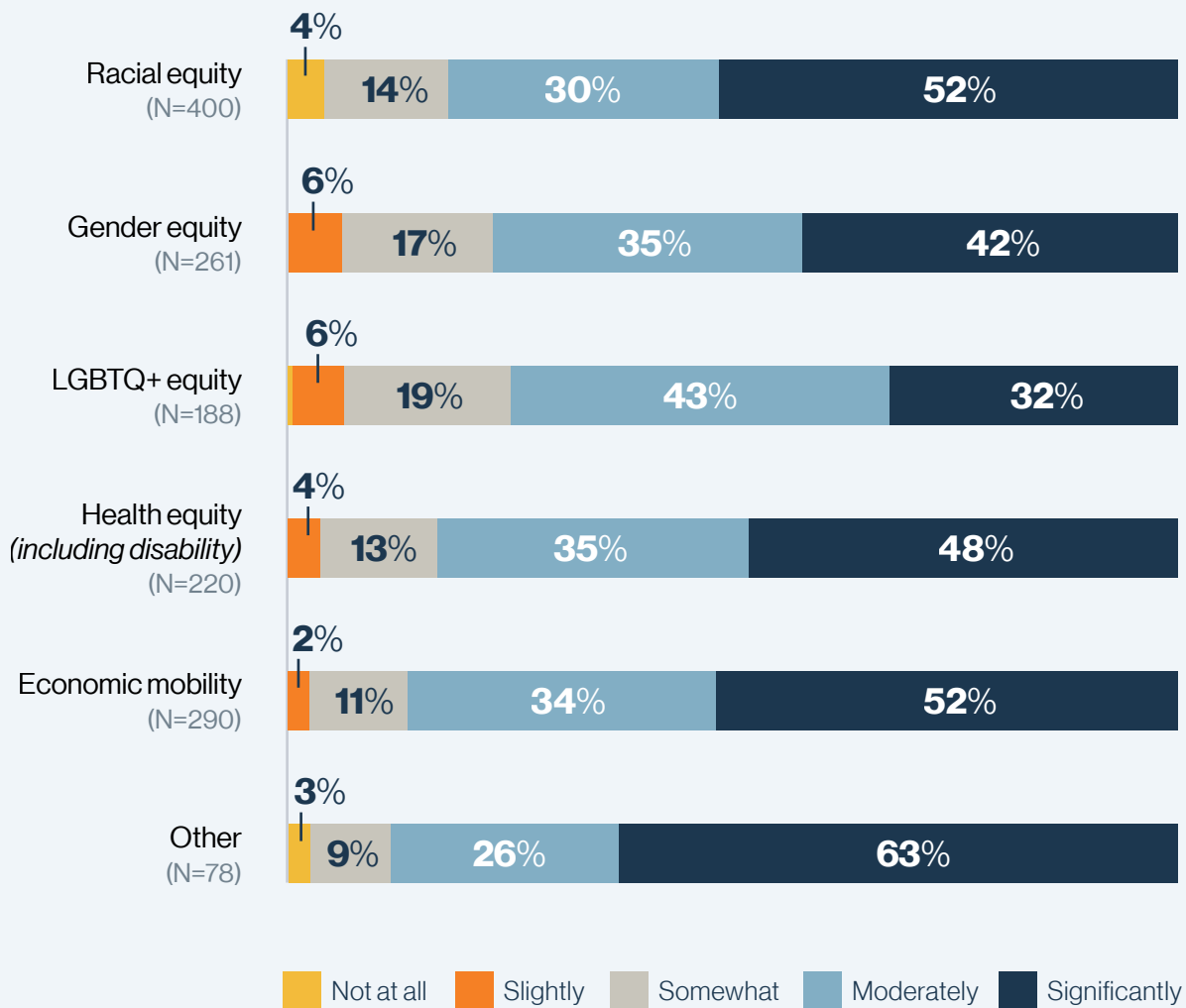
FIGURE 5. Percent of Nonprofits That Used Some of the Grant To Advance Equity (N=620)



²³ Latino leaders were slightly more likely to say that their organization used some of the grant to advance gender equity.

Consistent with our findings in year one, leaders report that these funds not only allowed organizations to advance equity, but allowed them to do so more effectively than they could have otherwise (see Figure 6). Most commonly, these organizations describe advancing equity through improving or expanding their programming to better serve community needs (see Figure 7). More than 40 percent of organizations report having more capacity to hear from community members. In interviews, one nonprofit’s mindset shift after receiving the grant was characterized by its leader as being “more community driven.”

FIGURE 6. Degree to Which Grant Contributed to an Organization’s Advancement of Equity (Ns range from 78-400)



More than 40 percent of leaders used funds to begin, improve, or expand policy and advocacy work for vulnerable communities. One leader whose organization engages in advocacy efforts said, “There are not that many funders that are interested in funding trans organizations. Obviously, a big part of our work is public advocacy to try to change the hearts and minds to get people on board. But it’s a process. It doesn’t happen overnight.”

FIGURE 7. How Nonprofits Report Advancing Equity More Effectively (N=549)**79%**

Improve or expand programming to better serve communities

43%

Begin, improve, or expand policy and advocacy work

43%

Increase capacity to listen to and/or incorporate community voices

Almost all nonprofits describe these grants as strengthening their organization's ability to achieve their mission and their ability to reach the fields or communities where they seek to have impact (see Figure 8). Leaders of color are slightly more likely to report that Scott's grant has or will significantly strengthen the communities in which their organization seeks to have an impact. They also are slightly more likely to report that the grant significantly contributes to their organization's ability to advance racial equity more effectively than it could have otherwise.²⁴ "Most nonprofit organizations are working [from a place of] scarcity, especially those led by individuals representative of Latino and African American and other BIPOC communities, where we are seeing such a small percentage of investment from traditional philanthropy," one leader said. "So, a gift like this alleviates some of that scarcity, and it opens up possibilities." Compared to leaders of other racial backgrounds, Black leaders rate these grants as having slightly greater impact on their organization's ability to achieve its mission and as having slightly greater impact on their organization's ability to take risks or innovate.²⁵

Leaders of color are slightly more likely to report that Scott's grant has or will significantly strengthen the communities in which their organization seeks to have an impact.

PERSPECTIVES ON IMPACT

Many organizations also report beginning to see the impact of Scott's gift. Over half report that the programmatic efforts for which they used some of these funds have, to date, been very successful. More than 40 percent consider their efforts to innovate or take risks in programmatic work to be very successful, while a similar percentage report that it is too early to tell.

²⁴ These statistical relationships are of a small effect size.

²⁵ These statistical relationships are of a small effect size.

FIGURE 8. Extent to Which Leaders Believe the Grant Has/Will Strengthen Aspects of Their Organizations and Work (Ns range from 620-626)



STORIES OF IMPACT

Below are a few stories of the impact Scott’s grants have had on organizations and the fields and communities in which they work. These were shared by nonprofit leaders we interviewed and are presented here in the leaders’ own words.

One international nonprofit is using Scott funds to scale up an innovative program improving community health outcomes by economically empowering women:

In [the country where we work], out-of-pocket health expenditures are [very high]. Most programs generally just try and solve livelihood. But we are testing out if our programs can address health outcome along with economic vulnerability. One of the programs that we really started scaling up after the MacKenzie Scott funding [is] now targeting 46,000 individuals. The hope is to expand it to 500,000 over time. Each and every member that we are targeting is a female participant. And these are female participants who have never even accessed microfinance at any point in their life, women-headed households or in houses where women would potentially become the main earners. We are providing them support so they can set up microbusinesses. Over two or three cycles with a lot

of business development service, mentorship, and marketing, we can help them grow to a particular state with their business so that they can start graduating to commercial lending. ... We've really been pushing for female participation, gender equity. We've really been pushing for getting hold of individuals who are getting left behind by the financial sector and providing them with the right kind of health tools so their entire family can have access to primary health care, health care voucher financing, telehealth, that suite of services.

A nonprofit in the United States is using Scott funds to improve provisions to people in food deserts:

When this money came in, we purchased some infrastructure and some vehicles to do daily distribution in the rural areas. Basically, 20 days out of the month, we're out there doing a distribution in one of the rural areas, so that was one of the great impacts that the MacKenzie Scott grant had, because we're purchasing fresh produce for them, and staple products, and always trying to provide some kind of protein to them. The face of hunger is so different nowadays, right? It used to be ... just the poor, and now we see people just from any walk of life, like all of us here that might be just struggling from day to day, or struggling paycheck to paycheck, with the working person in the household using the one vehicle that's available. ... The majority of our area is a food desert. Our clients don't have just that quick, equal access to food. Our mobile pantries provide that. Our rural pantries are very few, and so that's why we really have emphasized the mobile model, and this grant has allowed us to do that.

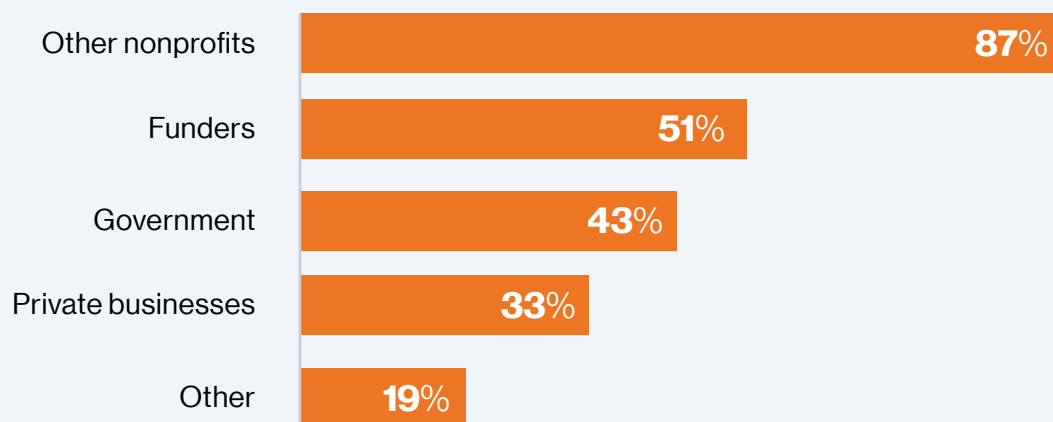
Another nonprofit is using Scott funds to collaborate within the community to build housing and provide supports for addiction recovery:

We decided to tithe our MacKenzie Scott gift within our community. The first project was to remodel a home for the local drug and alcohol recovery nonprofit, which provides housing, job training, counseling, monitoring, and support for low-income individuals recovering from addiction. Once this project is complete, they will be able to increase the number of halfway house clients they serve. These individuals can live in this home for up to two years, in an environment supportive of their addiction recovery. [Our state] has one of the highest addiction rates in the nation, and the need for community-based recovery support is tremendous. We plan to use the rest of our tithe to remodel four other homes for the addiction recovery nonprofit over the next three years. We received such a tremendous blessing from Ms. Scott that we want to help other nonprofits in our community serve their clients more effectively, while still staying true to our vision of "a world where everyone has a decent place to live."

COLLABORATIONS AND PARTNERSHIPS

About half of the respondents used some of the funds from Scott to engage in new collaborations or partnerships. Most of these were with other nonprofits, and half were with funders. Some nonprofits formed collaborations or partnerships with government entities or private businesses. (See Figure 9.)

FIGURE 9. Sources of New Partnerships or Collaborations Formed Using Scott Funds (N=263)



Nonprofit leaders most frequently described these new partnerships as resulting in new, expanded, or improved programming.

One leader said that these partnerships “have allowed us to combine our program strengths with other nonprofit/schools’ strengths to achieve a higher degree of impact on those we serve.”

Another described using the grant to “develop a local funding collaborative with larger funders where we now have status at the table to drive more racially equitable funding practices.”

In interviews, a few leaders said that the grant has opened their minds to possibilities for impact through collaboration that they had not considered previously. “Because of MacKenzie Scott [and others], we have been able to scale but also educate other nonprofits about what we have learned,” one leader states. “We always worked in isolation. We do it ourselves. Well, this is much bigger than [our organization]. We have to help everybody,



because we can't serve every low-income kid of color. This is a movement we're trying to build, and we have to partner with folks to be able to move and serve kids in public education in ways they haven't been served before."



FINDING

2

STRENGTHENING NONPROFIT CAPACITY

Nonprofit leaders describe using Scott's grants to strengthen their organizations' capacity and staff climate, translating into better support for the communities their organizations serve.

Leaders of organizations that received a gift from MacKenzie Scott report what they see as increased impact in communities they serve. In their experience, this impact is partly attributable to the ways in which they chose to use the funds to strengthen their organizations and improve staff experiences.

SUPPORTING STAFF, SHIFTING CULTURE

Almost every interviewee discussed the impact of Scott's grant on their staff. The decisions nonprofits made regarding how to use the funds are resulting in what leaders describe as changes in their culture and the daily experiences of their staff. Specifically, leaders report improved staff morale, increased creativity, and increased focus on equity both internally and in their programmatic work.

Eighty-eight percent of organizations interviewed described the grant improving morale, feelings of empowerment, or capacity to think creatively for both staff and leadership — all toward better serving the organization's mission. "It gave us an opportunity to dream," one leader said. "We had to have a whole session of really dreaming big and crunching the numbers, and [thinking about] what would help us to grow exponentially and allow us to serve more people."

Eighty-eight percent of organizations interviewed described the grant improving morale, feelings of empowerment, or capacity to think creatively for both staff and leadership — all toward better serving the organization's mission.

Almost half of the interviewees emphasized that the grant enabled them and their staff to generate more imaginative and expansive ideas about how best to serve their communities. Rather than being preoccupied with keeping their organizations afloat or creating programs to secure funding, organizations reported more boldly putting their missions and communities first. "You feel like you have a space to create and come up with new and different ideas to solve the problem," said one leader, "instead of focusing on how we open our doors tomorrow."

In interviews, leaders of color highlight the importance of such a substantial grant in the face of long-standing racial inequity in philanthropy. Two-thirds of the leaders of color we interviewed said that the grant gave them greater courage to be assertive in their decision-making and to advocate for those who share their backgrounds, both in the nonprofit sector and in their communities at large. "To receive this check after 20 years of fundraising pennies to a dollar from sometimes racist donors," one leader says, "it just boosted my confidence and my ability to do visionary, strategic, necessary work."

About two-thirds of survey respondents report that they used the grant from Scott to more effectively advance equity inside their organization. In interviews, leaders describe a wide range of equity efforts, including doing "benchmark analyses of compensation," creating "a full-blown equity and inclusion committee," building a "diversified

Leaders of color highlight the importance of such a substantial grant in the face of long-standing racial inequity in philanthropy.

board,” and promoting “more people of color to the leadership team.” Most commonly, leaders focused their internal equity initiatives on supporting their existing staff more effectively. Over half improved internal commitments to equity by implementing measures such as more equitable pay structures and adjusted hiring practices. Establishing or upholding pay equity also surfaces repeatedly as a priority in interviews. One leader explains that the grant “increases our equitable capacity by being able to pay people an appropriate wage and make it possible that they live in the cities and in the surrounding areas that they serve.”

Almost half of the survey respondents also reported building staff capacity related to diversity, equity, and inclusion (DEI) through staff trainings or hiring staff dedicated to equity efforts. Some leaders reported hiring with DEI in mind, whether through “more bilingual staff,” “a full-time position specifically focused on [DEI],” or other staffing approaches.²⁶

Almost half of the survey respondents also reported building staff capacity related to diversity, equity, and inclusion (DEI).

About one-third of leaders interviewed describe both that they used the grant to make their organization a more equitable place for staff to work and that their organization had been committed to internal equity prior to receiving the grant. Although these organizations have long valued prioritizing equity, this grant gave them the resources to act on their values more fully than they could previously. “We were on that path to begin with, but we knew we needed to have our own house in order if we’re going to talk about equity in pay and women’s empowerment,” said one leader. “We did an internal assessment to make sure that we were walking our talk. Did we have women of color in advanced executive positions? Did our board of directors materially reflect women of color in positions of power? Did we have a living wage that we were offering all of our staff?”

STRENGTHENING OPERATIONAL CAPACITY

More than 80 percent of leaders are using the Scott funds to strengthen their organization’s long-term operational capacity. Many are increasing capacity by strengthening internal systems and structures or adding staff capacity. When making these shifts, some organizations report developing new programs or strengthening existing programs or strategic plans. Others report being able to consider more closely how to elevate their organization’s profile by making shifts in areas such as communications, visibility, and fundraising. Many leaders also discussed updating or enhancing organizational infrastructure through a variety of methods, such as new physical space, tools for remote work, or upgraded information technology systems. About 40 percent of survey respondents used a portion of the grant to upgrade their organization’s technological infrastructure. “One of the things that we used the grant money for was an upgrade in equipment for staff, and just having the right equipment to do your job can change your attitude about your job,” one leader said. “It made their work easier. It made everything update quicker. And so it actually gave them even more confidence in their position and their job, and gave them less time working on paperwork and more time interacting with the people that we serve.”

²⁶ Black leaders were less likely to say they were able to improve internal DEI capacity.

In addition to the shifts in systems and structures, organizations also reported changes to staff capacity. About two-thirds of organizations used some of the funds to add staff, either to fulfill needs that existed prior to receiving the gift from Scott or to take on new work. At the median, staff growth fueled by Scott's giving was 9 percent. At the time of the survey, responding organizations report a median of 48 full-time-equivalent staff members, and, at the median, organizations have hired four new staff members.²⁷

In interviews, most leaders report that this growth has gone well. As one leader said, "It really provided us with a much-needed capacity that we lacked, because we had expanded so greatly in our work."

Leaders said they considered the long-term implications of hiring, sometimes determining not to hire due to concerns about sustainability once the grant funds are expended. "We don't want to hire someone and then we have to fire them because the money runs out, right?" one leader said. "We want to create something that's meaningful and potentially self-sustaining."

IMPROVING FINANCIAL STABILITY

Organizations described using the Scott grant to strengthen both short- and long-term financial stability. Almost 40 percent of recipient organizations used some of the funds to manage budget shortfalls. These were sometimes "small budget gaps that the organization had planned to cover" or that were "created by new funding that had been expected and failed to arrive." In other cases, the gaps were a result of crucial programmatic investments. One leader described a gap created by "supplementing donor funding and previous grant funding in order to provide services for clients on a waiting list."

Over 90 percent of leaders believe that this grant has or will strengthen the long-term financial sustainability of their organization to some degree.

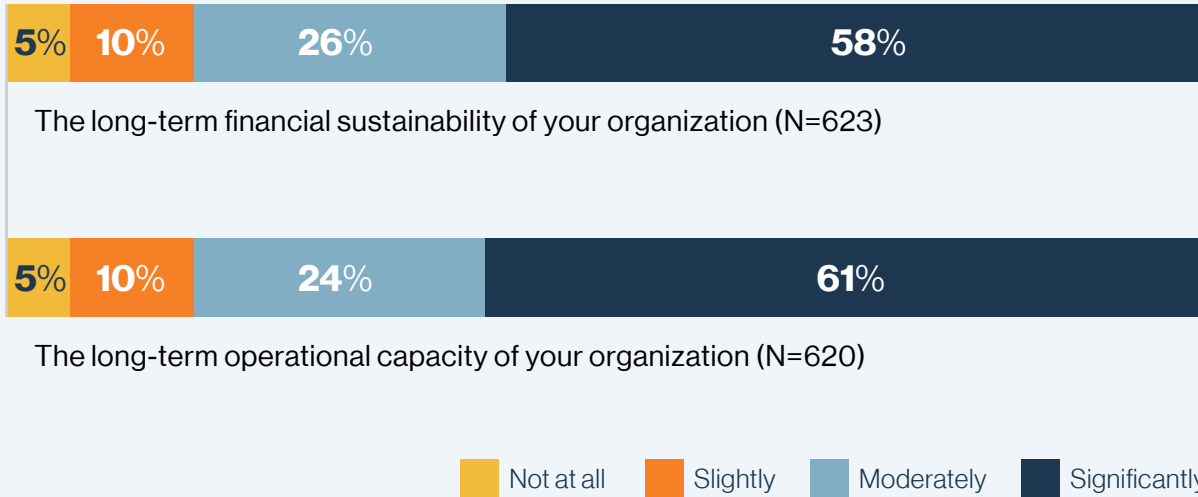
Over 90 percent of leaders believe that this grant has or will strengthen the long-term financial sustainability of their organization to some degree (see Figure 10).²⁸ The organizations that used some portion of their Scott grant to build financial reserves, about half, were more likely to say the grant significantly strengthened their financial sustainability.

Almost half the organizations used funds to start a strategic opportunities or innovation fund. "There's this innovation fund, which is an outlet for creativity for the staff," said one leader. "It really encourages staff to think more outside of the box, take more risks, do more experiments, pilot more different ideas. And that is helping to shift the culture."

²⁷ This is counting each full-time staff member as "1" and each part-time staff member as the decimal representing the proportion of time they work (e.g., if a staff member works half time, they would be represented as "0.5").

²⁸ Organizations that received a larger grant relative to their budget size rated the grant's impact on their financial sustainability higher.

FIGURE 10. Extent to Which the Grant Has/Will Strengthen the Organization’s Financial Sustainability and Operational Capacity
 (Ns range from 620-623)



STORIES OF CHANGE

One nonprofit raised staff salaries and began offering a retirement plan, since funding from Scott strengthened their overall financial standing:

I’m working and serving several counties [where] the poverty level is 33 to 36 percent. I don’t have a donor base here; the donors that I have are probably out of my service area, other than a few of them. So one of the things that we did was increase for staff the minimum wage at the food bank. Once we got the MacKenzie Scott gift, I approached the board and said I think we are starting right here. So now our starting rate for anybody at the [organization] is \$12.50, which is really high for the area. Another enhancement that we did, as far as a benefit to the employees, was adding a 401(k). So that was another thing that we could not afford, and, because of this MacKenzie Scott gift, now we’re able to use not only MacKenzie Scott’s, but other donors’ money, because MacKenzie is buying my product, my food, that I used to use other monies for. It’s been about a year and a half [since] we added the 401(k), and everybody signed up and everybody was ecstatic, because now they enjoy working here. Retention has totally shifted...because of the benefit package that we have. I think the grant has done tremendous things for every aspect — leadership, employee morale, other services that a service worker is getting now because of it. So, it has really, really changed the morale, and staff are here for the mission that we do, and they see it.

CULTIVATING FUTURE LEADERS

In interviews, many leaders observed that the grant's effects on their staff and organizations could extend past their own tenures. At many organizations, the grant positioned executive directors and presidents to plan for future leadership — whether through cultivating direct successors or supporting emerging leaders at all levels of their organizations. Close to two-thirds of those interviewed stated that the grant influenced their thinking about leadership succession. For almost half the interviewees, the grant had started or advanced a conversation within their organization about developing the organization's future leaders.

A few leaders emphasize that they hope to cede power to successors from marginalized communities, or those with experience in the communities served by their organizations. One leader explained that the grant had given them space to consider leadership development in their organization “in a way that’s cognizant of oppressive systems that make it very difficult for [members of our disenfranchised community] from the global south to have access or entry into philanthropy or into nonprofit organizations.”



FINDING

3

MIXED FUNDER PERSPECTIVES

Funders generally express positive opinions about Scott's giving, but many have concerns, particularly about the ability of nonprofits to handle large, unrestricted gifts.

Seventy percent of funders interviewed say their organization’s thinking or practices have been influenced by recent giving trends — including Scott’s approach to giving — even if just to affirm their ongoing efforts. “I would say that MacKenzie Scott’s giving and some of these other pledges have been important — they’re important, very prominent, and public reinforcements of conversations that a lot of us have been having on the ground for a long time,” one funder said. “So, you kind of need that sort of grassroots and grass-tops movement, those movements happening simultaneously to really see fundamental change, and I think we’re starting to see that.”

FUNDER PRAISE FOR SCOTT’S APPROACH

Most funders interviewed — more than 80 percent — praise Scott’s approach and view her giving as contributing to ongoing discussions in philanthropy, including those about trust-based giving. “Scott very much gave the sector an example of what it looks like to give a big gift and get out of the way,” said one funder. “That’s incredibly inspiring, and I’m grateful that she has done that work.”

Most funders interviewed — more than 80 percent — praise Scott’s approach and view her giving as contributing to ongoing discussions in philanthropy, including those about trust-based giving.

Just under half the funders cite the greatest value of Scott’s approach as the way in which her gifts will strengthen recipient organizations. They note the opportunities this funding creates for “the whole organization that she is supporting to benefit, not just funding an idea or a cause at an organization” and for “some breathing room so they can think about the core of their work and how they want to do it.”

About one-third of the funders say the greatest value of Scott’s approach is the extent to which she trusts nonprofits. This is reflected in the ease of reporting and the power nonprofits have to decide how best to use the funds. “I really appreciate that she’s just put her faith in the organizations that they have vetted and selected and then just give them the money and let them do their work,” one funder said.

Some funders describe Scott’s giving, combined with growing discussions about trust-based philanthropy, as affirming of the ways in which their organizations were already working. “We are very much a strategic philanthropy, which, in some ways, seems like it has become a dirty word in the last few years. And so, I’ve found it interesting that MacKenzie Scott’s work is this combination of being very strategic and also doing a lot of general operating, unrestricted kind of funds,” said one funder.

Just over a quarter of the interviewed funders describe not being influenced by these current philanthropic conversations and instead say that major events in society at large, such as the COVID-19 pandemic, the murder of George Floyd, and inflation, have been the primary influence for changing their practices. “In the moment of COVID, we relaxed reporting requirements, extended grant terms, and converted project grants to operating,” one explained. “That’s just where the sector is moving.”

FUNDER CONCERNS ABOUT LARGE, UNRESTRICTED GRANTS AND SCOTT'S GIVING

While describing the positive elements of Scott's giving, funders also shared many concerns about her approach. More than three-quarters of the interviewed funders express concern about nonprofits' ability to handle large, unrestricted gifts. Funders shared many rationales for their concerns, ranging from organizational characteristics to fieldwide implications. The most common funder concerns about Scott's approach are outlined in Figure 11 and described below.

When describing their concerns, many funders' focus was on characteristics of nonprofits they believe would be less well positioned to handle a large, unrestricted gift capably — specifically nonprofits that are smaller, newer, or grassroots. Some worried that leaders who are younger or less experienced

More than three-quarters of the interviewed funders express concern about nonprofits' ability to handle large, unrestricted gifts.

would be unable to handle the receipt of a large gift. Finally, some expressed the view that nonprofits in general cannot be trusted to handle large funds wisely or independently.

One funder contrasted the ability of “more established organizations,” whose leadership “has worked in these spaces for a very long time,” with that of “grassroots organizations.” This funder

said that grassroots organizations often have an emphasis on “lived experience, which has encouraged them to make some sort of nonprofit to support people similar to them.” While the funder noted that starting grassroots nonprofits is “wonderful,” they also suggested that, for these organizations, “Sometimes managing the dollars is a little more difficult, because it's not necessarily their background, or maybe they just don't have the staff to handle it.” Another funder noted, “When nonprofits get additional funding like this, it requires that they scale up internal operations and infrastructure in ways that some CEOs or executive directors and boards just weren't built to handle.”

Still other funders voiced concerns that nonprofits receiving large, unrestricted gifts might be “resting on their laurels,” having difficulty “understanding the complexity of that infusion of cash,” or even “embezzling.” One spoke of being aware of a recipient of a grant from MacKenzie Scott that got “way too much money,” resulting in the organization's staff “not having any hustle.” While funders voiced concerns about nonprofits as a collective, they often noted that these concerns did not apply when their own grantees had received a gift from Scott, as they had more confidence in those recipients.

In addition to concerns about nonprofits' ability to handle large gifts, about one-third of the funders describe concerns about accountability and a lack of reporting requirements in Scott's giving. These funders note that, due to Scott's minimal or nonexistent reporting requirements, there will be many unanswered questions, such as, “How successful is this? Was the money used properly? Did it go to actually doing what you hoped it would do?” When discussing lack of accountability, some funders homed in on what they worried would be a lack of learning. One funder said that, “if somebody has a breakthrough that is applicable” to the work of other organizations, it might not be shared.

FIGURE 11. Funder Concerns About Scott's Approach (N=35)



Lack of
accountability



Lack of
transparency



Other funders'
perceptions



Difficulty of
replication

About one-quarter of the funders interviewed mention concerns about Scott's lack of transparency in selecting recipient organizations. Some spoke of the inadvertent labeling of organizations as winners and losers, depending on whether they were recognized by Scott. "I think transparency about the decision-making process, who gets the resources and who doesn't, is something that folks are kind of wanting to hear more," said one funder. "It can feel a little bit about picking winners in a certain sector in a way that folks don't quite understand."

Other concerns, each expressed by about a quarter of the interviewees, include that organizations that have received a gift from Scott might be less likely to get funding from other organizations because of a perceived lack of need, and that not every funder can or wants to give in the way Scott has given and that it's important to right-size grantees' expectations about this.

However, the data from experiences of nonprofits stands in stark contrast to many of the concerns from funders, as we lay out in finding four. Instead, it is the positive aspects of Scott's approach that many funders note that appear to more clearly reflect the experiences of recipient organizations that participated in this study.

The data from experiences of nonprofits stands in stark contrast to many of the concerns from funders.

CONCERN ABOUT BACKSLIDING ON EQUITY

Almost one-third of the nonprofit leaders of color interviewed — five of 18 — expressed concerns that, despite commitments to focus on racial equity in 2020 and thereafter, funders may be reverting to “business as usual.”

We’ve already seen some DEI wins and progression receded, because now, after three years, people are back. They’re out. They’re about. And they’re thinking, oh, yeah, yeah, we did enough. We helped. We turned our Instagram profile Black, or we put ‘AAPI love’ on our social, so we’re good. What I would like to see is that this achieved permanence, rather than just being a moment in time where, oh, it’s a positive thing to be a Black woman leader in a nonprofit or corporate [setting], for that matter. I do wonder about how long it will last, but my hope is that they recognize it and that they continue it, rather than kind of doing the mission-accomplished pat on the back and moving on as things return to whatever people want to call normalcy. *-Nonprofit leader*

The Scott dollars came at a time when the U.S. was having a racial reckoning, to an extent. There was also the recognition through the pandemic that our system cracks were real sinkholes [that] expose how people were being left behind by our economic system. I think, yes, Scott’s dollars had a positive effect, and I don’t know if it will have a lasting effect, or will it be disruptive enough? I hope so. I’m still hoping so. And there’s some evidence of that. But I have some skepticism, given the new trends that are arising. *-Nonprofit leader*



FINDING

4

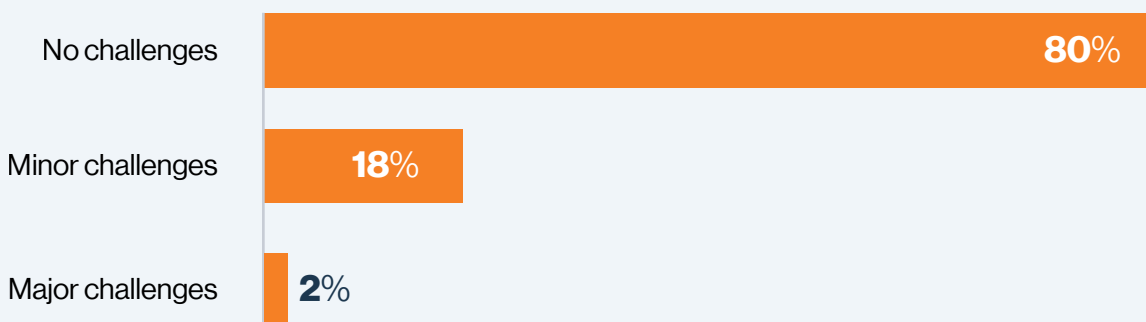
LITTLE EVIDENCE OF UNINTENDED CONSEQUENCES

Despite funder concerns, nonprofit leaders report few challenges or unintended negative consequences and are planning for the long term to minimize risks of a financial cliff.

The concerns funders expressed about nonprofits’ ability to handle Scott’s large grants are not reflected in the survey and interview data we collected from nonprofit leaders.

Fewer than 2 percent of survey respondents — 11 nonprofits — report having encountered a major challenge related to the receipt or use of their grant from Scott, and 80 percent report that they have not encountered any challenges, major or minor. The remaining 18 percent report encountering a minor challenge. (See Figure 12.)^{29 30}

FIGURE 12. Percentage of Organizations Reporting Encountering Challenges Related to Use of MacKenzie Scott Grants (N=619)



CHANGES TO FUNDRAISING APPROACHES AND FUNDER REACTIONS

Nonprofit leaders pointed to many benefits to their fundraising efforts from having received a gift from Scott. Nearly 90 percent of nonprofit leaders changed their approach to fundraising after receiving a grant from Scott, most frequently by using the grant as evidence of their organization’s credibility (see Figure 13).³¹ One leader describes the effect as a “badge of honor when you say to a prospective donor, ‘We were one of the few that got a MacKenzie Scott gift.’ People say, ‘Well, you must be considered a sound institution, so let’s talk.’ So, I think that the ripple effect is still good, even two years later.”

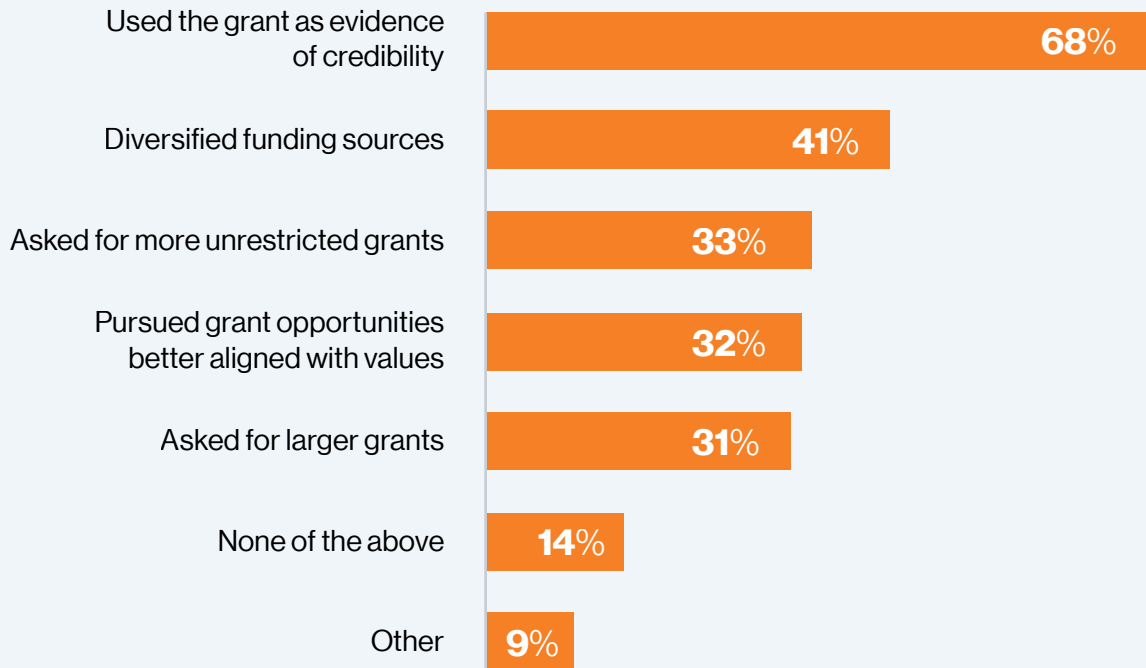
The next most common change in respondents’ approach to fundraising has been diversifying their funding sources.³² Additionally, about one-third of the survey respondents report asking for more unrestricted support; a similar number report asking for larger grants. About one-third report that they are now pursuing grant opportunities that better align with their organization’s values and strategy.

²⁹ Black leaders were slightly more likely than leaders of other races/ethnicities to say they had not encountered any challenges. This statistical relationship is of a small effect size.

³⁰ These findings do not differ according to the number of years organizations have had their grant from Scott.

³¹ Latino leaders were more likely than other leaders to say the grant strengthened their credibility.

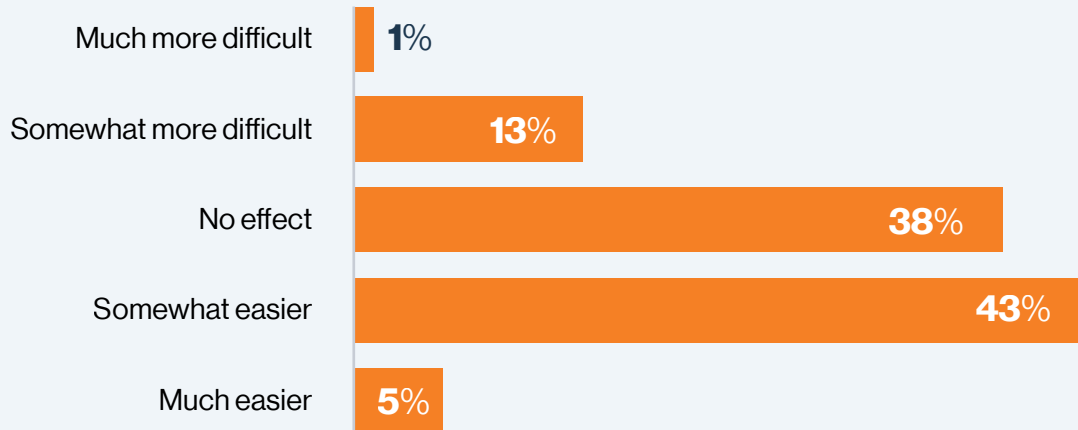
³² Grassroots organizations are slightly more likely to report that they have been pursuing new or different types of funders. This statistical relationship is of a small effect size.

FIGURE 13. Changes to Nonprofit Approaches to Fundraising (N=615)

About half the survey respondents report that the grant has made their fundraising easier (see Figure 14). More than 40 percent of nonprofit leaders describe an increase in the amount of their organization's budget coming from unrestricted grants from foundations or individual donors.

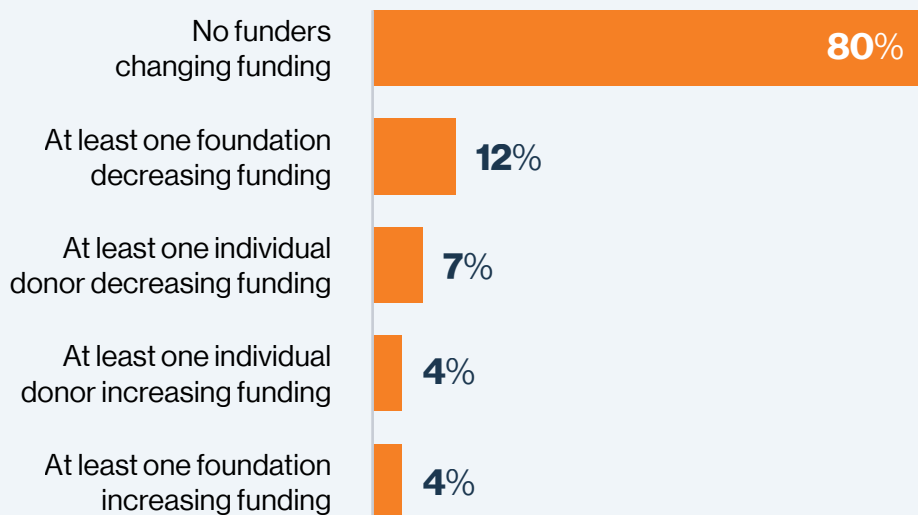
Nearly 90 percent of nonprofit leaders changed their approach to fundraising after receiving a grant from Scott.

FIGURE 14. Ease or Difficulty of Fundraising After Grant Receipt (N=610)



Most responding organizations — 80 percent — report that none of their foundation or individual donors have explicitly told them they are changing the funding provided because of Scott’s gift (see Figure 15). “We were concerned: Was this money going to be something that was going to deter other funders from feeling the need to fund us?” one leader said. “And we have not really found that to be the case at all. In fact, I think it has given us greater standing amongst the funding community. Our funding from other funders continues to be quite strong.”

FIGURE 15. Most Nonprofits Not Reporting Explicit Change in Funding as a Result of MacKenzie Scott Grant (N=614)



For a small subset of recipient organizations, other funders pulling back has been an issue. For those who note experiencing a challenge with this grant, it has most often been related to managing relationships with other funders. Nonprofit leaders that report this challenge emphasize that they still need support for “sustainable growth,” with one leader clarifying, “In a perfect world, I will put us out of business, because racism should not exist. We should not have to exist to protect women from violence. But until that happens, we’re still here, and we still need your support.”

FINANCIAL CLIFF CONCERNS AND REALITIES

Most nonprofit leaders anticipate no or only “a little” difficulty covering ongoing costs after their Scott grant is expended, suggesting that concerns about a financial cliff for recipient organizations are

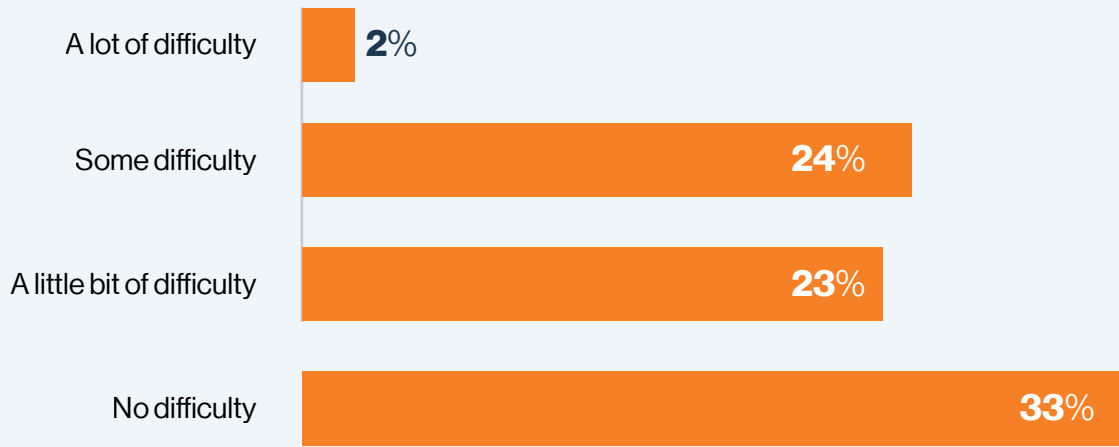
Most nonprofit leaders anticipate no or only “a little” difficulty covering ongoing costs after their Scott grant is expended.

unfounded. Whether leaders used the money for hiring, expanding programs, innovating or taking risks, or other major endeavors, they describe being conscientious about spending the money in ways that would not lead to laying off staff or shuttering programs. “We’re setting up to not do that,” said one leader.

One organization leader describes using some of the funds from Scott to increase the organization’s earned revenue, which would prevent it from reaching a financial cliff. “One of the things that we’re going to use MacKenzie Scott funding for is to reduce some of the technical debt that’s preventing us from growing some of our technology programs,” the leader said. “With that we expect to be able to double earned revenue and bring in new customers.”

The lack of a timetable for when the Scott grant needs to be spent may also contribute to a financial cliff not being a larger issue for recipients. “One of the best parts of it, in addition to being unrestricted, was also that there was no spend-by date, and so we can kind of look and see, OK, how can we make this last,” one leader said. Only 2 percent of respondents anticipate a lot of difficulty covering the ongoing costs associated with initiatives funded by the gift they received from Scott once the grant funds have been expended. An additional 24 percent anticipate some difficulty. (See Figure 16.) Responding organizations that have had their grant from Scott since 2020 do not report any greater concern about covering ongoing costs than Scott’s more recent recipients. In interviews, nonprofit leaders shared with us that concerns about a financial cliff are ever present for nonprofits, and that their own anticipation of difficulty covering costs is not related to Scott’s giving, but to the difficult reality of fundraising, in general.

FIGURE 16. Anticipated Levels of Difficulty Covering Ongoing Costs
(N=621)



Note: Seven percent of organizations responded "not sure," and 11 percent responded "not applicable."

For survey respondents who do express at least a little concern about a financial cliff, the most common way their organization plans to cover costs after Scott’s money has been expended is to focus on fundraising — not to cut costs or staff positions. One nonprofit leader said, “We plan to fundraise off of the success we have achieved. The funds received from MacKenzie Scott allowed us to innovate and prove that our idea could work. We believe other funders will want to invest in an idea that has already shown it can work.”

The most common advice that nonprofit leaders would offer to organizations that may receive a large, unrestricted gift in the future is to plan for the long term.

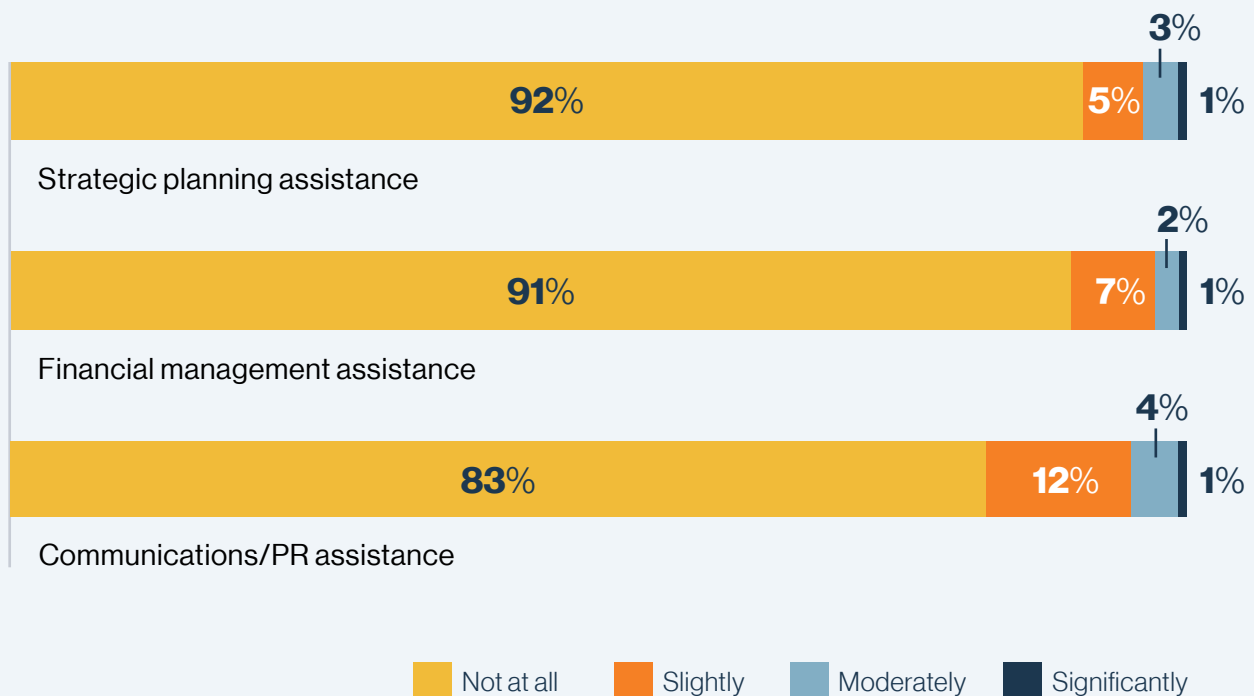
Ultimately, if a financial cliff were unavoidable, some leaders note they would need to pull back on pilot programs or lay off staff. One leader said, “If funding goes down, so does the staffing in order to stay alive.”

The most common advice that nonprofit leaders would offer to organizations that may receive a large, unrestricted gift in the future is to plan

for the long term. They recommend organizations consider the future financial implications of a large unrestricted grant or how the funds fit into the organization’s larger vision, either through an existing strategic plan or by creating plans for how to handle an unexpected large gift. One nonprofit leader urges other leaders to be “thinking about your organization’s plans in two years, five years. What are your plans once that money is gone?” Another nonprofit leader advises peers “to look at it as part of your whole strategic plan, and ask, ‘Does it allow me to bring any of those long-term things into the current day? And if I do, how am I still going to sustain them?’”

More than three-quarters of responding leaders said that, if they had it to do all over again, they would not allocate any of the funds differently than they have; most of the remaining respondents said they were “not sure” yet. Almost all of the nonprofit leaders indicated that the absence of an additional support from Scott — such as communications/PR assistance, financial management assistance, or strategic planning assistance — did not prevent them from maximizing the impact of this grant (see Figure 17).

FIGURE 17. Extent to Which Absence of Nonmonetary Support Limited the Grant’s Impact (Ns range from 610-612)



LEADERS OF COLOR MAKING LARGER, MORE MISSION-DRIVEN REQUESTS

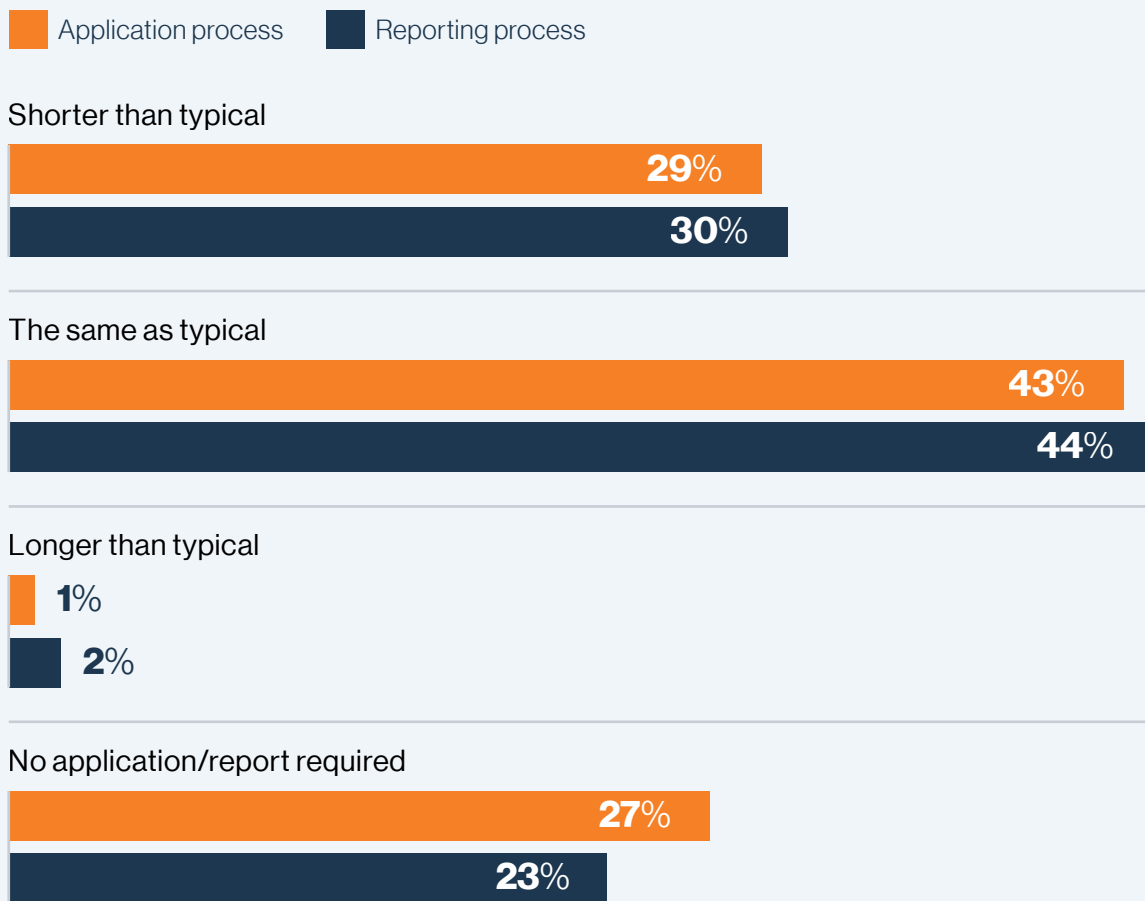
In their fundraising efforts after receiving a grant from Scott, leaders of color are slightly more likely to report that they are now pursuing grant opportunities that align better with their organizations’ values. Black and Latino leaders are also slightly more likely to indicate that they are now asking for more unrestricted grants and larger grants.³³

³³ All statistical relationships reported in this paragraph are of a small effect size.

MANY REGRANTORS SEEK TO STREAMLINE PROCESSES

About one-quarter of the organizations that responded to our survey have or will regrant at least some of the funding they received from MacKenzie Scott. Among the organizations that have already regranted some of the funds, more than half report that they shortened the application and reporting processes that they normally require — or required no application or reporting at all for these funds (see Figure 18).

FIGURE 18. Regrantor Application and Reporting Processes for MacKenzie Scott Grants Compared to Organizations’ Typical Processes
(Ns range from 90-91)



While about half the organizations are making their giving decisions according to the same criteria and priorities they had before receiving a grant from MacKenzie Scott, one-third have modified their grantmaking criteria or priorities for regranted these funds. Close to half the respondents say that the grants they have made from the Scott money have been mostly unrestricted, and one-quarter report making a mix of restricted and unrestricted grants from these funds.

AN OPEN CALL FROM YIELD GIVING

In March 2023, Scott and her team launched a “\$250 million Open Call focused on elevating organizations working with people and in places experiencing the greatest need in the United States,” managed by Lever for Change.³⁴ Applications were due in summer 2023, with the plan for 250 awardees to be announced in early 2024. This is a change from Scott’s prior mode of giving, in which her team was proactively vetting and selecting organizations to fund. We hope to gather feedback from these recipient organizations in our data collection efforts for year three of this study.

³⁴ Lever for Change, “Yield Giving Launches New \$250 Million Open Call to Elevate US Nonprofits Advancing the Voices and Opportunities of their Communities,” *Lever for Change*, March 21, 2023, <https://www.leverforchange.org/learning/news/yield-giving-launches-new-250-million-open-call-to-elevate-us-nonprofits-advancing-the-voices-and-opportunities-of-their-communities>.

CONCLUSION

MacKenzie Scott's giving to date has broken the mold of typical approaches to philanthropy, even among megadonors and large foundations. While no single element of her giving is entirely new, Scott has put the elements together in a way that is unprecedented — making gifts that are many times the norm in terms of size, totally unrestricted with respect to use and time constraint for expenditure, and virtually

While no single element of her giving is entirely new, Scott has put the elements together in a way that is unprecedented.

free of any reporting requirements. While this approach is likely to remain unusual and would not be right for every donor, it offers opportunities for research and learning that can inform donors at various levels undertaking a range of different approaches.

So far, the data we have gathered over the last two years suggests that Scott's giving continues

to have profound effects on recipient organizations and that the fears many other funders express — whether about nonprofits' ability to handle grants of this size or unintended consequences — have not materialized. Leaders of recipient organizations are using the grants in ways that they are finding have strengthened their organizations, staff, fields, and communities. Many leaders said they are starting to see the impact of the programmatic efforts they have pursued with these funds — and that those efforts are advancing equity. From providing increased services through food banks to building housing for those in recovery from addiction, leaders share examples of the many ways they believe this funding is affecting lives and the issue areas they work on.

Nonprofit leaders also report that the way they have chosen to use the funds inside their organizations, including to improve equity, has had a ripple effect that extends to the communities they serve. They describe improved morale and creativity among staff, both of which have put them in a stronger position to pursue their organization's mission. While most interviewed funders praise Scott's approach, they also express concern about nonprofits' ability to handle large, unrestricted gifts. Yet our findings suggest that, in the eyes of their leaders, the organizations that received gifts from Scott between 2020 and 2022 have fared quite well.

Few nonprofit leaders express concerns about their organization reaching a financial cliff after the Scott funds have been spent, explaining that they chose to put the money to use in ways that would avoid such an outcome. Nonprofit leaders seem to be taking the long view. In interviews, they sometimes communicated their gratitude to Scott, expressing what they see as the long-lasting effects these large, unrestricted gifts are having on their lives and the lives of their staff.

To be blessed with a gift of that amount was just something that's going to be unsurmountable, and I think that MacKenzie probably does not realize the continuous blessing that it brings upon every single life that it touches — not only the clients that we continue to serve, but our staff and our own families. It's an amazing impact, and that wheel has continued to move, and those spokes continue

to just turn and turn. It gives us all hope, from the client, to the staff, to the broadened ecosystem that we were reaching out to — all of our different partners and community partners — as we continue to grow and expand those relationships. The impact and the reach are beyond just inside the organization's walls, you know? It's going to be a continuous impact over several years.

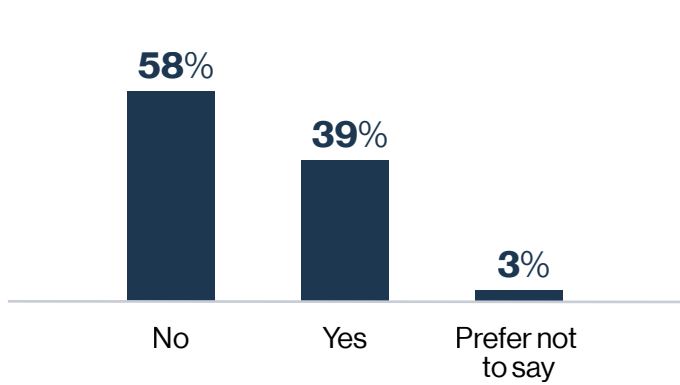
It remains too early to draw more definitive conclusions about Scott's giving and its effects. Scott's grantees have had this funding for only one to three years. But their experiences to date can offer insights to inform other donors as they consider their approach to giving. In year three of this study, we hope to explore further questions for this research, including:

- ▶ What additional evidence do these organizations have of the impact of these gifts on their programs, financial health, and operations?
- ▶ What does the financial trajectory of recipient organizations look like, from the years prior to the grant through the years following its receipt?
- ▶ How do the growth and evolution of these organizations compare to those of organizations in their fields that did not receive these gifts?
- ▶ To what extent are other funders' attitudes and practices influenced by MacKenzie Scott's approach and the self-reported experiences of organizations she funded?

Appendix A: Survey Sample Leader Characteristics

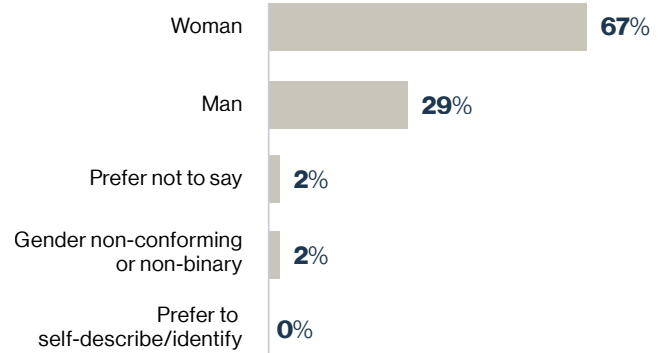
Racial Identities of Surveyed Leaders

Do you identify as a person of color? (N=627)

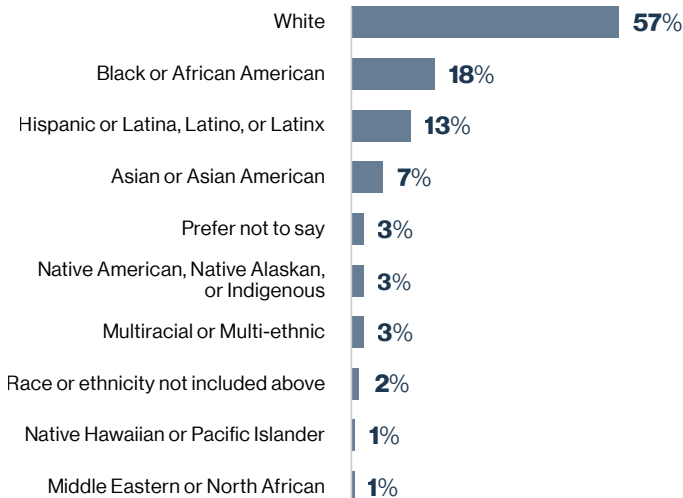


Gender Identities of Surveyed Leaders

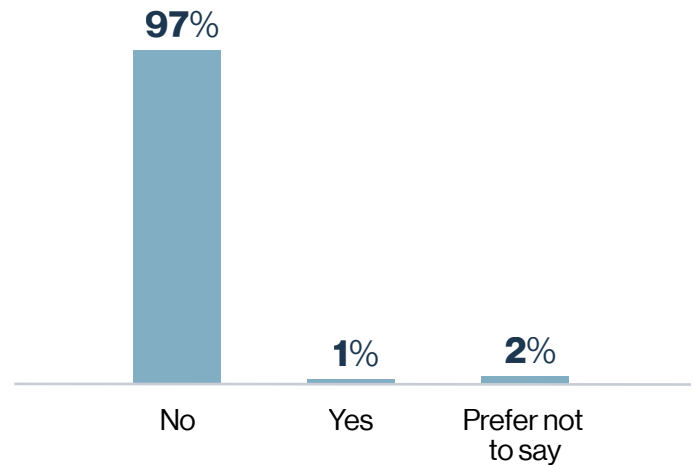
How do you describe yourself? (N=614)



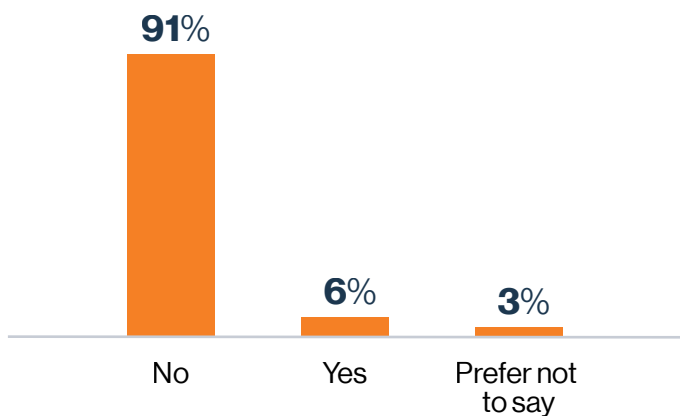
What is your race or ethnicity? (N=628)



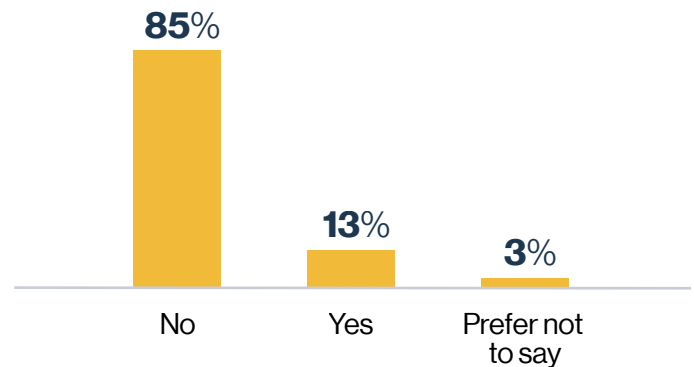
Are you transgender? (N=612)



Do you have a disability? (N=613)



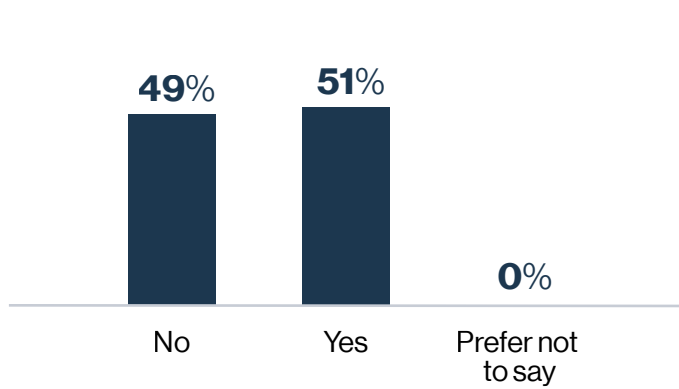
Do you identify as a member of the LGBTQ+ community? (N=612)



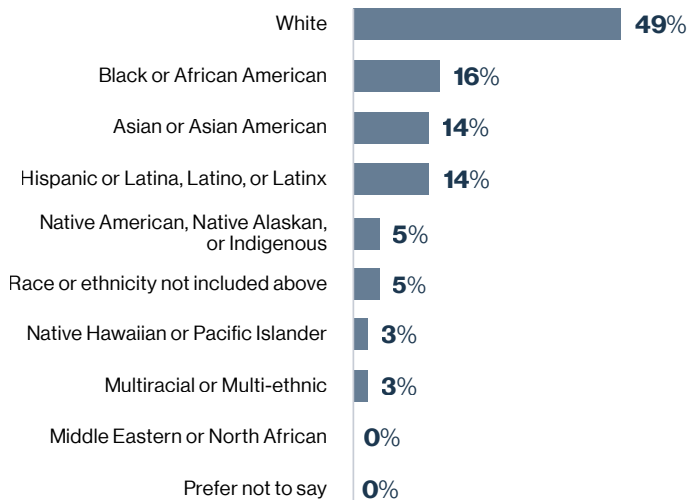
Appendix B: Nonprofit Interview Sample Leader Characteristics

Racial Identities of Interviewed Leaders

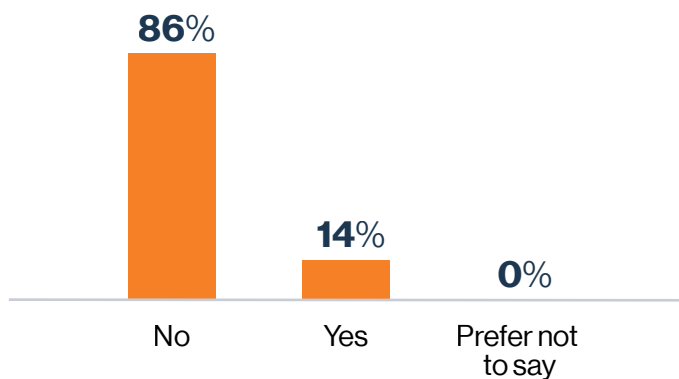
Do you identify as a person of color? (N=37)



What is your race or ethnicity? (N=37)

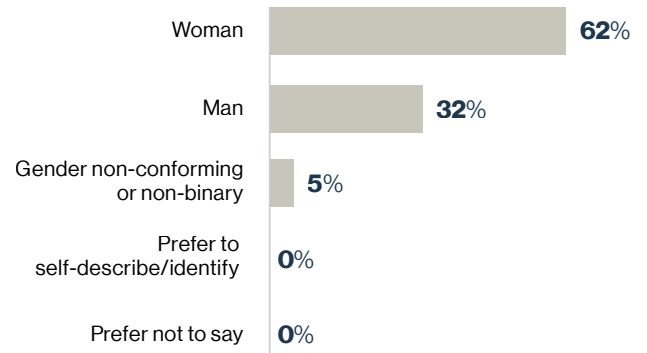


Do you have a disability? (N=37)

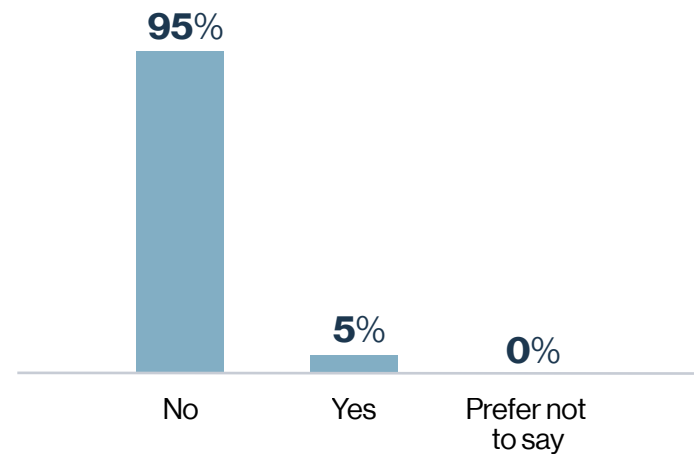


Gender Identities of Interviewed Leaders

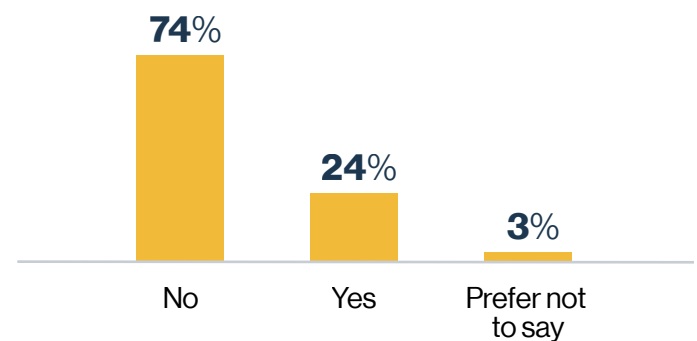
How do you describe yourself? (N=37)



Are you transgender? (N=37)



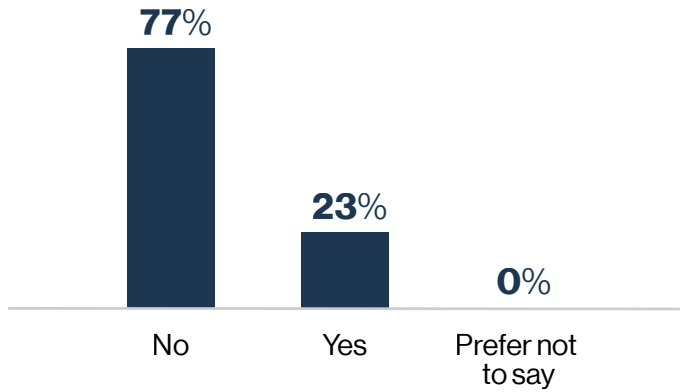
Do you identify as a member of the LGBTQ+ community? (N=34)



Appendix C: Funder Interview Sample Leader Characteristics

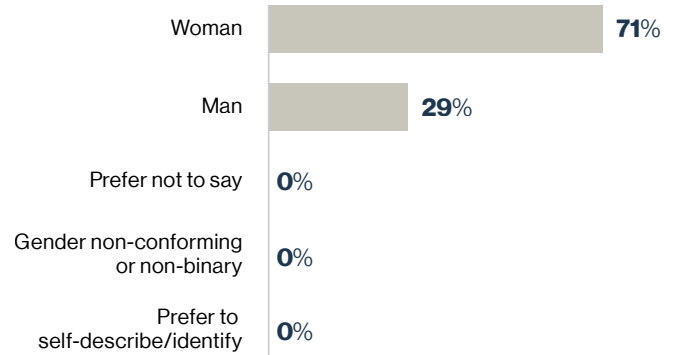
Racial Identities of Interviewed Leaders

Do you identify as a person of color? (N=31)

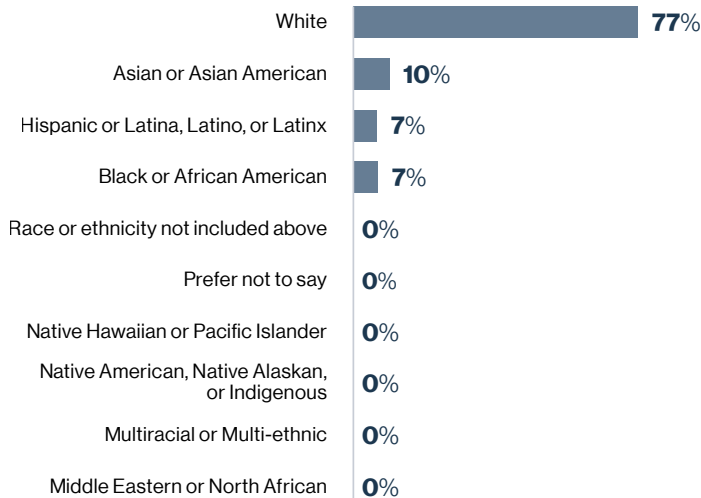


Gender Identities of Interviewed Leaders

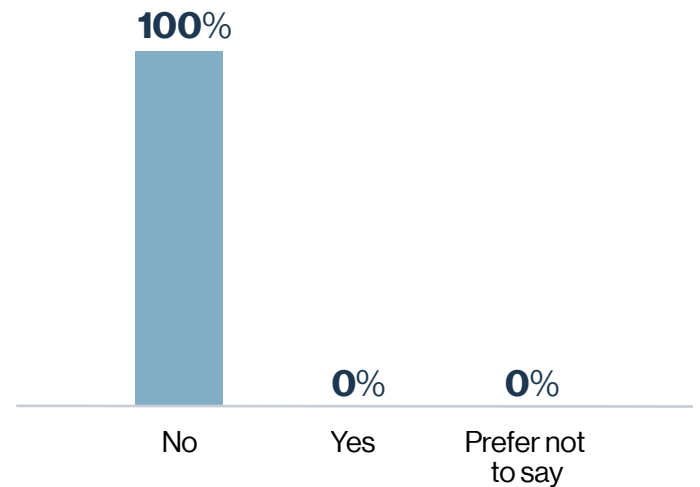
How do you describe yourself? (N=31)



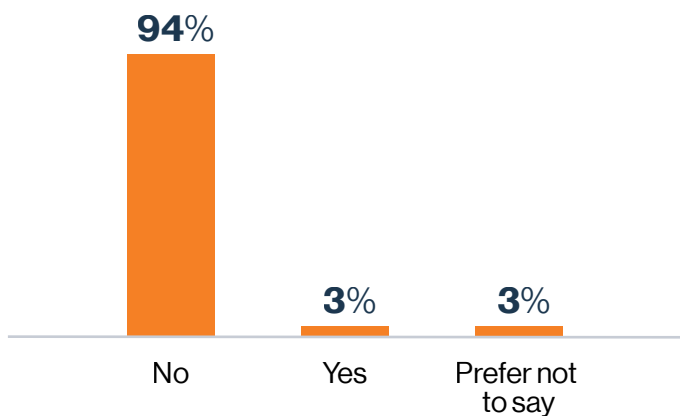
What is your race or ethnicity? (N=31)



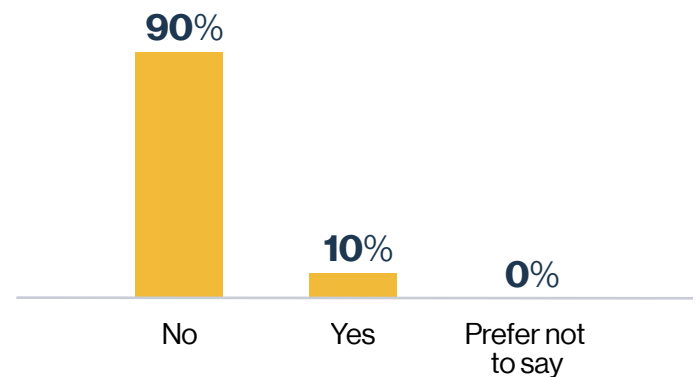
Are you transgender? (N=31)



Do you have a disability? (N=31)



Do you identify as a member of the LGBTQ+ community? (N=31)



Appendix D: Methodology

The findings presented in this report are based on data collected, analyzed, and interpreted by the Center for Effective Philanthropy. Leaders of 632 nonprofit organizations completed a survey, and 40 nonprofits and 37 funders participated in interviews. 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 on MacKenzie Scott’s website, [Yield Giving](#), as having received a grant from her. In total, the Yield Giving database identifies 1,604 grants made to recipient organizations.³⁵

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

SURVEY SAMPLE CHARACTERISTICS

In March 2023, CEP invited 1,556 nonprofit organizations to participate in a survey examining their experiences as recipients of grants from MacKenzie Scott.³⁶ Completed surveys were received from 617 organizations, and partially completed surveys were received from 15 organizations. (See Table 4.) We did not provide any incentives, financial or other, in exchange for the completion of the survey.

Table 4. Response Rate

Survey Period	Number of Eligible Respondents	Number of Completed/ Partial Responses	Survey Response Rate
March 21, 2023, to April 20, 2023	1,545	632	41%

SURVEY ADMINISTRATION

The survey was fielded online for a monthlong period, from March 21, 2023, to April 20, 2023. Participants were sent an 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 individualized link to the survey, to prevent respondents from completing the survey more than once.³⁷ The survey was in English and was administered through Qualtrics. Participants were sent up to six reminder emails.

³⁵ Although CEP received a gift from MacKenzie Scott, CEP was excluded from the survey sample and did not participate in this research.

³⁶ While the survey was being fielded, 11 nonprofits were removed from the sample as we were not able to contact their executive directors or other senior organization members.

³⁷ 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 Appendix A for descriptive statistics.

RESPONSE BIAS

We analyzed survey responses to determine whether participants were more likely to answer the survey based on their organization's annual expenses or location. There were no differences based on an organization's annual expenses or its geographic location within the United States. However, organizations based outside of the U.S. were slightly more likely to respond to the survey than organizations based in the U.S.³⁸

SURVEY INSTRUMENT

The survey examined nonprofits' experiences as recipients of large, unrestricted gifts. The survey, which contained 64 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 [here](#).

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-square tests, correlations, and analyses of variance. 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 reported only 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 interrater reliability averages across items ranged from 83 percent to 100 percent.

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

³⁸ This statistical relationship is of a small effect size.

Interview Methodology

INTERVIEW POPULATION

Nonprofits

We reached out to the 40 nonprofit leaders who were interviewed in the first year of this study to invite them to participate in interviews again this year, in order to collect longitudinal data on the experiences of these nonprofits. All of those nonprofits had received a grant from Scott between summer 2020 and summer 2021. Of those 40, 24 agreed to be interviewed again this year.

In order to reach our target of interviewing 40 organizations, we invited an additional 24 nonprofits that had received a grant in the same time frame. We further stratified the volunteers to ensure that our sample included at least 20 leaders of color. Ultimately, leaders of 40 organizations participated in interviews.

Funders

Funder interviews were conducted with CEOs and presidents of independent foundations, community foundations, and United Ways, as well as with program officers working at independent foundations. For both independent foundation and community foundation interviews, we randomly selected foundations that give over \$5 million or more annually according to our recent internal records. We ensured that there was no overlap in organization affiliation between the independent foundation CEO and independent foundation program officer samples. For United Ways, we selected United Ways from CEP's internal records. From these lists, we invited 60 independent foundation CEOs, and 15 agreed to be interviewed. We invited about 48 program officers, and 11 agreed to be interviewed. Of the 12 United Ways and 32 community foundations invited, seven United Ways and four community foundations agreed to be interviewed.

With the exception of three United Ways, no funders in our sample were recipients of MacKenzie Scott's grants.

SAMPLE DEMOGRAPHICS

Nonprofits

Nonprofit interview respondents represented organizations that varied in type and year of grant. A detailed description of the nonprofits' characteristics is provided in Table 5.

Table 5. Nonprofit Characteristics

Nonprofit Characteristic	Nonprofit Interview Sample
<i>Type of organization (N=40)*</i>	
Advocacy organization	15%
College or university	3%
Direct service organization	38%
Funder	13%
Grassroots organization	13%
K-12 school or school district	0%
Philanthropy serving organization	15%
Research organization	3%
Social finance institution	3%
Other	35%
<i>Year of grant receipt (N=40)</i>	
2020	48%
2021	52%

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

Funders

Funder interview respondents represented organizations that varied in type. A detailed description of the their organizations' characteristics is provided in Table 6.

Table 6. Funder Organization Characteristics

Funder Type (N=37)	Funder Interview Sample
Independent foundation	70%
Community foundation	11%
United Way	19%

INTERVIEW PROTOCOL

Nonprofits

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 12 questions about the impacts of the grant on the organization, its programmatic work, and its leadership, as well as questions on the lessons for other nonprofits and for funders from MacKenzie Scott's giving.

Funders

An interview protocol was developed, and pilot interviews 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 12 questions about the interviewees' perspectives on MacKenzie Scott's grantmaking, their grantee and donor relationships (if relevant), and the role of funders in philanthropy.

DATA COLLECTION

All interviews were completed from March to May 2023. The 40 nonprofit interviews were conducted by two CEP staff members. Interviewers discussed the interview process and worked together to establish consistency in style. The 37 funder interviews were also conducted by two CEP staff members. Interviewers discussed the interview process and worked together to establish consistency in style. All 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. Ultimately two codebooks were developed — one for the nonprofit interviews and one for the funder interviews. These codebooks were then used to code all transcripts and ensure consistency across all coders. Substantial pairwise interrater reliability agreement was achieved for the codebooks before formal coding began.

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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