

KEY TAKEAWAYS

How MacKenzie Scott and Melinda French Gates Are Transforming Philanthropy: Experts Weigh In

By Emily Haynes



Historically, well-connected nonprofits have benefited from a wider breadth of major gifts and grant opportunities than groups without close ties to wealthy people and institutions. But in recent years, philanthropist MacKenzie Scott has upended this dynamic. Working with the consulting firm Bridgespan to identify and vet worthy organizations, Scott has given upwards of [\\$17.3 billion](#) to more than 2,300 nonprofits since 2020. Some of her gifts were the largest the recipients had ever received.

Melinda French Gates has said Scott's unique, no-strings-attached approach [has affected](#) her giving and she hoped Scott would say the same about her strategy. After 24 years at the Gates Foundation, which she founded with her ex-husband, Bill Gates, French Gates stepped out



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on her own in June. She departed the foundation with \$12.5 billion earmarked for charity. While it remains to be seen how French Gates plans to distribute those funds, philanthropy watchers are eager to see whether and how she chooses to emulate Scott’s approach — or go her own way.

Already, French Gates has pledged to give [\\$1 billion](#) by 2027 to global efforts focused on women’s rights. Of that sum, \$250 million will be granted through an open call, a public grant opportunity administered by the nonprofit Lever for Change. Scott worked with the group on a similar effort, awarding \$640 million to 361 organizations through an open-call competition that concluded in March.

Scott and French Gates have both signed the Giving Pledge, committing to donate most of their wealth either during their lifetimes or in their wills. They have also expressed a desire to take a fresh approach to philanthropy — on a massive scale.

To help you understand their potential impact, the *Chronicle* convened a live online forum, “How MacKenzie Scott and Melinda French Gates Are Transforming Philanthropy,” featuring three experts:

- Elisha Smith Arrillaga, vice president for research at the Center for Effective Philanthropy
- Cecilia Conrad, CEO of Lever for Change
- Kendra Davenport, CEO of Easterseals, a nonprofit that provides services to people with disabilities and has received gifts from Scott

Jim Rendon, senior writer at the *Chronicle*, moderated the discussion. Here are some key takeaways.



**Dr. Elisha Smith
Arrillaga**

*Vice President of Research
Center for Effective
Philanthropy*

Small Nonprofits Can Handle Large, Unrestricted Gifts

In 2020, when Scott made her first big gifts to small nonprofits, some observers worried the organizations didn't have the infrastructure to manage such large sums. Smith Arrillaga and her team launched a three-year study of those donations, surveying 632 of the recipients about how they used Scott's money and the effect it had on their organizations and missions.

"These gifts have really been transformational," Smith Arrillaga says. Concerns that the large contributions would spark unsustainable spending have been unfounded, she adds.

Scott's gifts are unrestricted: Nonprofits use the support how and when they see fit. Leaders told Smith Arrillaga that the donations promoted long-term financial stability because the nonprofits weren't pressured to spend the money during a limited period. Some groups used their gifts to launch an endowment or rainy-day fund. Others bolstered their programming — one group expanded the population it served by 30 percent. Still others invested in their staff, creating new positions or adding employee benefits. One nonprofit, for example, put some of its grant toward a 401(k) program for its employees.

The experience of Scott's grantees shows that small nonprofits are prepared to use big gifts wisely, Smith Arrillaga says. In many cases, these groups already had ideas for how they would use increased funding, should they ever receive it.

"Organizations have a lot of plans," Smith Arrillaga says. "They just needed the resources to execute them."



Dr. Cecilia Conrad

CEO

Lever for Change

Open Calls Make Big Grants More Accessible

Conrad says she founded Lever for Change to level the philanthropic playing field. Many grant opportunities are invitation-only. Conrad wanted to make this funding available to organizations that lack connections with deep-pocketed institutions. Her solution: an open-call grant-making process.

After donors pledge to grant a sum to nonprofits, Lever for Change helps them develop a system for evaluating potential grantees. Working with Scott on her [\\$640 million open call](#), Lever for Change announced a grant cycle for community-led and local organizations working on equity issues. They sought to make the process simple for applicants by requesting materials they likely already had, such as annual reports and mission statements. They also designed a review process in which applicants were evaluated by peers and experts.

This system isn't just beneficial to lesser-known nonprofits, Conrad says. By considering a deeper bench of applicants, open calls assure donors that they're putting their money behind the best ideas and solutions out there.

For example, Scott set out to give \$1 million grants to 250 organizations, but the field of more than 6,300 applicants was so impressive that she [upped her grant making](#). In March, she announced \$2 million grants to 279 organizations and \$1 million grants to 82 others.

“When you do an open call,” Conrad says, “you’ll find organizations that otherwise would not have come to your attention.”



Kendra Davenport

*President and CEO
Easterseals*

Trust-Based Philanthropy Empowers Nonprofit Leaders

Fundraising is an essential part of nonprofit leadership, but it can often feel onerous, says Davenport of Easterseals. “It sometimes feels like nine-tenths of your job is coming up with the funding to do your job, to do the programs, to keep things going,” she says. Trust-based philanthropy, such as unrestricted gifts and open-call grant making, is changing that dynamic by giving nonprofits the resources to plan for their future, shore up their programming, and support their staff. “It’s one of the most exciting things I’ve seen in my career,” she says.

Twenty-two Easterseals affiliates received gifts from Scott in 2020. This investment helped the legacy nonprofit launch new programs and capital projects. “The gifts were transformative,” Davenport says.

In interviews, leaders who received grants from Scott told Smith Arrillaga that they felt more confident in their own leadership after receiving these big gifts. This sentiment was particularly strong among leaders of color.

Davenport says Scott’s donations give leaders the freedom to respond to needs in their communities without worrying how they’ll cover the costs. “Funding like this really takes that level of angst out of the equation,” Davenport says. “[It] puts nonprofit leaders in the driver’s seat.”



Jim Rendon

Senior Writer
Chronicle of Philanthropy