

SOLIDARITY NOT CHARITY

Arts & Culture Grantmaking in the
Solidarity Economy

A RAPID REPORT

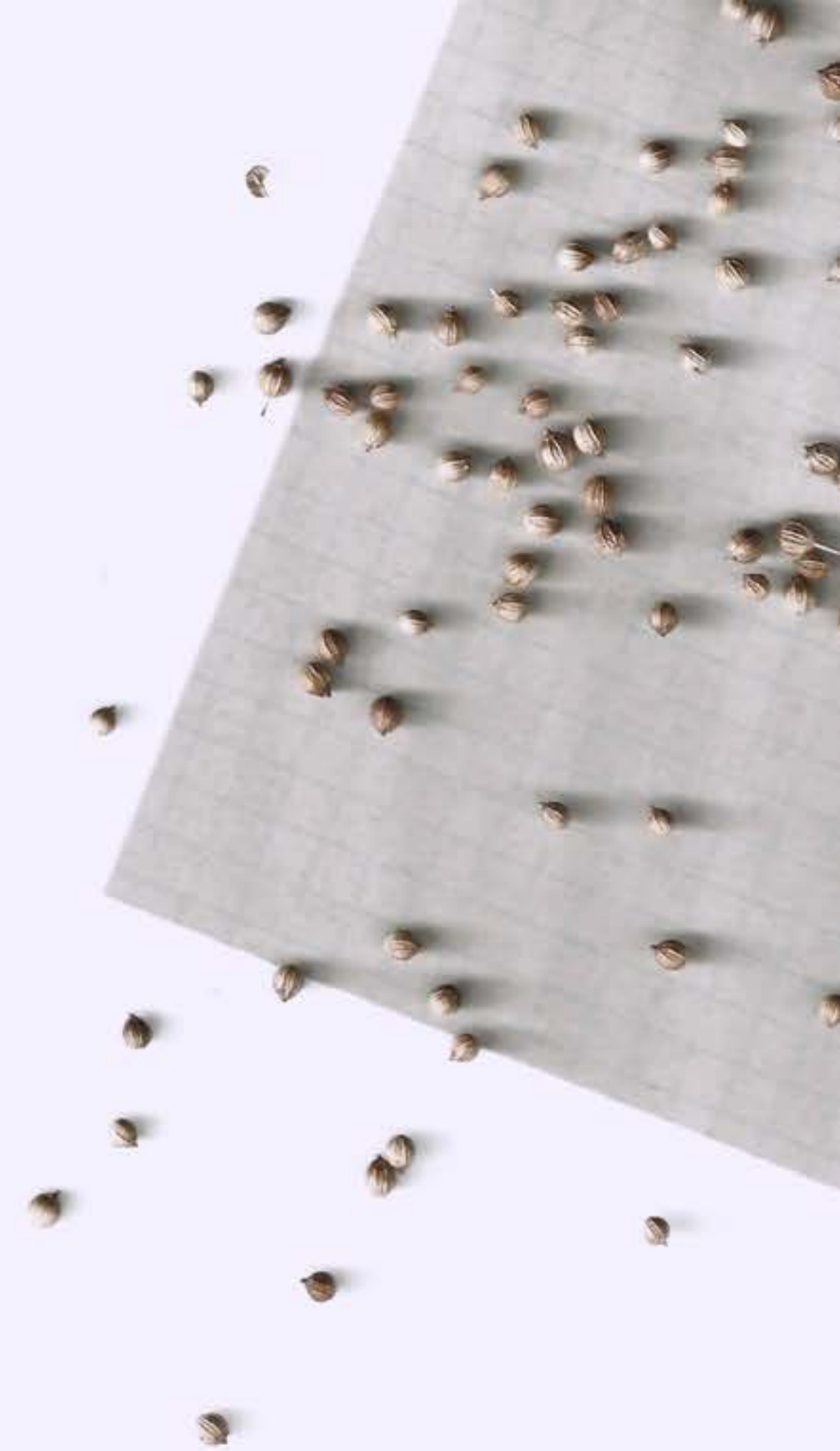
Prepared for: Grantmakers in the Arts
Written by: Nati Linares and Caroline Woolard

NOVEMBER 2020 – MARCH 2021



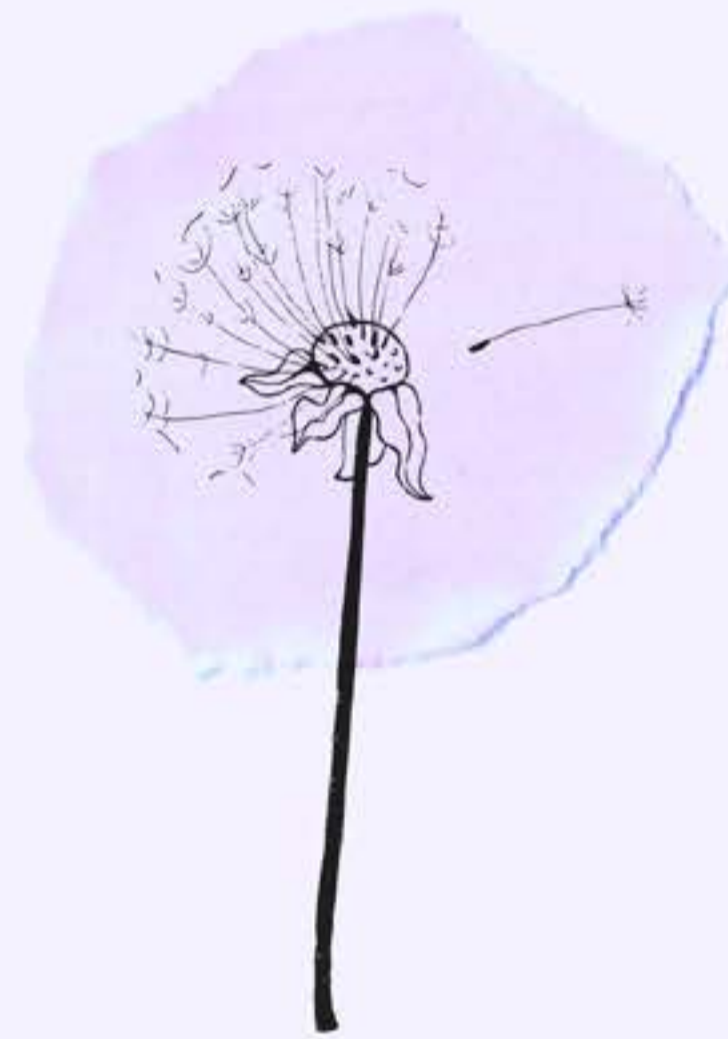
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Acknowledgements

We are two mothers writing, listening, and learning, in a pandemic. We tuck in our sons, hold their small hands through the virus and tear gas, and continue the intergenerational work. We are Nati Linares and Caroline Woolard—a cultural organizer and an artist—and we believe that every cultural worker should be able to feed their children and pay their rent. We believe that culture is the key to reimagining the collective vision of what's possible. As you read this report, sense the heartbeats that flow through it. This is one effort among many. This is an invitation to join a long process of transformation, together.



We acknowledge the original stewards of the land.

We acknowledge our ancestors and your ancestors.

We acknowledge and thank all those who have struggled for worker's rights, and racial, economic, and environmental rights and emancipation.

We stand on the shoulders of those who use solidarity and cooperative economics in the struggle for liberation. These are some of the folks who lead the way for us: Ella Baker, James Baldwin, Grace Lee Boggs, Barbara Dane, W. E. B. Du Bois, the Combahee River Collective, Fannie Lou Hamer, Lorraine Hansberry, Zora Neale Hurston, Paul Robeson, Shirley Sherrod, Nina Simone, Comandante Ramona, Elandria "E" C. Williams, Dr. Jessica Gordon-Lembhard, and many others.

We acknowledge your time and care.

Grantmakers in the Arts is the only national association of both public and private arts and culture funders in the United States, including independent and family foundations, public agencies, community foundations, corporate philanthropies, nonprofit regrantors, and national service organizations—funders of all shapes and sizes across the United States and into Canada.

FOR MORE INFORMATION AND RESOURCES VISIT WWW.GIARTS.ORG

Grantmakers in the Arts
522 Courtlandt Avenue, 1st Floor
Bronx, NY 10451-5008
(929) 452-3740



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Prepared for: Grantmakers in the Arts
Co-Authors: Nati Linares and Caroline Woolard

Content Editor: Helen Hoffing

Research Assistants: Liz Alspach, Jonathan Lee, Ruby Mayer, and Amalia Petreman

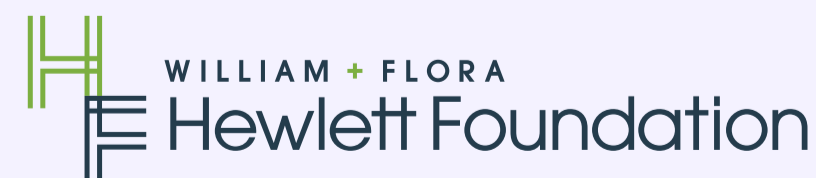
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Executive Summary

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Executive Summary

This report is about the ways that **arts and culture grantmakers can engage in systems-change work that addresses root causes** rather than symptoms of cultural inequity. The cultural sector is actively seeking alternatives to business-as-usual to create economic and racial justice in the sector and beyond. Grantmakers can play a role in the transformation of the sector by following the lead of BIPOC creatives who are innovating models for self-determination and community wealth. This work is part of an emergent movement in the United States that is known globally as the Solidarity Economy.

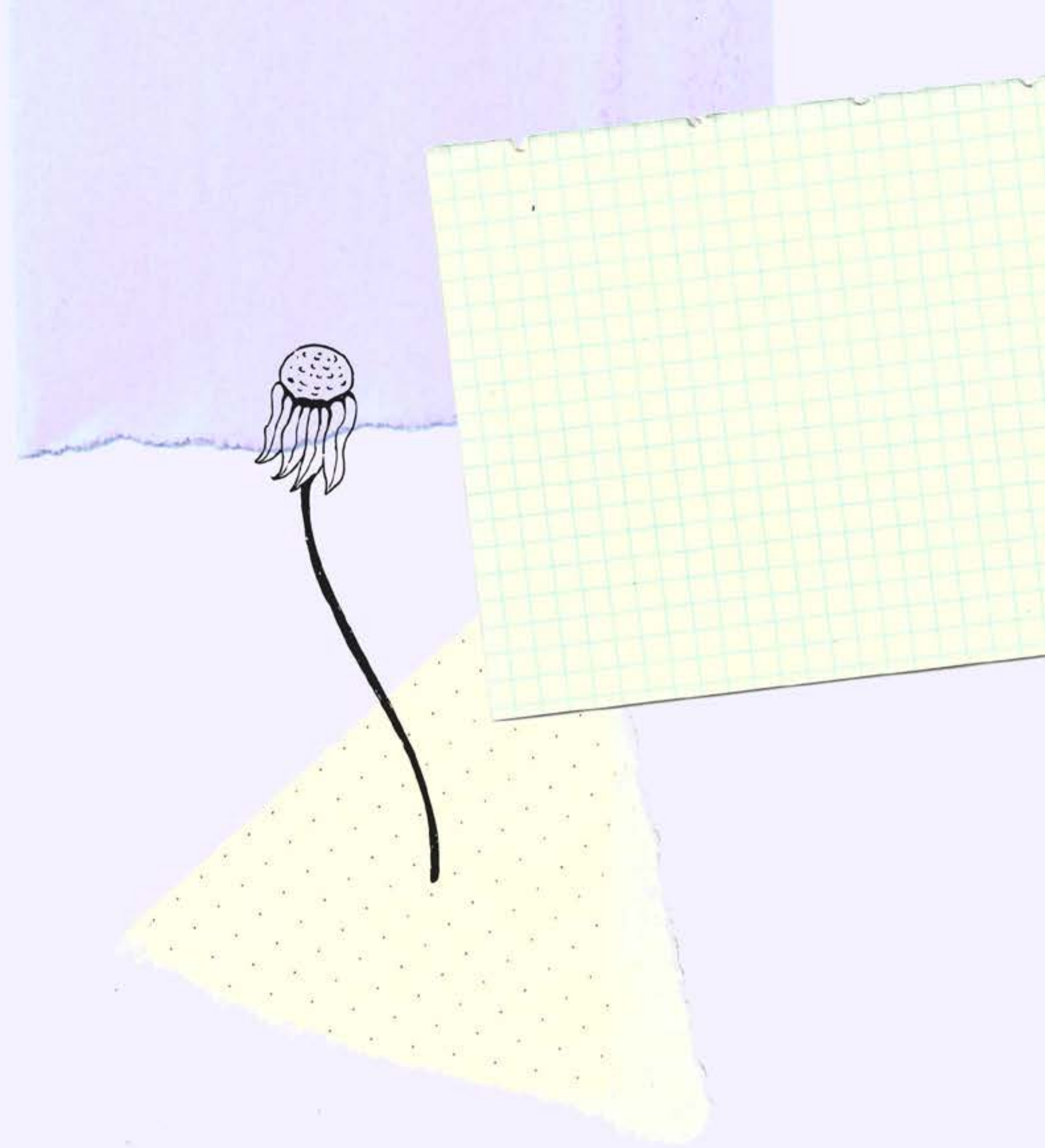
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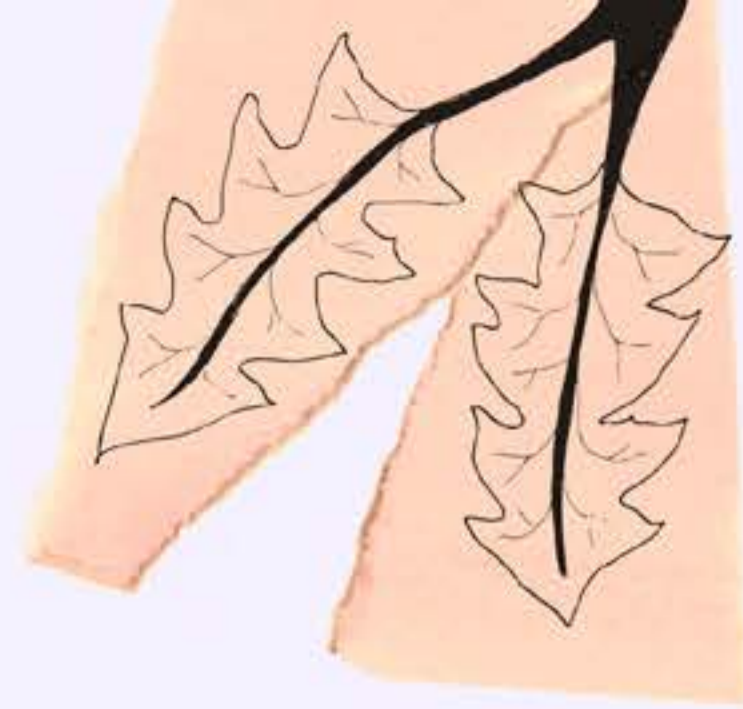
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The economic system culture-bearers and artists want is not only possible—it already exists, and can be strengthened and cultivated with intention. This system includes worker co-ops, community land trusts, concessional loans, and mutual aid networks. What do these things have in common? They all center community ownership and democratic governance for political, cultural, and economic power.¹ This emergent movement goes by many names—economic democracy, regenerative economics, community wealth, just transition, self determination, degrowth, the commons, local community economic development—but **internationally, it is known as the Social and Solidarity Economy**, or the Solidarity Economy.

ganizational forms.² The Solidarity Economy principles include cooperation, participatory democracy, intersectional equity, sustainability, and pluralism.³ Dynamic collaborations between grantmakers, government agencies, and federations of cooperatives have produced thriving Solidarity Economy ecosystems around the world⁴ with tailored tools of support, training programs, financial vehicles, and policy platforms.⁵

There is great evidence that the Solidarity Economy provides resilience amid crisis and has lasting impact, when supported as a holistic ecosystem. For example, when grantmakers support community-controlled, permanently affordable infrastructure and space they **create long-term efficiencies in their giving practices** as grantees who benefit are no longer spending large portions of their organizational overhead on rent. The East Bay Permanent Real Estate Coopera-

tive (EBPREC) centers their work in the Black Arts Community, making space affordable for generations to come. This is one of many efforts to ensure that land and infrastructure are held by communities who have been most harmed by our current systems.

Arts and culture **grantmakers are poised to strengthen and grow the Solidarity Economy** because:

- (1) philanthropy excels at building and supporting infrastructure and institutions,⁶
- (2) the main barrier for many of these Solidarity Economy entities is deliberate incubation⁷ and start-up capital,⁸
- (3) funders are seeking to learn about ways to support cooperative business structures,⁹ and

(4) artists and culture-bearers are leading this work.¹⁰

The oldest Native co-op in the country, Qualla Arts and Crafts, is led by culture-bearers. The first democratically managed investment fund in the country, the Boston Ujima Project, places BIPOC arts and cultural organizing at the heart of its work. The oldest non-extractive venture capital firm in the United States, The Working World, was started by artists. Artists in Belgium founded Smart.coop, the co-op that gives 35,000 freelancers the benefits of full-time employees (including unemployment insurance and pensions). This model—Smart.coop—is now being piloted in the United States with the US Federation of Worker Cooperatives' Guilded.

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Grantmakers can shift their grantmaking to follow the principles of the Solidarity Economy and the practices of community control and community governance that their grantees are innovating. Concretely, grantmakers can:

1) Embrace Systems-Change and Conduct a Power Analysis.

In order to embrace a systems-change mindset to support Solidarity Economies, grantmakers must get clear about the systems that they work in and want to change. This begins by learning about, acknowledging, and repairing histories of harm enacted by arts and culture institutions, as well as the root causes of cultural inequity. From here, grantmakers can identify and shift how people in the sector show up in spaces—shifting resources as well as attitudes, language, and beliefs related to benevolence,

charity, and perceived expertise. Key questions include: *Who makes the decisions? Who benefits? What else will this impact?*

2) Commit to Long-Term Work with Multi-year Grants, Loans, and Equity Investments for Solidarity Economy Institutions and Networks.

To work in true partnership, grantmakers must understand and respect the power of community-owned infrastructure as well as the legal and fiscal challenges that informal, emergent, solidarity, and cooperative institutions face. Grantmakers must commit to long-term funding that is not project based to achieve systems-change and support partnerships with hyperlocal intermediaries who have expertise and longstanding relationships with the people doing the work. Key questions include: *How can we ensure that communities of artists, culture-bearers, and*

people who have been most harmed by our current systems have community ownership? How can we not just put out the fires of the world, but build solutions that can replace the destructive systems, to create community wealth?

3) Support Collaboration, Leadership Development, and Study Groups.

To create economies of justice and solidarity, a cultural shift—unlearning hierarchy and building the capacity to collectively govern—must occur for grantmakers, intermediaries, and grantees. Shared governance requires skill sets of embodiment, listening, facilitation, collaboration, conflict transformation, and ongoing, emergent education and training. Histories of cooperation and economies rooted in cultural traditions must be re-taught and relearned. Key questions include: *What would our schools, workplaces, and*

online platforms look like if those who did the work made the decisions?

4) Advocate for Policies that Support Solidarity Economy Infrastructure.

Systems-change requires policy change that will impact generations of artists and culture-bearers. Policies that create enabling environments for Solidarity Economy infrastructure and institutes include the Cultural New Deal, increases in minimum payout rates at foundations, Cultural Community Benefits Agreements, procurement for Solidarity Economy entities, and signing on to the policy platforms of existing SE groups that are advocating for cooperatives, land trusts, time banks, and all SE entities.

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Executive Summary

Grantmakers can support Solidarity Economy initiatives directly and also resource partners with hyperlocal expertise to include arts and culture in their work. Funders can work with culturally-grounded intermediaries and partners to facilitate resource-distribution without becoming gatekeepers or power-brokers. The Solidago Foundation believes that “the most effective philanthropy works in close partnership with groups that center people most directly impacted by structural inequities” and supports the Boston Ujima Project as both a partner *and* a grantee.¹¹ The Surdna Foundation invests in Alternate Roots and NDN Collective as both partners and beneficiaries. The NDN Fund in turn serves as an intermediary, providing millions of dollars in flexible and patient capital directly to Native Nations, businesses, and organizations. See the Action Checklist on page 13 for more.

can become early investors and funders of community-chosen technical assistance providers for community-owned entities. For example, The General Service Foundation supports generative somatics, which builds collective capacities for embodied and trauma-informed leadership.¹² The Chorus Foundation funds the US Federation of Worker Cooperatives, the national grassroots membership organization for worker cooperatives that provides coaching, training, and technical assistance for cooperatives. Several members of Grantmakers in the Arts have come together to support the Center for Cultural Innovation’s *AmbitioUS* program as an intermediary that is able to open up funding beyond-501c3s and provide grants, loans, loan guarantees, investments, and recoverable grants to Solidarity Economy initiatives that intersect with arts and culture.

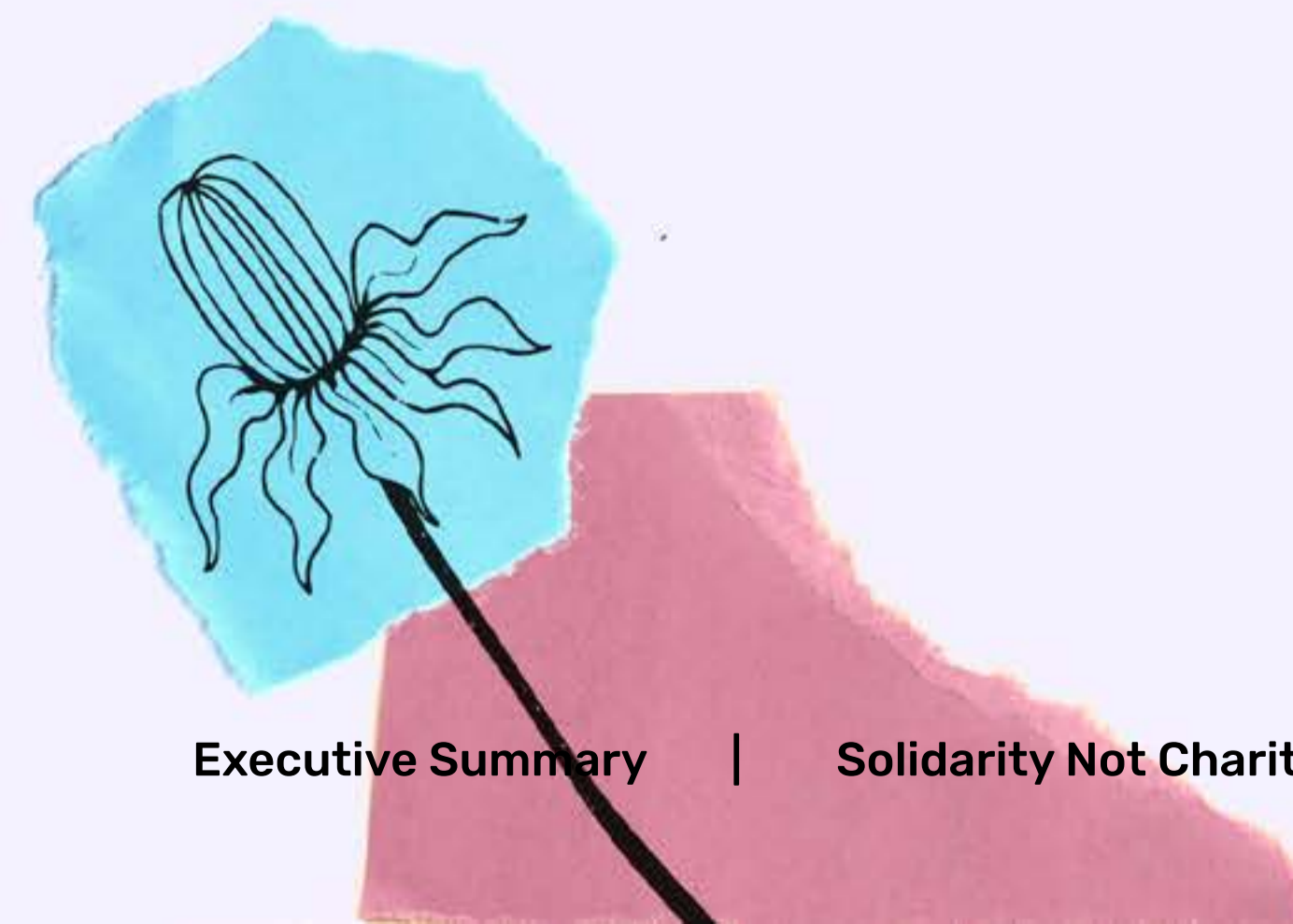
countability to the communities that have been most harmed by our current systems of neoliberal governance, extraction, and narratives of racial difference. Grantmakers can shift their position from experts and curators to supporters and co-learners who are following the lead of Black, Indigenous, People of Color, disabled, queer, trans, and working class creative people who are building economic democracy in their communities now.

To continue the research contained in this Rapid Report, grantmakers can support further research, including (1) peer-learning for grantmakers who commit to practice solidarity in grantmaking by following the lead of those most impacted, (2) support for Solidarity Economy community-study that is already underway from Boston¹³ to St. Louis, Louisville to Oakland, and that is coordinated regionally in the South¹⁴ and in Indian Country,¹⁵ and (3) support financial and peer-governance innovations that connect hyperlocal groups such as those modeled by SeedCommons, NDN Collective, and the First People’s Fund.

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Grantmakers can offer both grant and loan capital to Solidarity Economy entities, and

The Solidarity Economy is not a buzzword and must be cultivated with long-term ac-



Endnotes

¹ "What is Restorative Economics?," Nwamaka Agbo Consulting, accessed February 7, 2021, <https://www.nwamakaagbo.com/restorative-economics>.

² "The Solidarity Economy," New Economy Coalition, accessed January 12, 2021, <https://neweconomy.net/solidarity-economy/>.

³ Emily Kawano and Julie Matthaei, "System Change: A Basic Primer to the Solidarity Economy," *Nonprofit Quarterly*, July 8, 2020, <https://nonprofitquarterly.org/system-change-a-basic-primer-to-the-solidarity-economy>.

⁴ In Brazil, Colombia, Italy, Luxembourg, Quebec, France, South Korea, Ecuador, Spain, Cameroon, Cape Verde, Japan, Indonesia, Japan, Malaysia, and Costa Rica.

⁵ Peter Utting, *Public Policies for Social and Solidarity Economy: Assessing Progress in Seven Countries* (Geneva: ILO, 2017), https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---coop/documents/publication/wcms_582778.pdf.

⁶ Arleta Little, in discussion with the authors.

⁷ Hazel Corcoran and David Wilson, *The Worker Co-operative Movements in Italy, Mondragon and France: Context, Success Factors and Lessons* (Canadian Worker Co-operative Federation, May 31, 2010), <https://community-wealth.org/sites/clone.community-wealth.org/files/downloads/paper-corcoran-wilson.pdf>; and Jessica Gordon-Nembhard, "Collective Courage in the New Normal," Kheprw Institute, May 31, 2020, video, <https://www.youtube.com/watch?v=HvMfyOPeUpM>.

⁸ Erik K. Olsen, "The Relative Survival of Worker Cooperatives

and Barriers to Their Creation," *Sharing Ownership, Profits, and Decision-Making in the 21st Century*, 14, (December 9, 2013), available at <http://community-wealth.org/sites/clone.community-wealth.org/files/downloads/article-olsen.pdf>.

⁹ Samuel Barco Serrano et al, *Financial Mechanisms for Innovative Social and Solidarity Economy Ecosystems*, (ILO, 2019), https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---coop/documents/publication/wcms_728367.pdf.

¹⁰ Dayna Sherman, *Building Community Wealth* (ArtPlace America, 2020), <https://www.artplaceamerica.org/view/pdf?f=public://pictures/artplacefieldscommunitywealth.pdf>.

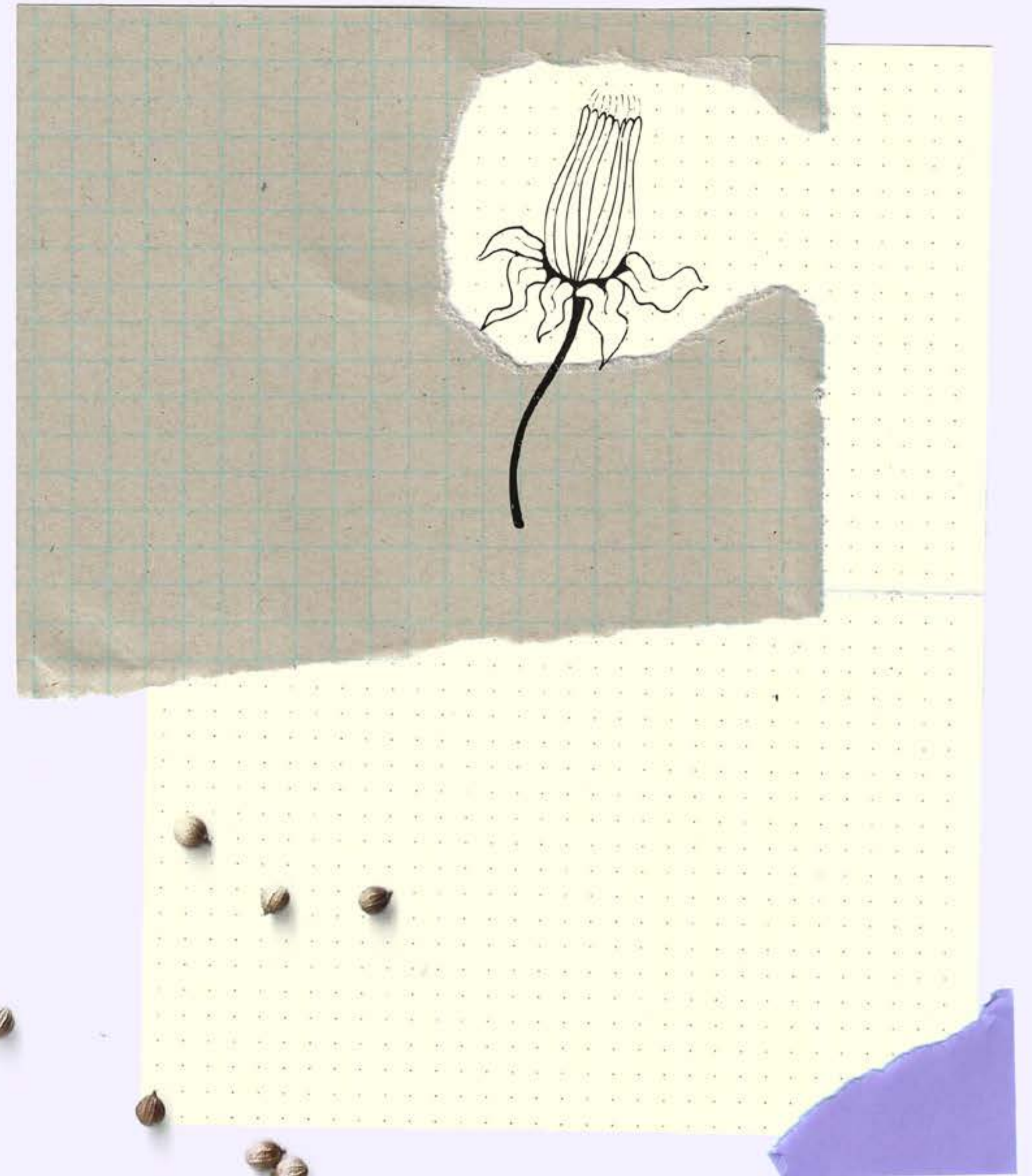
¹¹ "About Us," The Solidago Foundation, accessed February 14, 2021, <https://solidago.org/about/>.

¹² "About us," generative somatics, accessed February 14, 2021, <https://generativesomatics.org/about-us/>.

¹³ "Executive Summary," The Solidarity Economy Initiative (SEI) report 2017, accessed January 24, 2021, <https://www.solidaritymass.com/executive-summary>.

¹⁴ "Solidarity Economy in the South," Highlander Research and Education Center, accessed February 7, 2021, <https://highlandercenter.org/our-impact/solidarity-economy-in-the-south/>.

¹⁵ "Investing in Indigenous Arts Ecology, First People's Fund, accessed February 10, 2021, https://static1.squarespace.com/static/57be24e9d1758e95b6146331/t/5ac3a214352f533ad897d396/1522770485238/FPF_Investing+in+the+Indigenous+Arts+Ecology.pdf.



How to Get Started

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How to Get Started

The following tables present some of the practices and policies that arts and culture grantmakers have adopted to support Solidarity Economies. *NOTE: This list is a working document, developed in dialogue with our interviewees, and it reflects a small snapshot of the range of practices underway as of March 2021. These grantmaking practices are the result of each group's ongoing learning and shared commitment to long-term organizational transformation in the service of racial and economic justice in the sector and beyond. Practices will look different for each organization based on their culture, context, process, and desires. Add yourself to the list here: <https://art.coop/home/#action>.*

GRANTMAKERS' ROLE

Grantmakers play a role in the transformation of the sector by following the lead of BI-POC creatives who are innovating models for self-determination and community wealth. This work is part of an emergent movement in the United States that is known globally as the Solidarity Economy.

PROBLEM STATEMENT

As the cultural sector actively seeks alternatives to business-as-usual to create economic and racial justice in the sector and beyond, the main barriers for many Solidarity Economy cultural entities include (1) a lack of understanding by grantmakers of systems-change and existing power imbalances, (2) ways to support cooperative governance in the sector, (3) the best tools of support for Solidarity Economy business structures, deliberate incubation, and start-up capital, and (4) ways to change whole systems by transforming investments and endowments and advocating for systems-change policies to create a fiscal and legal environment that enables Solidarity Economy cultures to thrive.

ACTIONS

Internal Work & Governance Shifts

Investment & Endowment Shifts

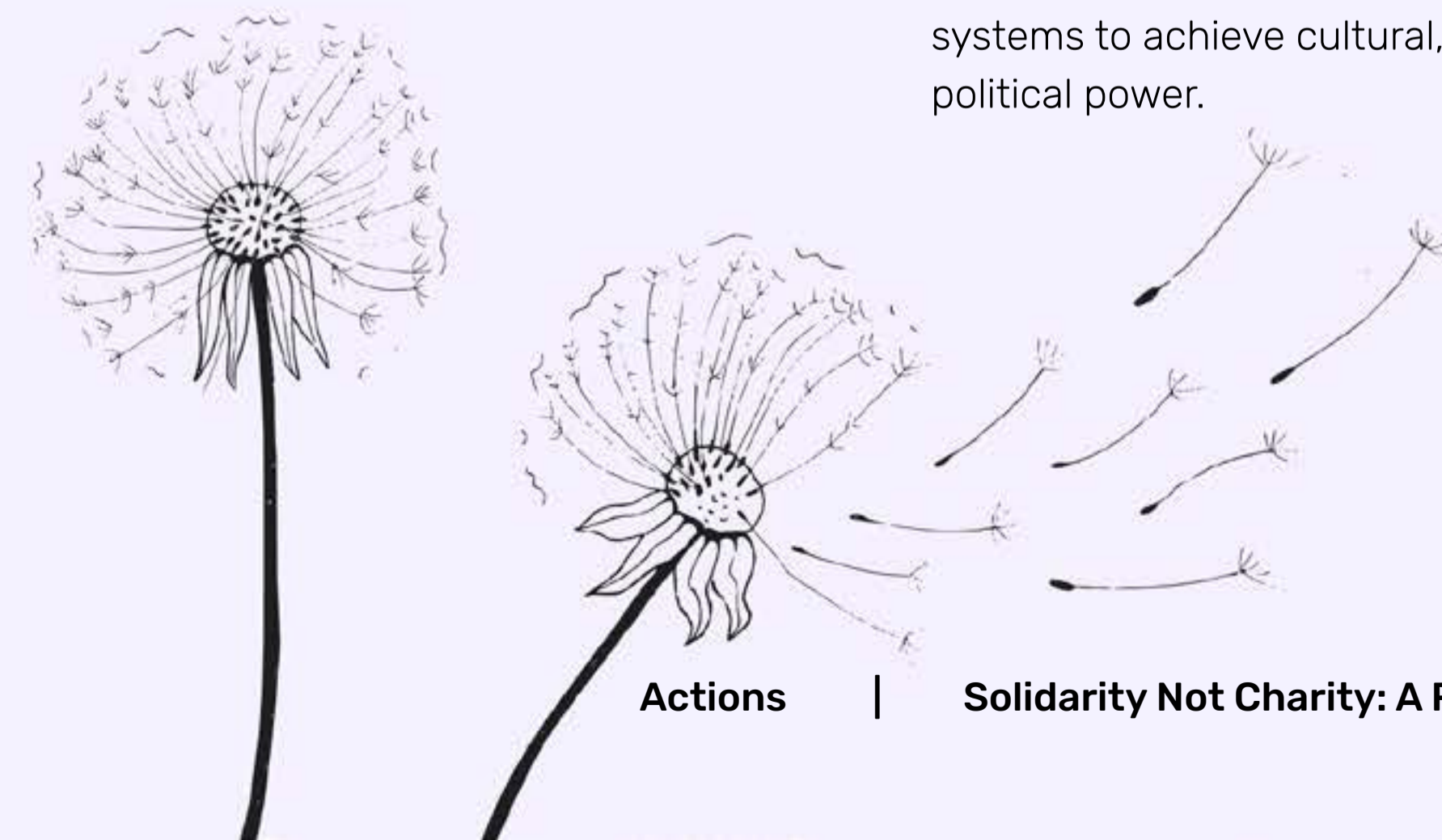
Take a Systems-Change Approach

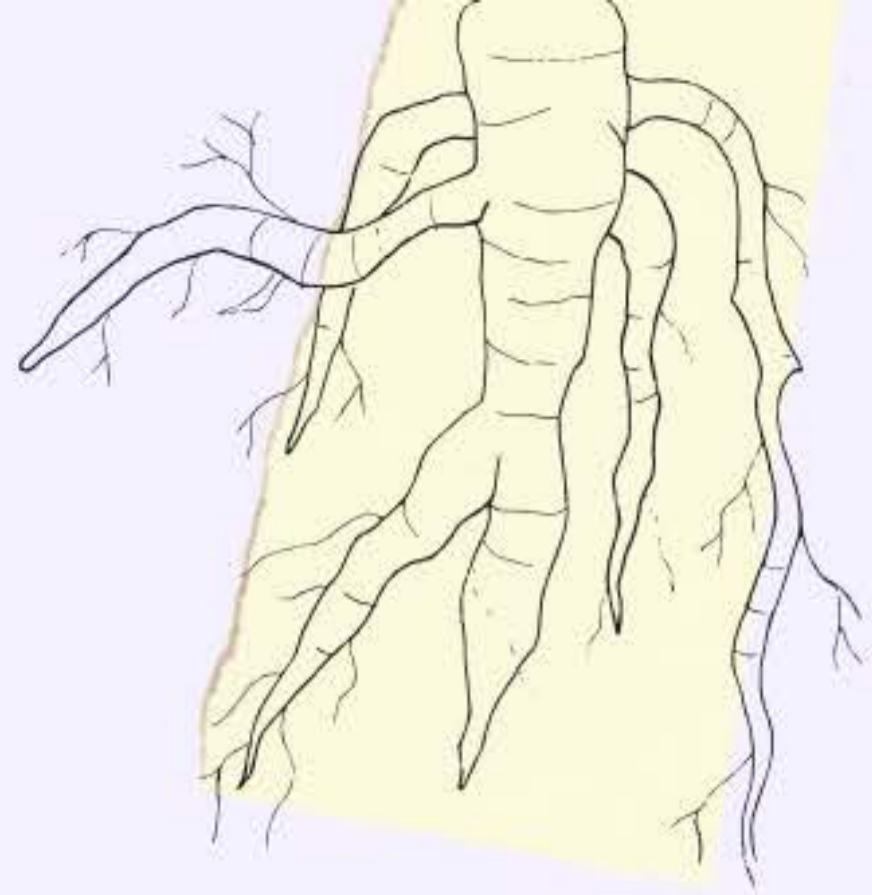
Policy Advocacy

RESULTS

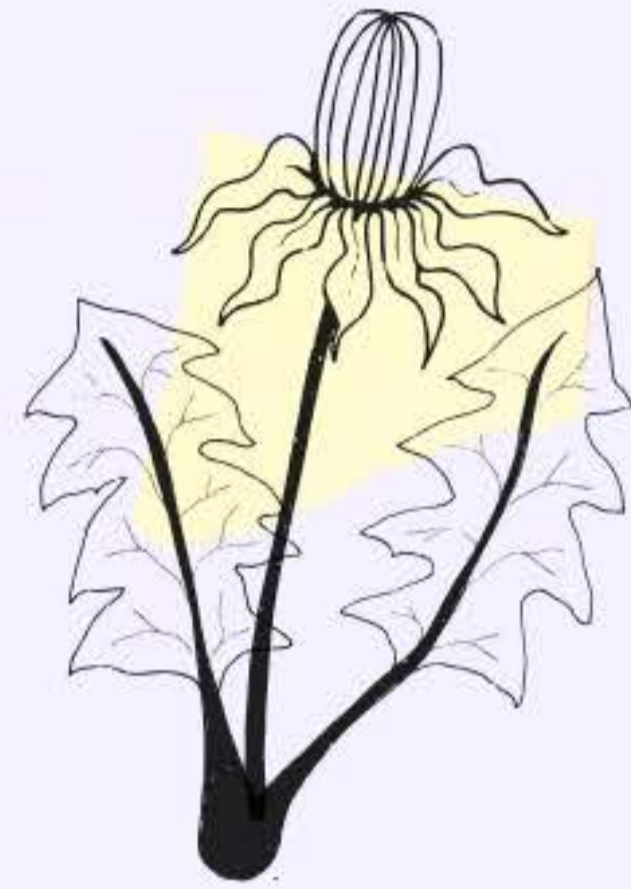
Shifts in grantmakers' mindset, practices, programs, investment/endowment, and policy advocacy to support interconnected, locally-rooted models of community ownership and democratic governance to flourish in the arts and culture sector and beyond. This repairs inequity in the sector and allows those who have been most harmed by our current systems to achieve cultural, economic, and political power.

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Internal Work



Governance Shifts



New Tools/
Types of Support



Investment/
Endowment Shifts



Take a
Systems-Change Approach



Policy Advocacy

KEY:

EXAMPLES:
colleagues doing this work

LEGAL Q&A

PRACTICE

LEARN MORE:
media about this

CONSULTANTS:
who to hire to guide this work

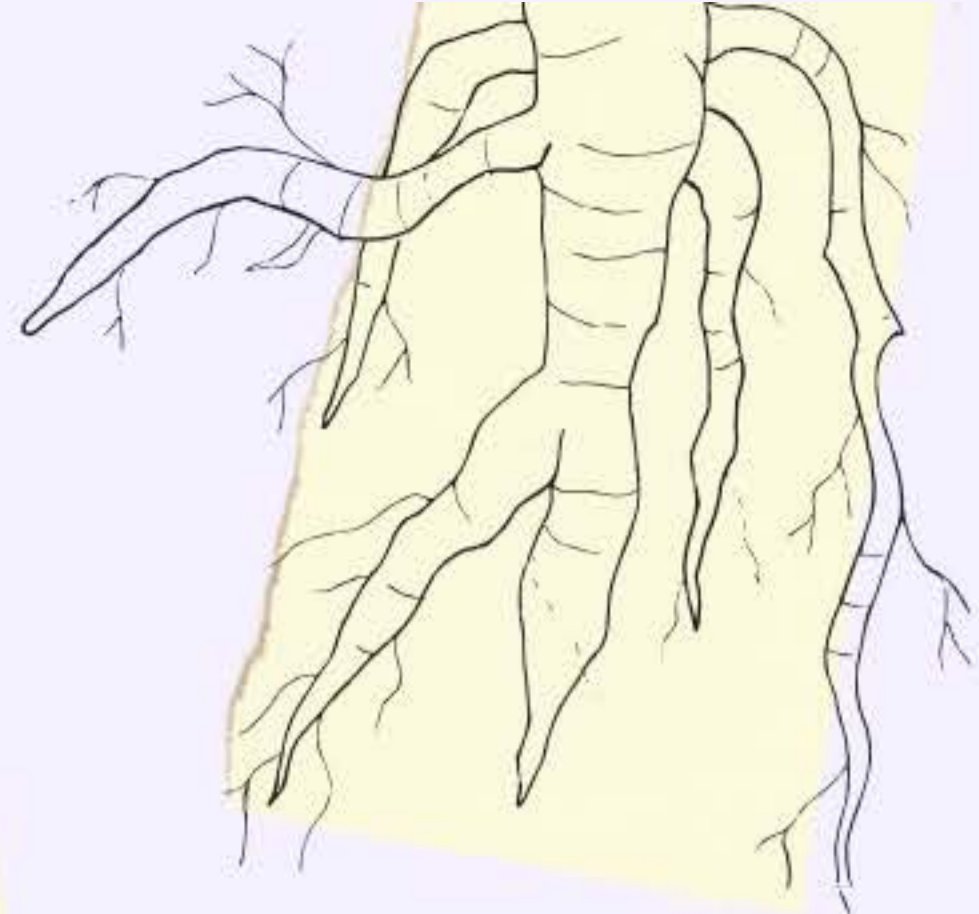
Borealis Philanthropy,
Barr Foundation,
Echoing Green,
Threewalls

Bridgespan,
Helicon

Get data about inequities in the allocation of funding in your region along racial and cultural lines. Measure your organization's prior investment in BIPOC staff and grantees: culture-bearers and culturally-grounded organizations. Set internal and external benchmarks and practices for repair.

[DataGuide](#)

Not Just Money,
Creativity Connects,
Pocket Change, Stanford
U Implicit Bias Research/
Daryn Dodson



INTERNAL WORK



KEY:

EXAMPLES:
colleagues doing
this work

LEGAL Q&A

PRACTICE

LEARN MORE:
media about
this

CONSULTANTS:
who to hire to
guide this work

Do diversity, equity, and inclusion training that is led by artists and culture-bearers.

Ford Foundation

Alice Sheppard

Hewlett Foundation, Barr
Foundation, Headwa-
ters Foundation, Swift
Foundation, Yerba Buena
Center for the Arts, Sol
Collective, Threewalls

**Conduct a power
analysis.**

Justice Funders, Restorative
Economics, The Center for
Economic Democracy, Chorus
Foundation, Watershed Center,
Resource Generation,
Decolonial Futures, Design
Studio for Social Innovation,
It Takes Roots

Resonance Framework

Books:
*The Revolution will not be
Funded: Beyond the Non-
Profit Industrial Complex,*
The Choir, Winners Take All,
Decolonizing Wealth,
Capital by Thomas Piketty,
*The Possessive Investment
in Whiteness*

Weavers Project,
Caribbean Cultural
Center African Diaspora
Institute,
Headwaters Foundation
Giving Project

The Center for
Economic Democracy,
Justice Funders,
Resource Generation

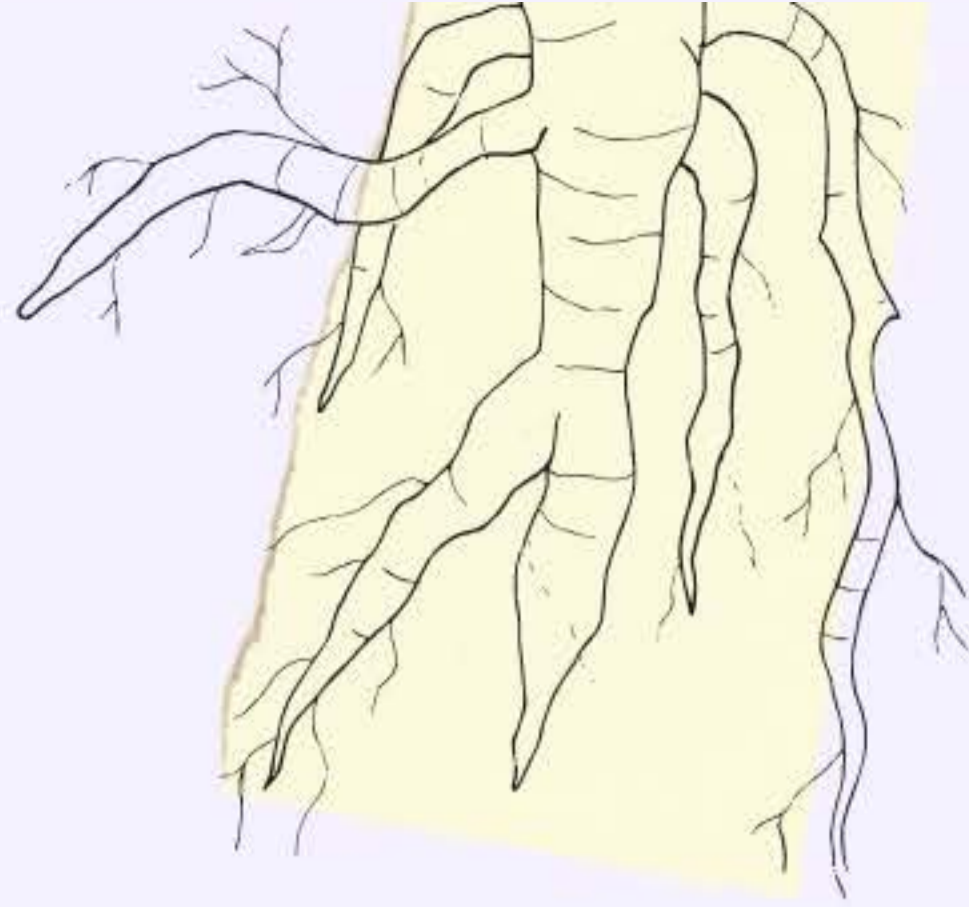
**Join a peer network and/
or giving circle to support
ongoing transformation.**

Collective
Courage

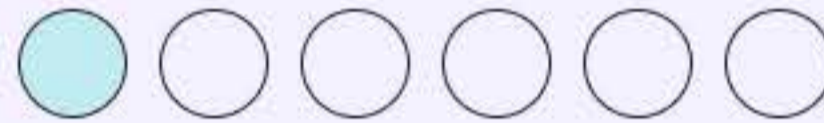
SeedCommons, The
Center for Economic
Democracy, New
Economy Coalition, Jes-
sica Gordon Nembhard,
Ed Whitfield, Nwamaka
Agbo, esteban Kelly,
David Bollier

**Take time during the workday to
educate your group (public sector
workers, investment and program
staff, and board members) about the
Solidarity Economy and the co-ops,
credit unions, land trusts, and other
entities in your region.**

Center for Cultural
Innovation,
Barr Foundation



INTERNAL WORK



KEY:

EXAMPLES:
colleagues doing
this work

LEGAL Q&A

PRACTICE

LEARN MORE:
media about
this

CONSULTANTS:
who to hire to
guide this work

Weavers Project

**Engage in somatic and
embodied leadership training
that addresses social posi-
tion, rank, trauma, and race.**

Books: *My
Grandmother's
Hands*

Generative Somatics,
Resmaa Menakem,
Decolonial Futures

Highlander Center,
Sol Collective, New
Economy Coalition

Sustainable
Economies Law
Center

**Learn about distributed leadership
and worker self-managed nonprofits.**

Hewlett's
Distributed Leadership
report

SELC Legal Guide

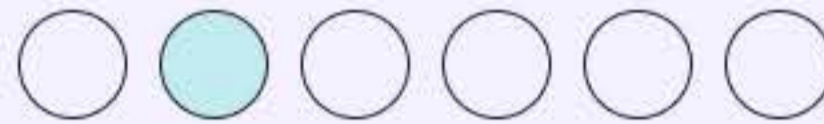
Surdna Foundation,
Hewlett Foundation,
Leeway Foundation,
Kenneth Rainin
Foundation,
CultureBank

**Conduct listening sessions
with grantees, stakeholders,
community members, and
the people most impacted by
grantmaking decisions.**

CultureBank



GOVERNANCE SHIFTS



KEY:

EXAMPLES:
colleagues doing
this work

LEGAL Q&A

PRACTICE

LEARN MORE:
media about
this

CONSULTANTS:
who to hire to
guide this work

**Engage artists and staff in
transformative justice and
conflict transformation work.**

McKnight Foundation

How to Address
Conduct Issues

**Enable arts community-led
participatory grantmaking
for public arts monies.**

SF Arts Commission

Arts Collaboratory

**Create a giving circle
or donor collaboration
that centers culture
and Solidarity Economy
work.**

Kataly Foundation,
Ujima Project,
Chordata Capital

Leeway Foundation

**Movement leaders and commu-
nity members make decisions
as non-board members or board
members.**

Leeway Foundation

**Transition from
a White-led family foundation
to a foundation led by a multi-
racial community board.**

Leeway's
Impact
Assessment

Hewlett's
Distributed
Leadership
report

SELC Legal Guide

**Practice distributed leader-
ship and/or become a worker
self-managed nonprofit.**

Highlander Center, Sol
Collective, New Economy
Coalition, Kenneth Rainin
Foundation

Sustainable Economies
Law Center

The Center for Cultural Innovation in partnership with the Barr Foundation and Hewlett Foundation, East Bay Community Foundation

Private foundations can partner with nonprofits to support individual artists.

Fund communities to own their own property.

More about supporting individual artists

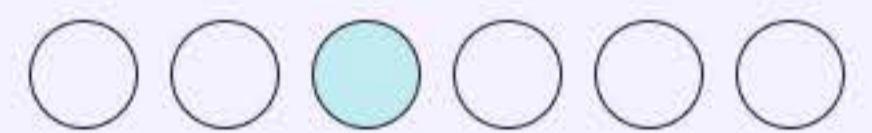


NextCityArticle, 2019: Peoples Economy

Support land bank initiatives.

East Bay Permanent Real Estate Cooperative

NEW TOOLS & TYPES OF SUPPORT



KEY:

EXAMPLES:
colleagues doing this work

LEGAL Q&A

PRACTICE

LEARN MORE:
media about this

CONSULTANTS:
who to hire to guide this work

Law Center Mutual Aid Legal Toolkit, GIA Toolbox for Supporting Individual Artists

Foundations (partner with a non-profit to) provide fiscal sponsorship for investment cooperatives and mutual aid groups.

First Peoples Fund, Justice Funders, Sol Collective

NDN Collective, Center for Economic Democracy, Social Impact Commons, Springboard for the Arts

The Center for Cultural Innovation

Offer technical assistance and support from your legal counsel to help co-ops get incorporated.

The Sustainable Economies Law Center

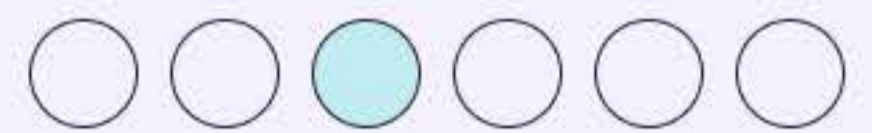
Be a guarantor for any kind of debt.

Support intergenerational land stewardship and reparations work.

Resora / New Communities, NDN Collective, Center for Heirs' Property Preservation, Ohketeau Center



NEW TOOLS & TYPES OF SUPPORT



KEY:

EXAMPLES:
colleagues doing this work

LEGAL Q&A

PRACTICE

LEARN MORE:
media about this

CONSULTANTS:
who to hire to guide this work

Hali Lee, First Peoples Fund, Justice Funders, Outstanding Returns, Weavers Project

Support culturally-grounded and community-led giving circles, peer-lending, and funder collaboratives.

Asian Women Giving Circle, Buen Vivir Fund, Lunar Project, Massachusetts Solidarity Economy Initiative from the Center for Economic Democracy, Headwaters Foundation

US Federation of Worker Cooperatives, CommonFuture, Cooperative Development Institute, Springboard for the Arts, New Economy Coalition

The Center for Cultural Innovation, Barr Foundation, Hewlett Foundation

Law Center training about foundation investments

Be early investors and technical assistance providers for community-owned businesses.

First Peoples Fund, Justice Funders, Vanessa Roanhorse, Penelope Douglas

Use your assets to secure loans for BIPOC arts and culture groups. Collateralize nonprofit property and assets to help BIPOC arts and culture centers access loans at much more favorable terms than if they had applied alone.

Agnes Gund

Highlander, Center for Economic Democracy, Center for Popular Economics, Kate Poole, Esteban Kelly, Anasa Troutman, Watershed, Democracy Collaborative, US Department of Arts and Culture, Cooperative Development Institute

Support Solidarity Economy education for culture-bearers and artists to create initiatives and to support existing initiatives.

Weavers Project, Boston Ujima Project, Springboard for the Arts, Alternate Roots

Support peer-mentorship networks of grantees and culturally-grounded organizations who are working for the Solidarity Economy.

NDN Collective, Center for Economic Democracy, HowlRound, Schumacher Center for a New Economics

Alternate Roots, Intercultural Leadership Institute, Sipp Culture, Sol Collective, MyceliuYUM, Government Alliance on Race and Equity, All in Cities

DOEN Foundation, Surdna Foundation



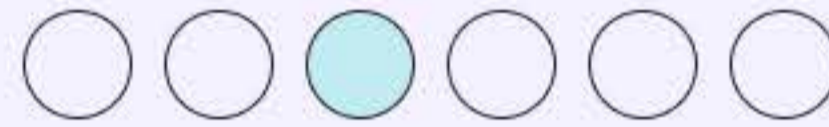
The Center for Cultural Innovation, Barr Foundation, Hewlett Foundation, Nexus Northstar Black Cooperative Fellowship

SeedCommons, ZebrasUnite, First People's Fund, Four Directions, Cooperative Development Institute, Daryn Dodson

Law Center training about foundation investments

Be early investors in cooperative financial institutions.

NEW TOOLS & TYPES OF SUPPORT



Support community currencies, local currencies, and time banks.

City employees and residents paid in local currency: Yamato, Japan; Calgary, Canada, Maricá, Brazil.

SELC legal basics of time banks

Time Banks: Boston Ujima Project

ArtBuilt

Support culturally anchoring grantees to have long-term affordable rental, to pay or buy out the mortgages, or act as guarantors to renegotiate these debts.

Kenneth Rainin Foundation, Internet Archive, ArtBuilt

KEY:

EXAMPLES: colleagues doing this work

LEGAL Q&A

PRACTICE

LEARN MORE: media about this

CONSULTANTS: who to hire to guide this work

Provide patient or low-interest loans that allow intermediaries, including CDFIs, to provide flexible terms to small businesses such as royalty financing and convertible notes.

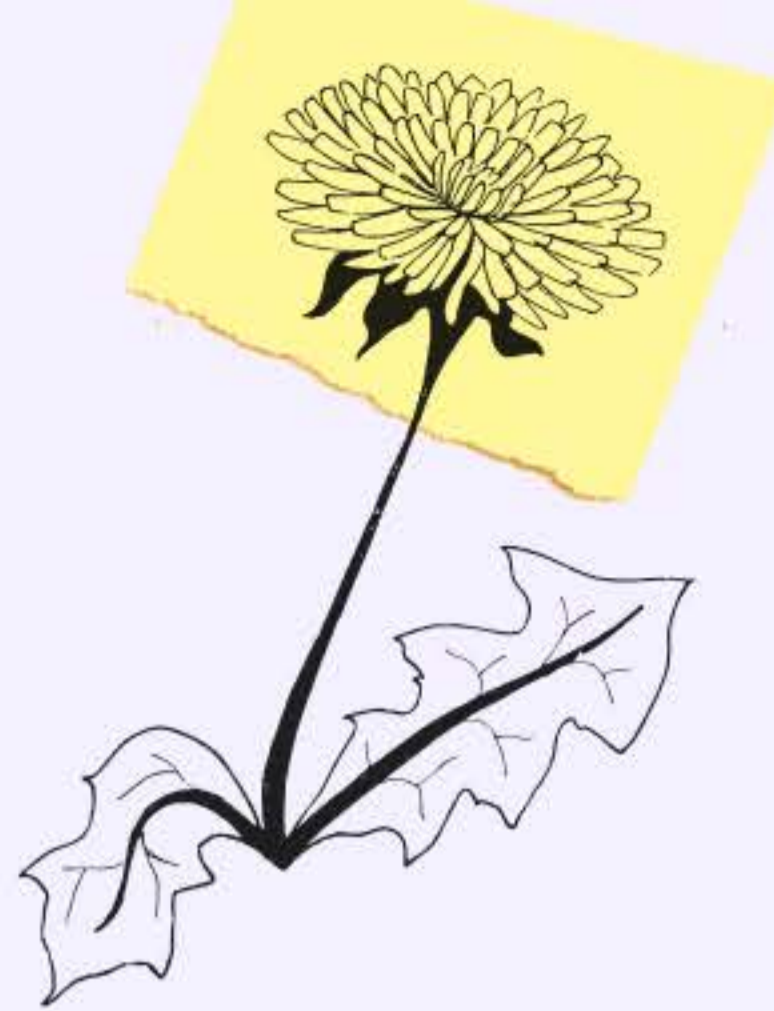
Surdna

Stanford Innovation Social Review: Building an Inclusive Economy by Supporting Entrepreneurs of Color

Kresge and Annie E. Kasey Foundation establish Invest4All & secure collaboration with Prudential

Share your investment portfolio publicly or in peer group contexts to invite opportunities for accountability and collaboration.

Swift Foundation, Kristin Hull



First Peoples Fund, Vanessa Roanhorse, Penelope Douglas, Upstart Co-Lab, SeedCommons

Make portfolio investments that are mission-aligned and operating in concert with grantmaking.

Law Center training about Foundation investments and the Prudent Investor Rule

Emerson Collective, Start Small, Akonadi Foundation, Blue Haven Initiative, Nia Impact Capital

INVESTMENT & ENDOWMENT SHIFTS



Revise investment policies and mission/vision/bylaws to include support for the Solidarity Economy.

Morgan Simon, Mellon Foundation, Springboard for Arts, Crosshatch

Emerson Collective, Start Small, Akonadi Foundation, Blue Haven Initiative, Nia Impact Capital

Add financial and investment advisors who have knowledge and experience investing in the Solidarity Economy and culture.

KEY:

EXAMPLES: colleagues doing this work

LEGAL Q&A

PRACTICE

LEARN MORE: media about this

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FB Heron Foundation, Swift Foundation, Schumacher Center for a New Economics, Mary Reynolds Babcock Foundation, Springboard for the Arts

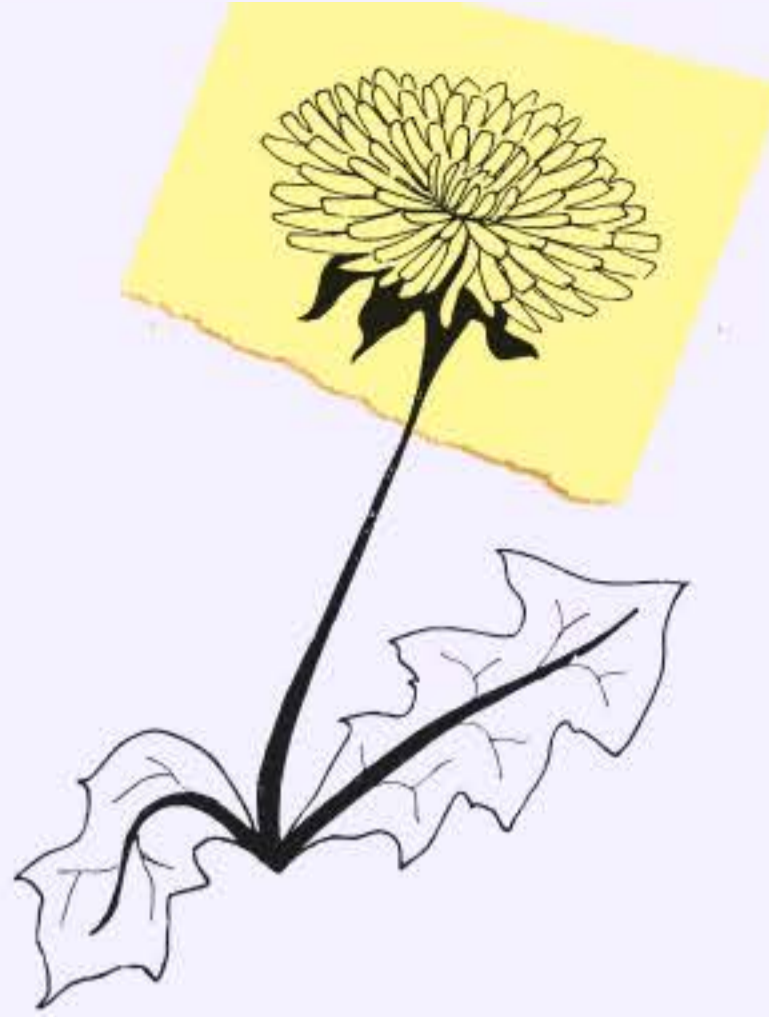
Move deposits and fixed income portions of the investment portfolio to community development financial institutions such as credit unions.

Vanessa Roanhorse, Penelope Douglas, Upstart Co-Lab, CNote

Join a peer group to continue learning about transforming finance.

Justice Funders, Transform Finance, CED Solidarity Philanthropy Learning Circle, Chordata Capital, Outstanding Returns

YOXI, Surdna Foundation, Yerba Buena Center for the Arts



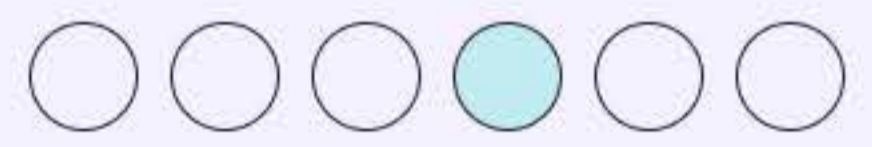
Janelle Orsi of SELC discusses this and the 5% minimum required spend rate early in this video.

Increase your "spend rate" to 10% or more or spend down the endowment.

Southern Reparations Loan Fund, Patriotic Millionaires

The Fund for Democratic Communities, Merck Foundation, Patriotic Millionaires

INVESTMENT & ENDOWMENT SHIFTS



Create donor-advised funds and partner with fund managers to establish program-specific funds to directly source, evaluate, and underwrite investments.

McKnight Foundation, Swift Foundation, Local Initiatives Support Corporation, California Public Employees Retirement System

First Peoples Fund, Vanessa Roanhorse, Penelope Douglas, Upstart Co-Lab, SeedCommons, Justice Funders

KEY:

EXAMPLES: colleagues doing this work

LEGAL Q&A

PRACTICE

LEARN MORE: media about this

CONSULTANTS: who to hire to guide this work

Law Center training about Foundation investments

Make bold investments in the Solidarity Economy.

First Peoples Fund, NDN Collective, Vanessa Roanhorse, Penelope Douglas, Upstart Co-Lab, SeedCommons, The Working World Project Equity, Daryn Dodson

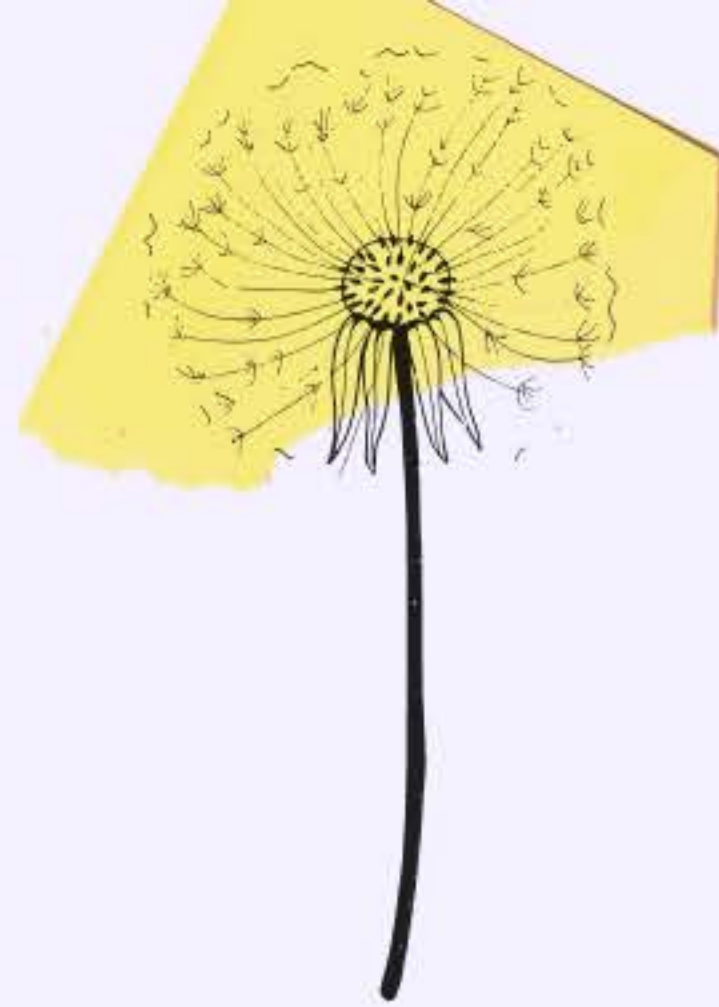
Swift Foundation, Barr Foundation, CultureBank, Buen Vivir Fund, MacKenzie Scott

Make concessionary or below market investments that support the Solidarity Economy.

Support existing business development and technical assistance providers in arts and culture to work with existing Solidarity Economy groups, and vice versa.

The Center for Cultural Innovation, Barr Foundation, Hewlett Foundation, Invest4All, Detroit Entrepreneurs of Color, Libra Foundation, EBCF, San Francisco Foundation

US Federation of Worker Cooperatives, CommonFuture, Cooperative Development Institute, Springboard for the Arts, New Economy Coalition



DOEN / ArtsCollaboratory, Kadist / AField, Lambent Foundation

Support the development of relationships and collaborations internationally with a focus on culture and the Solidarity Economy.

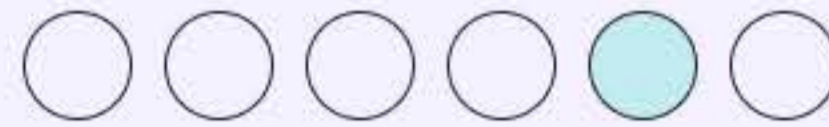
32° East | Ugandan Arts Trust

Fund communications strategy and media at Solidarity Economy institutions and networks.

Media Reparations 2070, Free-Press, Center for Urban Pedagogy

No one is doing this yet.

TAKE A SYSTEMS-CHANGE APPROACH



KEY:

EXAMPLES:
colleagues doing this work

LEGAL Q&A

PRACTICE

LEARN MORE:
media about this

CONSULTANTS:
who to hire to guide this work

Create donor-advised funds and partner with fund managers to establish program-specific funds to directly source, evaluate and underwrite investments.

McKnight Foundation, Swift Foundation, Local Initiatives Support Corporation, California Public Employees Retirement System

Center for Economic Democracy, Surdna Foundation, NDN Collective

First Peoples Fund, Vanessa Roanhorse, Penelope Douglas, Upstart Co-Lab, SeedCommons, Justice Funders

Support the development of relationships and collaborations between strong regional networks with a focus on culture and the Solidarity Economy.

See the list of interviewees for this report and the consultants in this spreadsheet.

Invest with BIPOC financial partners—even at investment firms without a stated commitment to investing in BIPOC—evidence suggests venture capital firms led by BIPOC are also more likely to support investees or communities of color.

Mission Investors Exchange

Stanford Social Innovation Review

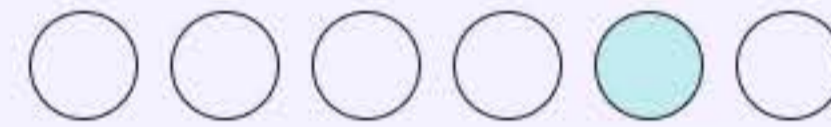


The Center for Economic Democracy, Jessica Gordon Nembhard, Anasa Troutman, Weavers Project, USWFC

Fund permanent research centers for Solidarity Economy and culture

No one is doing this yet.

TAKE A SYSTEMS-CHANGE APPROACH



KEY:

EXAMPLES:
colleagues doing this work

LEGAL Q&A

PRACTICE

LEARN MORE:
media about this

CONSULTANTS:
who to hire to guide this work

Convene the next generation of public sector workers with culturally-grounded organizations, artists, and culture-bearers.

Regional Offices of Cultural Affairs, Intercultural Leadership Institute, USWFC, New Economy Coalition, CommonFuture, SeedCommons, Mayors for Guaranteed Income, Government Alliance on Race and Equity, All in Cities

No one is doing this yet. Consider DAWI's Seed Fellowship as a model, shifting the focus to arts and culture.

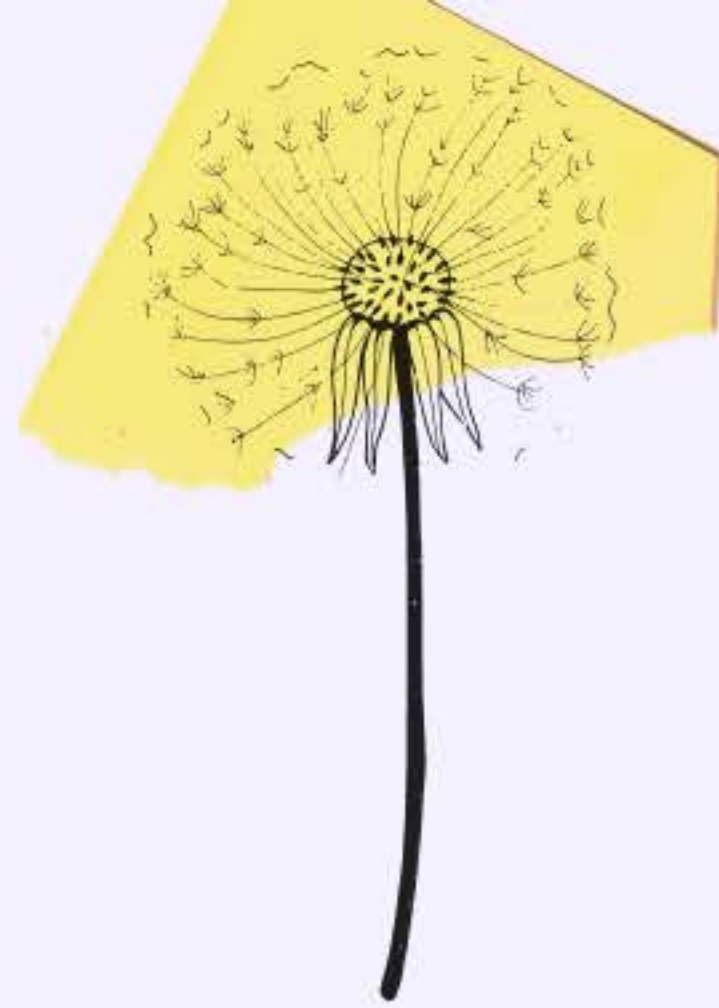
Work to reach outside of your network because evidence suggests people tend to build networks within their race or ethnicity.

Mission Investors Exchange

Stanford Social Innovation Review

List of Investment Funds, Advisors, and Accelerators Led by BIPOC Folx
25+ Black VCs

Cooperative Development Institute



Support cross-sector collaborations and supply-chains and technical assistance for culture and Solidarity Economy.

No one is doing this yet.

Convene Solidarity Economy lawyers and financial innovators and center culture-bearers, artists, and culturally-grounded organizations.

Sustainable Economies Law Center, USFWC, SeedCommons, ZebrasUnite

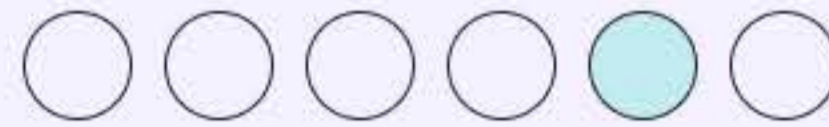
No one is doing this yet.

TAKE A SYSTEMS-CHANGE APPROACH

Surdna, McKnight

Create culture and economic justice portfolios; reward collaboration across culture and economic justice portfolios.

AmbitioUS, Intercultural Leadership Institute, Highlander, NDN Collective



KEY:

EXAMPLES:
colleagues doing this work

LEGAL Q&A

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media about this

CONSULTANTS:
who to hire to guide this work

SELC presentation on Legal and Strategic Frontiers of Foundation Investments (begin at slide 65)

Transform due diligence processes to include and account for three additional questions: Does it spread power? Does it spread wealth? Does it root community wealth and power?

SELC Legal Frontiers and Foundation Investments Training Video

Janelle Orsi Chapter on Commons Based Legal Structures

Sustainable Economies Law Center

Map

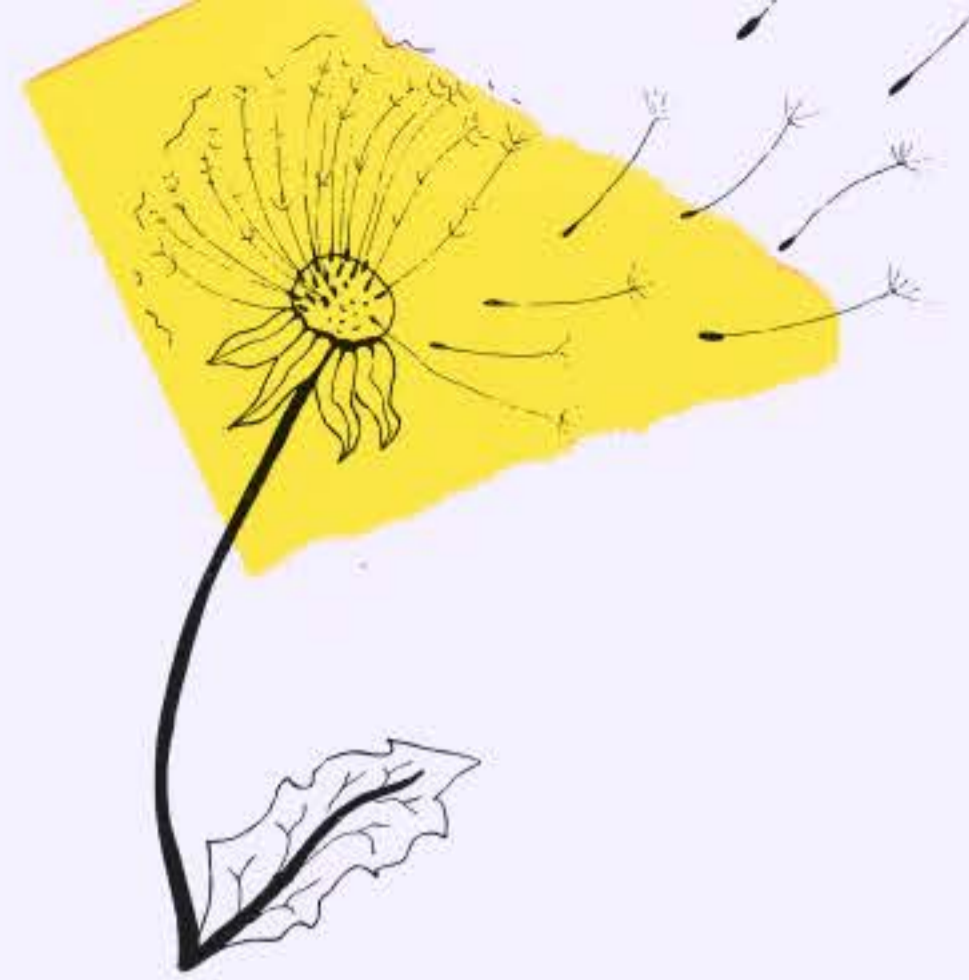
Bank at Black-owned banks.

Mission Investors Exchange

Prudential Financial, Winthrop Rockefeller Foundation

Support the Cultural New Deal and People's Works Progress Administration.

Caribbean Cultural Center African Diaspora Institute, Center for Cultural Power, US Department of Arts and Culture



Support public procurement from Solidarity Economy entities; hire artists and culture-bearers as full-time employees.

Rachel Chanoff and THE OFFICE, Springboard for the Arts, San Francisco Creative Corps

Yerba Buena Center for the Arts, ASU/National Accelerator, Policy Link

POLICY ADVOCACY



Advocate for guaranteed basic income.

PolicyLink, Demos, Mayors for Guaranteed Income

Center for Guaranteed Income Research at UPenn

San Francisco Foundation, Yerba Buena Center for the Arts, St. Paul Foundation, Springboard for the Arts

KEY:

EXAMPLES: colleagues doing this work

LEGAL Q&A

PRACTICE

LEARN MORE: media about this

CONSULTANTS: who to hire to guide this work

Report

Center culture in community benefit agreements.

NDN Collective, Aliento, Reyna Montoya, National Accelerator for Cultural Innovation, Estrella Esquiín, Gabriela Muñoz, Jen Cole

Support artists, culture-bearers, and cooperative and solidarity entrepreneurship programs in public education and in the Workforce Innovation and Opportunity Act.

Aliento, Reyna Montoya, National Accelerator for Cultural Innovation, Estrella Esquilín, Gabriela Muñoz, Jen Cole, Government Alliance on Race and Equity, All in Cities

Juxtaposition Arts, Appalshop

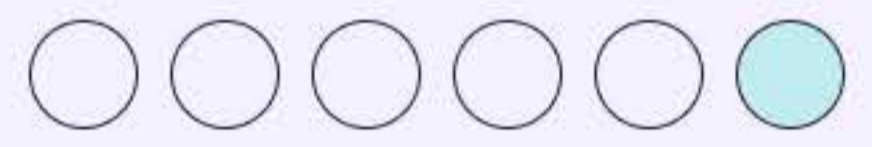


Aliento, Reyna Montoya, NALAC, National Accelerator for Cultural Innovation, Estrella Esquilín, Gabriela Muñoz, Jen Cole, Caribbean Cultural Center African Diaspora Institute, Center for Cultural Power, US Department of Arts and Culture, Alternate Roots, Intercultural Leadership Institute, Smart Cities, First People's Fund, Lauren Ruffin, Government Alliance on Race and Equity, All in Cities

Support peer-to-peer policy exchange.

SF Arts Coalition

POLICY ADVOCACY



KEY:

EXAMPLES: colleagues doing this work

LEGAL Q&A

PRACTICE

LEARN MORE: media about this

CONSULTANTS: who to hire to guide this work

US Federation of Worker Cooperatives, New Economy Coalition, Democracy at Work Institute, National Cooperative Business Association, Greenworker Cooperatives, American Sustainable Business Council, Cooperative Development Institute

Borealis

Support the organizations that are already doing Solidarity Economy and co-op policy advocacy.

Expand the Community Reinvestment Act.

Federal Reserve Community Reinvestment Act

NCRC National Community Reinvestment Coalition

Advocate for increased minimum payout rates.

Justice Funders

Introduction

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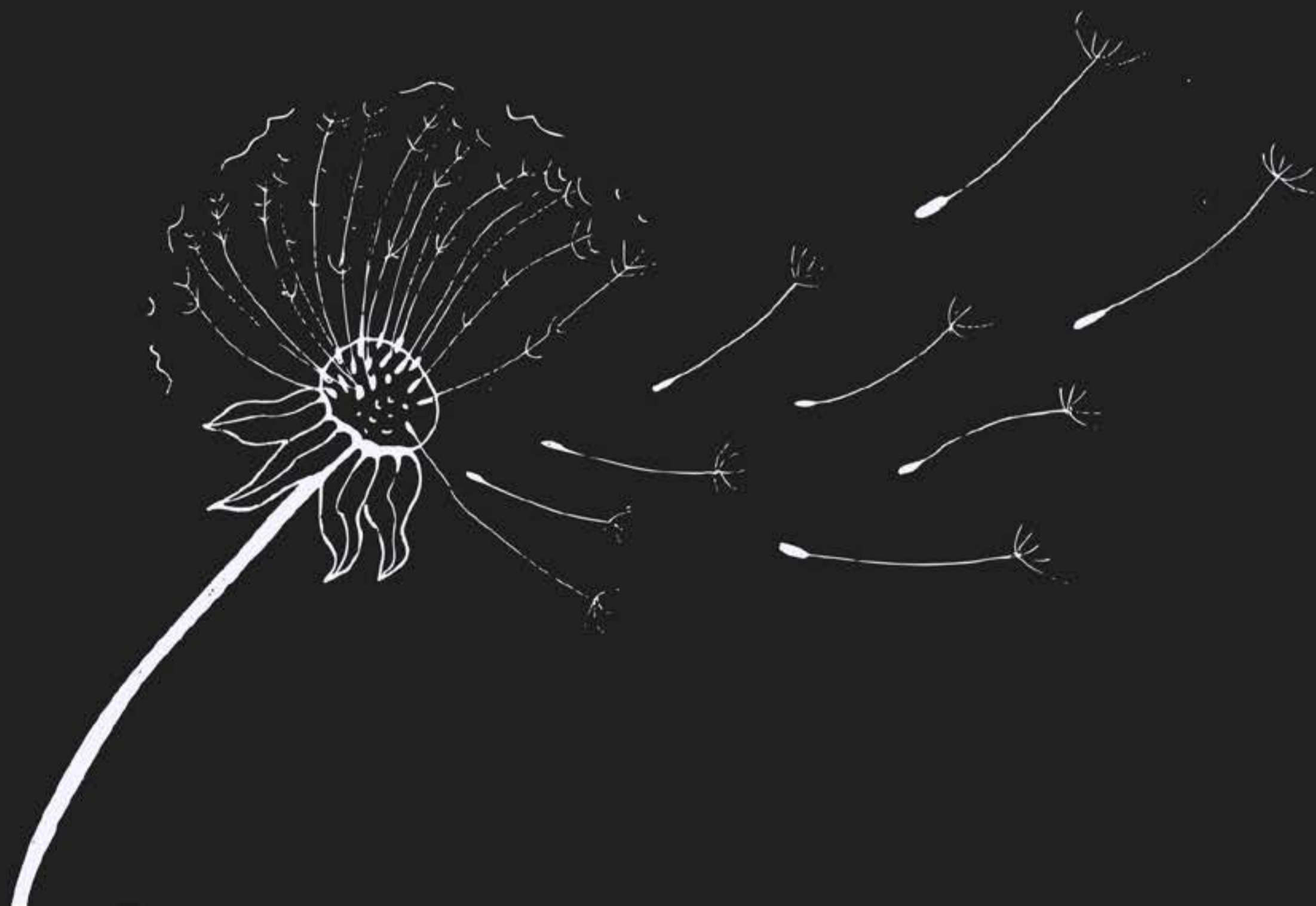
5



What is your commitment to racial and economic justice?

“Together we can rekindle in our children the gift of our culture as passed down to us from our grandparents, parents and other forebearers. Together we can honor the resilience of our people who suffered and died to give us basic freedoms like the right to vote, the right to protest and the right to sit at a lunch counter. Together, let us work to be the change we want to see and design a better future for us all.”

—Melody Capote, Director, Caribbean Cultural Center¹⁶



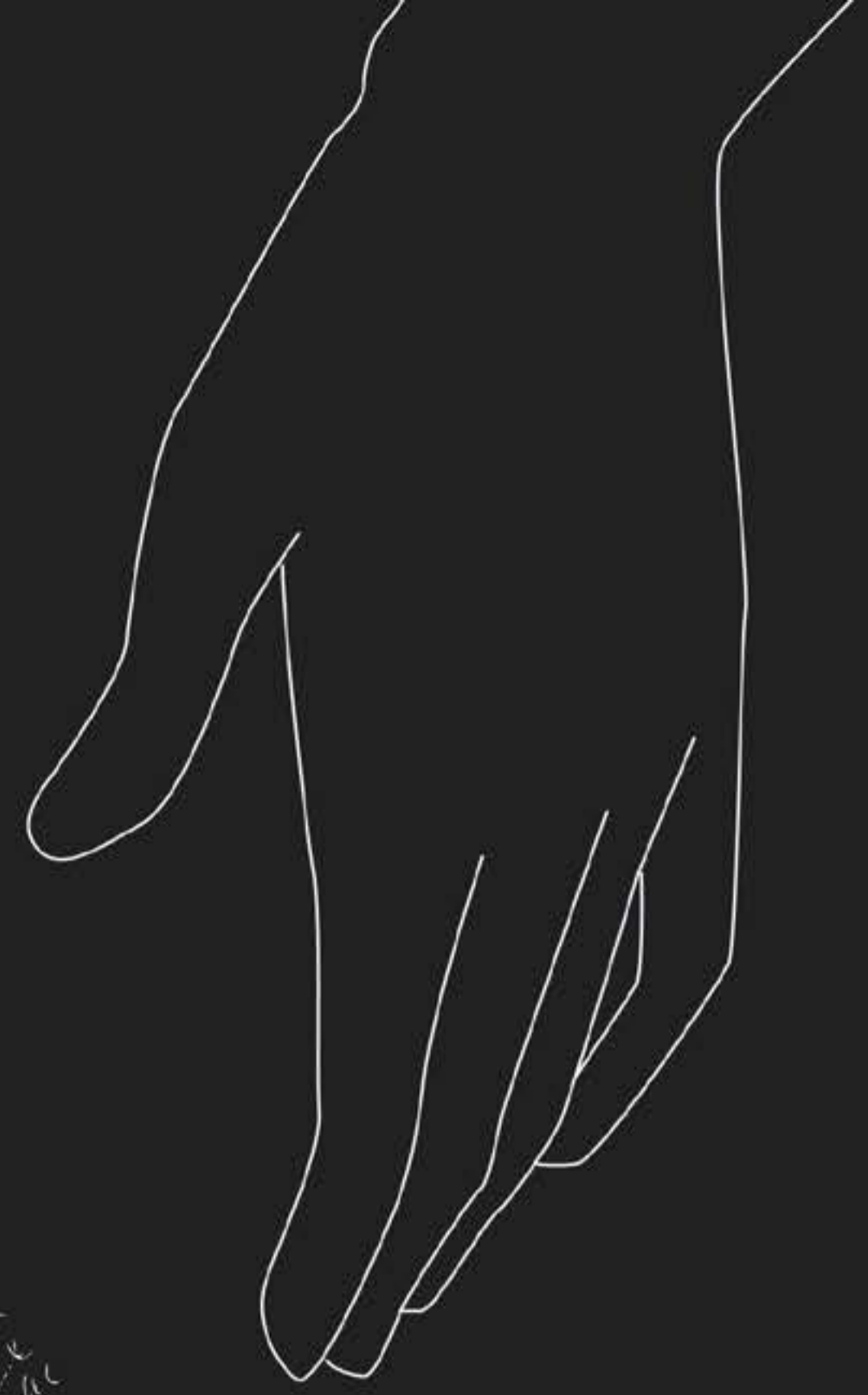
¹⁶ Melody Capote, Caribbean Cultural Center Newsletter, (January, 2021).



Approximately 0.5% of the total \$66.9 billion given by foundations directly supports women and girls of color.¹⁷

Less than 0.5% of annual foundation grant dollars go to Native Americans despite the fact that they account for nearly 2% (5.4 million) of the US population.¹⁸

How does your commitment to racial and economic justice show up in your grantmaking?



¹⁷ Maggie May, "Ms. Foundation: Donors Must Step Up for Women and Girls of Color," Philanthropy Women, July 6, 2020, <https://philanthropywomen.org/research/ms-foundation-donors-must-step-up-for-women-and-girls-of-color/>.

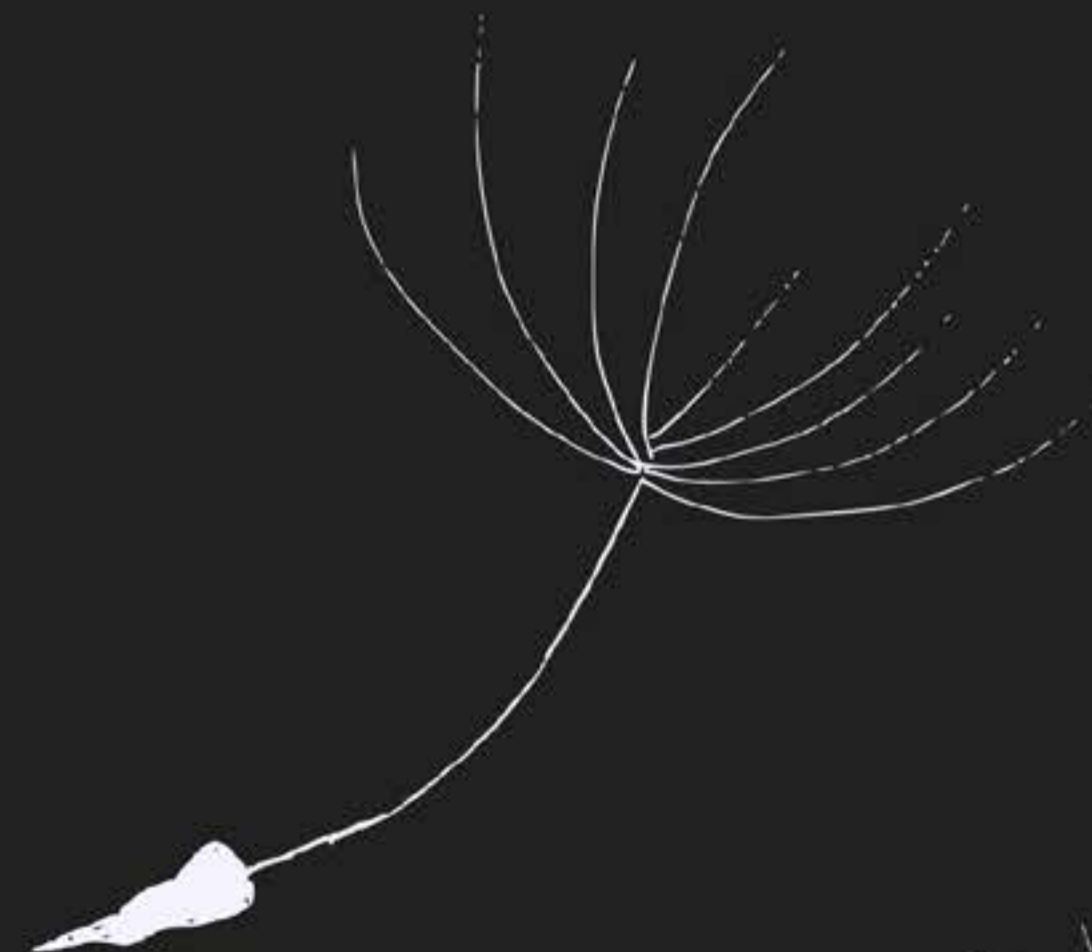
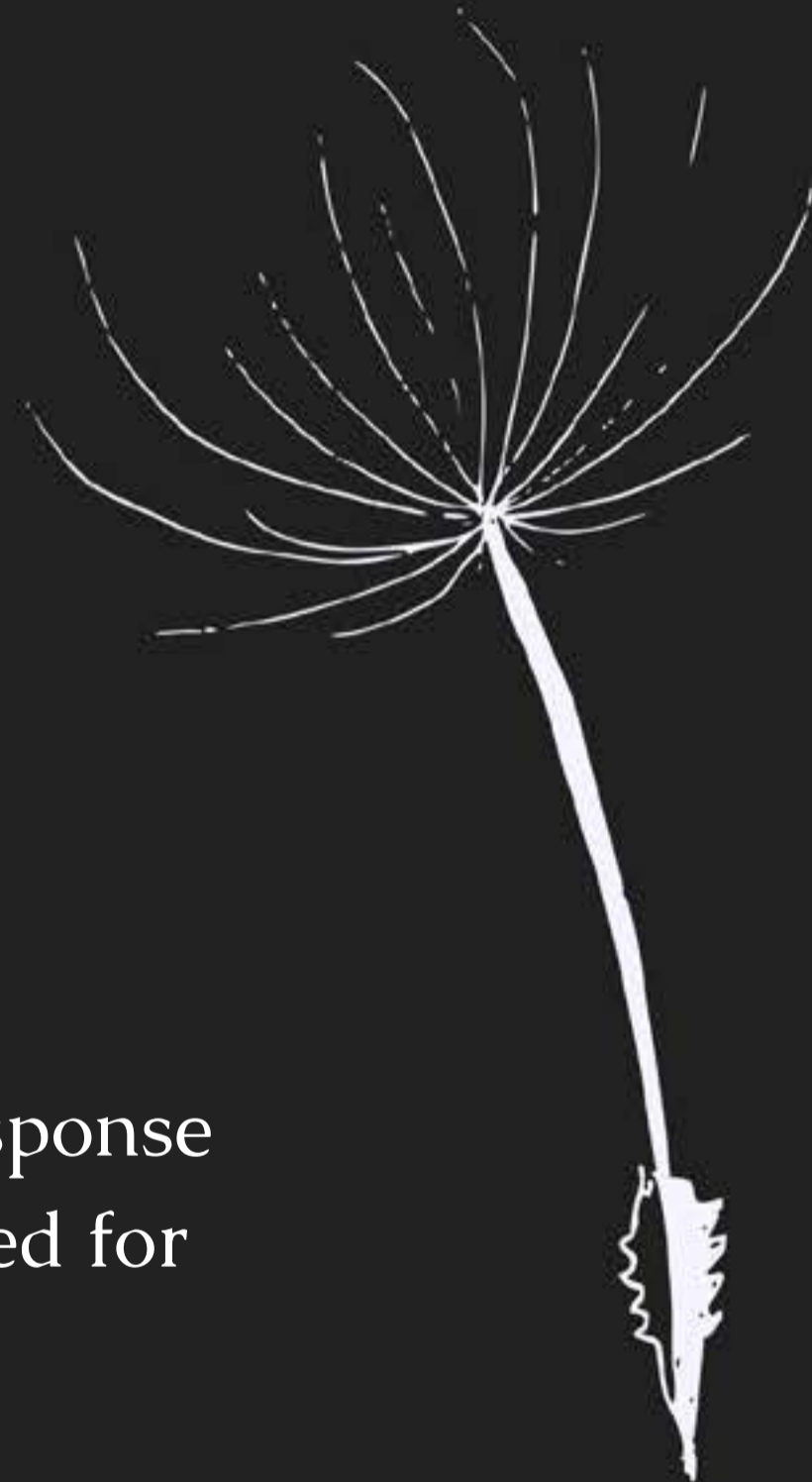
¹⁸ "The Need," Native Americans in Philanthropy, accessed February 6, 2021, <https://native-philanthropy.org/the-need/>.



What actions do you need to take to address systemic racism in grantmaking?

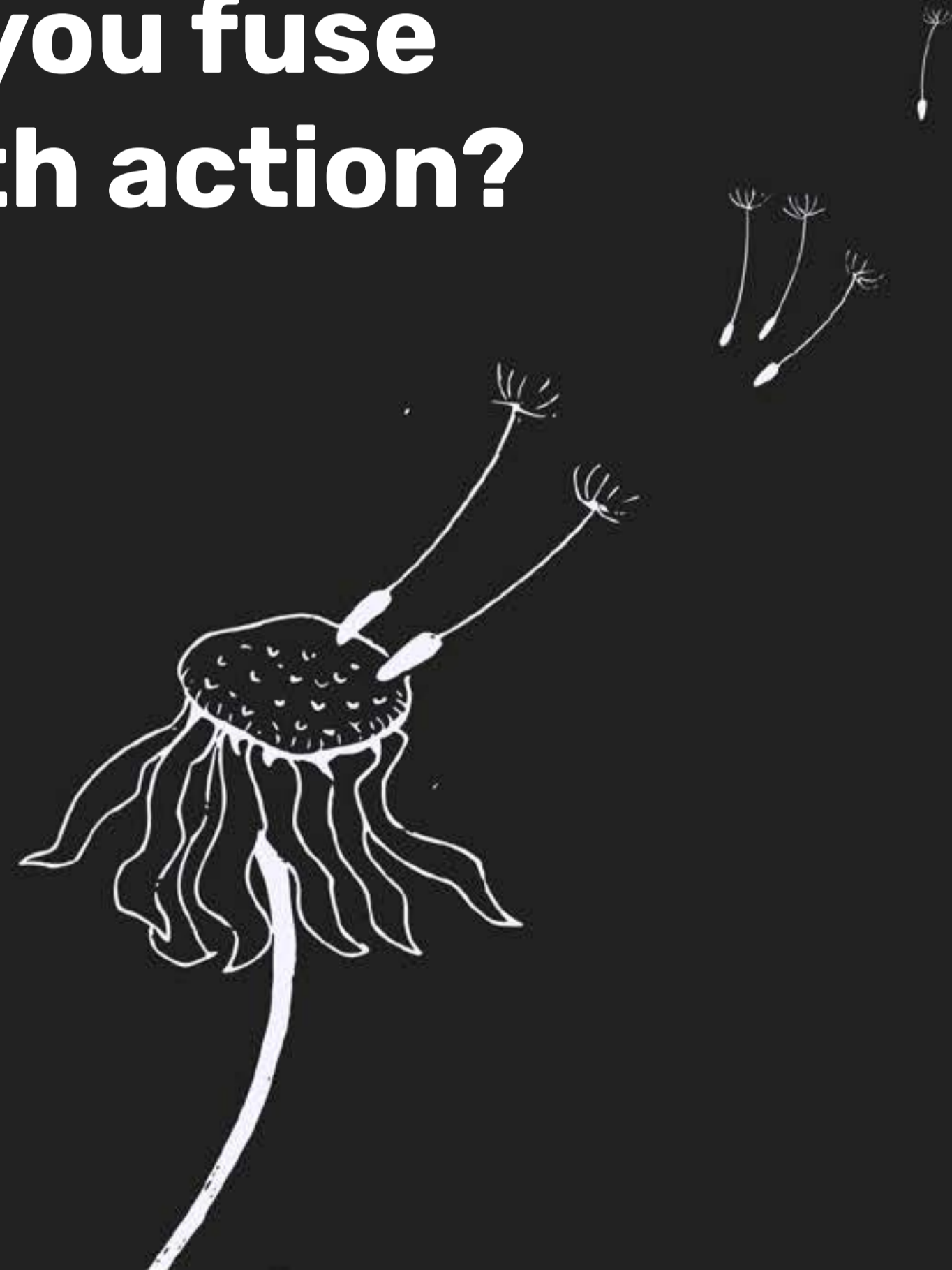
Foundation and individual giving in 2020 documented that only 5% of pandemic-response dollars and 12% of the grants were intended for communities of color.¹⁹

¹⁹ *Philanthropy and COVID-19 in the first half of 2020* (Candid and CDP, 2020), <https://www.issuelab.org/resources/37232/37232.pdf>; and "The Future We Want: Racial and Disability Justice," *Grantmakers in the Arts*, October 9, 2020, <https://www.giarts.org/blog/eddie/future-we-want-racial-and-disability-justice>. See also *Not Just Money* (Helicon Collaborative, July 2017), 7 and 11, accessed January 21, 2021, http://www.notjustmoney.us/docs/NotJustMoney_Full_Report_July2017.pdf.






**How will you fuse
study with action?**



**What would it look like
if the economy loved
Black people?**

— Aisha Shillingford, *Intelligent Mischief*



“Everyone has a part to play in enacting this vision. Funders can fund cultural communities to own property as well as ensure that community members have governance control. They can be early investors in community-owned businesses and financial institutions, which allows money to stay within communities and keep them insulated from uncertainties of non-local markets and global economies.

Grantmakers can support culturally anchoring grantees to pay or buy out the mortgages of nonprofits and their workers or act as guarantors to renegotiate these debts. Nonprofit institutions that own property can collateralize this asset to help BIPOC arts and culture centers access loans at much more favorable terms than if they had applied alone.”

—Angie Kim, CEO, Center for Cultural Innovation²⁰

²⁰ Angie Kim, “Angie Kim on Ownership as Collective Vision,” Ford Foundation: The Co-op, accessed January 24, 2021, <https://www.fordfoundation.org/campaigns/creative-futures/?popup=14681>.



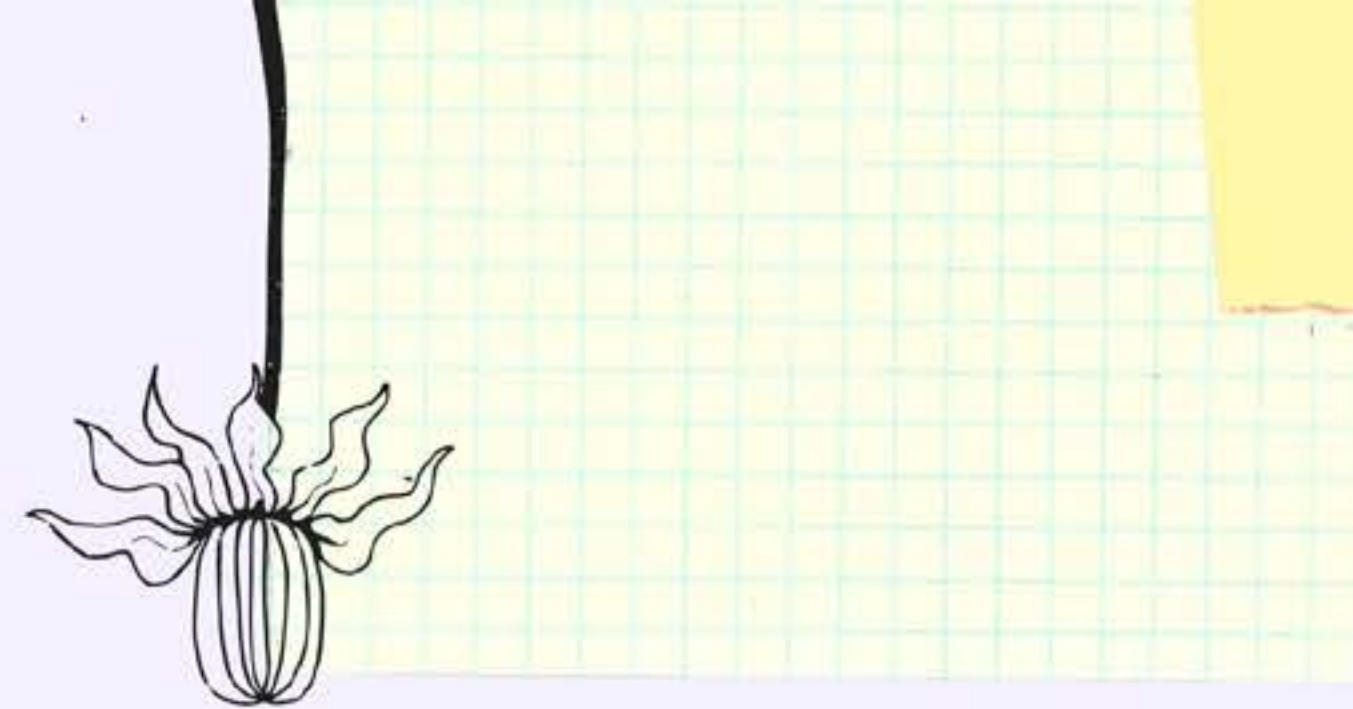
Introduction

Solidarity Not Charity

Left and right, calls for **systems-change** in arts and culture grantmaking can be heard. Statements about racial equity and economic justice have been made by many grantmakers, and structural changes are starting to be made in practice, policy, and mission to advance equity in the sector. It is time for urgent action. *If not now, when?*

The combined crises of police brutality, the COVID-19 pandemic, climate change, White supremacy, and soaring unemployment have exacerbated the existing inequities in the arts and culture sector. It has only been thirteen years since the subprime mortgage crisis and the world economy is again in shock.

While gains on Wall Street are at an all time high and billionaires' fortunes in the United States have increased by 38% during the pandemic alone,²¹ most people in the United States are experiencing unemployment, difficulty paying expenses, not being



caught up on rent or mortgage, food insecurity, physical health problems, symptoms of anxiety or depression, or lack of health insurance.²² Inequalities are exacerbated along racial and ethnic lines, with Latinx and Black children experiencing three or more of these hardships at twice the rate of their White counterparts.²³

Grantmakers are starting to conduct a careful analysis of the systems that produce ongoing crises, including **structural racism** and the role of **neoliberal** economic governance and its marshalling of **racial capitalism**.²⁴ The diagram to the right visualizes structural racism that occurs at multiple levels—individual, interpersonal, organizational, community, and public policy—and contributes to extreme hardship and inequity before and during the era of the COVID-19 pandemic. To address structural racism and produce equity, grantmakers are shifting their practices to include systems-change in their mission and policy.

Public Policy Level (PPL): Segregated housing and lack of access to equitable education and job opportunities.

Community Level (CL): Lack of access to equitable mental healthcare, healthy food options, and recreational facilities.

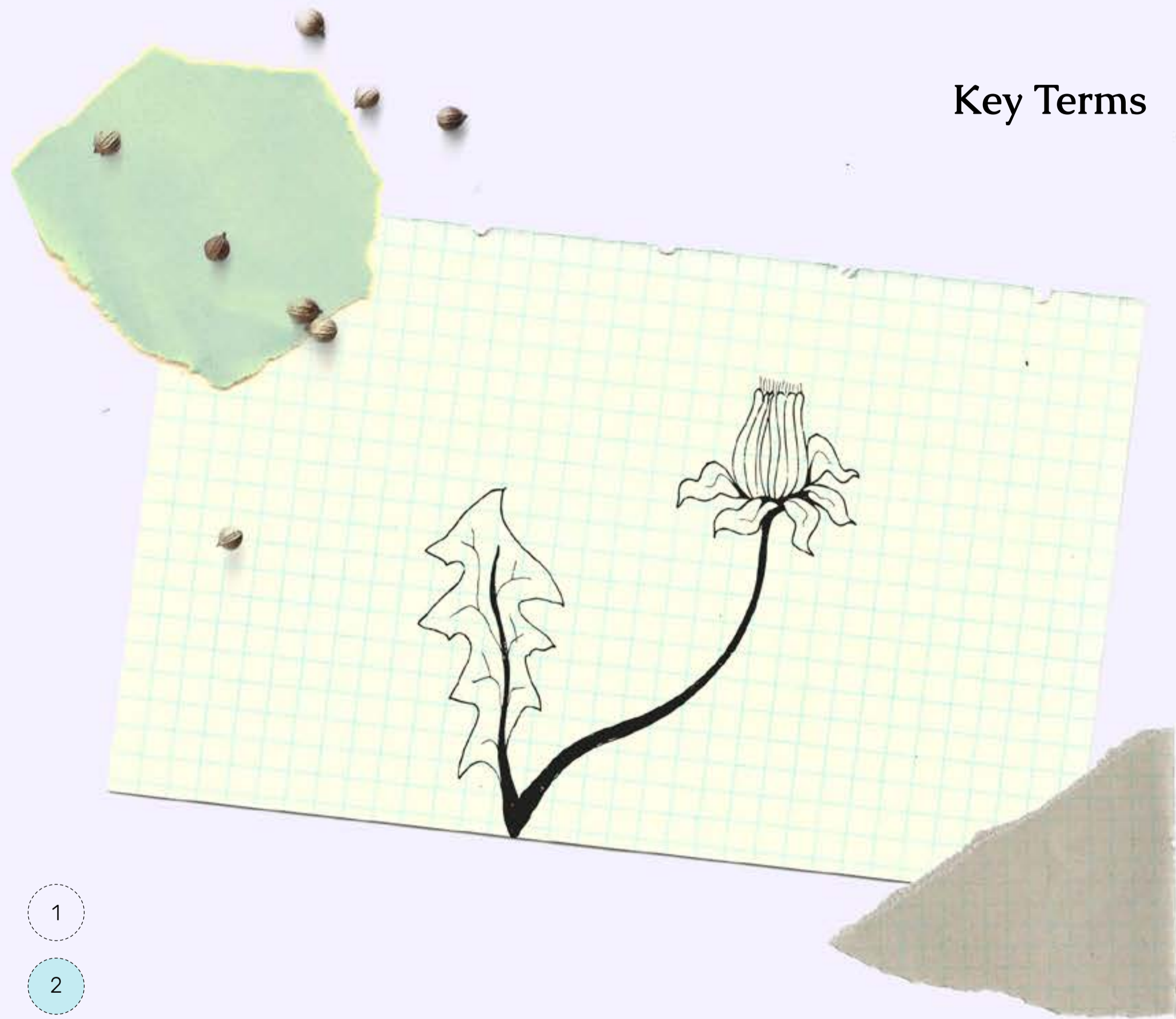
Organizational Level (OL): Discrimination and racism at school and/or workplace.

Interpersonal Level (IL): Stress from family members and relatives whose lives and jobs may be affected by COVID-19.

Individual Level (DL): Stress from perceived knowledge that may be inaccurate and/or bias information on media and other social media networks.

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Introduction



Key Terms

Systems-change addresses root causes rather than symptoms and thus tends to take a multidisciplinary, long-term approach that requires transforming policies, practices, relationships, and power dynamics.²⁶

Racial capitalism refers to the ways in which racialized subjects made (and make) capitalism possible, including slavery, violence, imperialism, and genocide.²⁷

Neoliberalism is an economic philosophy which entails a belief that private markets will solve all problems and a corresponding defunding of state and public sector services and has likewise eviscerated public arts funding.²⁸

Structural racism involves “macro level systems, social forces, institutions, ideologies, and processes that interact with one another to generate and reinforce inequities among racial and ethnic groups.”²⁹

BIPOC This report uses the term “Black, Indigenous, and other communities of color” or BIPOC rather than People of Color (POC)

or African, Latinx, Arab, Asian, Native-American (ALAANA) in order to center Black and Indigenous experience and to acknowledge ways that anti-Black racism and the practiced erasure of Indigenous peoples continues to shape dominant culture, practice, and policy in the United States.³⁰

Equity Grantmakers in the Arts defines equity as “the fair treatment, access, opportunity, and advancement for all people, while at the same time striving to identify and eliminate barriers that have prevented the full participation of some groups. Improving equity involves increasing justice and fairness within the procedures and processes of institutions or systems, as well as in their distribution of resources. Tackling equity issues requires an understanding of the root causes of outcome disparities within our society.”³¹

Philanthropic Racial Equity Grantmakers in the Arts defines racial equity in philanthropy as “the investment of social and financial resources in policies, practices, and actions that produce equitable access, power, and outcomes for BIPOC.”³²

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Introduction

Grantmakers in the arts and culture sector can conduct a power analysis (See Recommendations on page 75) and play a role in the transformation of the sector by following the lead of Black, Indigenous, and other communities of color (BIPOC) arts and culture-bearers who are building economic democracy in their communities now. To survive and thrive, creative people are co-creating more humane and racially just economic models in their local communities. A generation of trans-regional, globally-connected creators are sharing practices and adapting them to their local contexts. Culture-bearers are at the center of innovative mutual aid networks, community land trusts, investment cooperatives, and community currencies.

of the world, entities that share principles of cooperation, participatory democracy, intersectional equity, sustainability, and pluralism are actively supported under one umbrella: the Solidarity Economy. These entities are supported and incentivized to connect across sectors in the Solidarity Economy with policies that address their shared social, fiscal, credit, investment, and training needs.

Cooperatives, land trusts, and other elements of the Solidarity Economy have been proven more likely to withstand financial crises, advance racial equity, and increase community wealth.³⁵ And yet, to date, there has been little field-wide research of the Solidarity Economy as it relates to arts and culture in the United States. This report aims to kick off a necessary exploration of the intersection of cultural practice and the Solidarity Economy—of culture and community-control of work, housing, land, energy, media, and heal-

ing. This report begins to demonstrate some of what the Solidarity Economy can offer for cultural equity and racial justice, and what arts and culture grantmakers can do to contribute to lasting change.

The United Nations Inter-Agency Task Force on Social and **Solidarity Economy** (SSE), established in 2013, defines the SSE (or Solidarity Economy / SE in shorthand) as “a concept designating organizations, in particular cooperatives, mutual benefit societies, associations, foundations and social enterprises, which produce goods, services and knowledge while pursuing both economic and social aims and fostering solidarity.” In the **Solidarity Economy**, a majority of the things a community needs are controlled and governed by everyday people: housing, schools, farms and food production, local governance structures, art and culture, healthcare and healing, and transportation.



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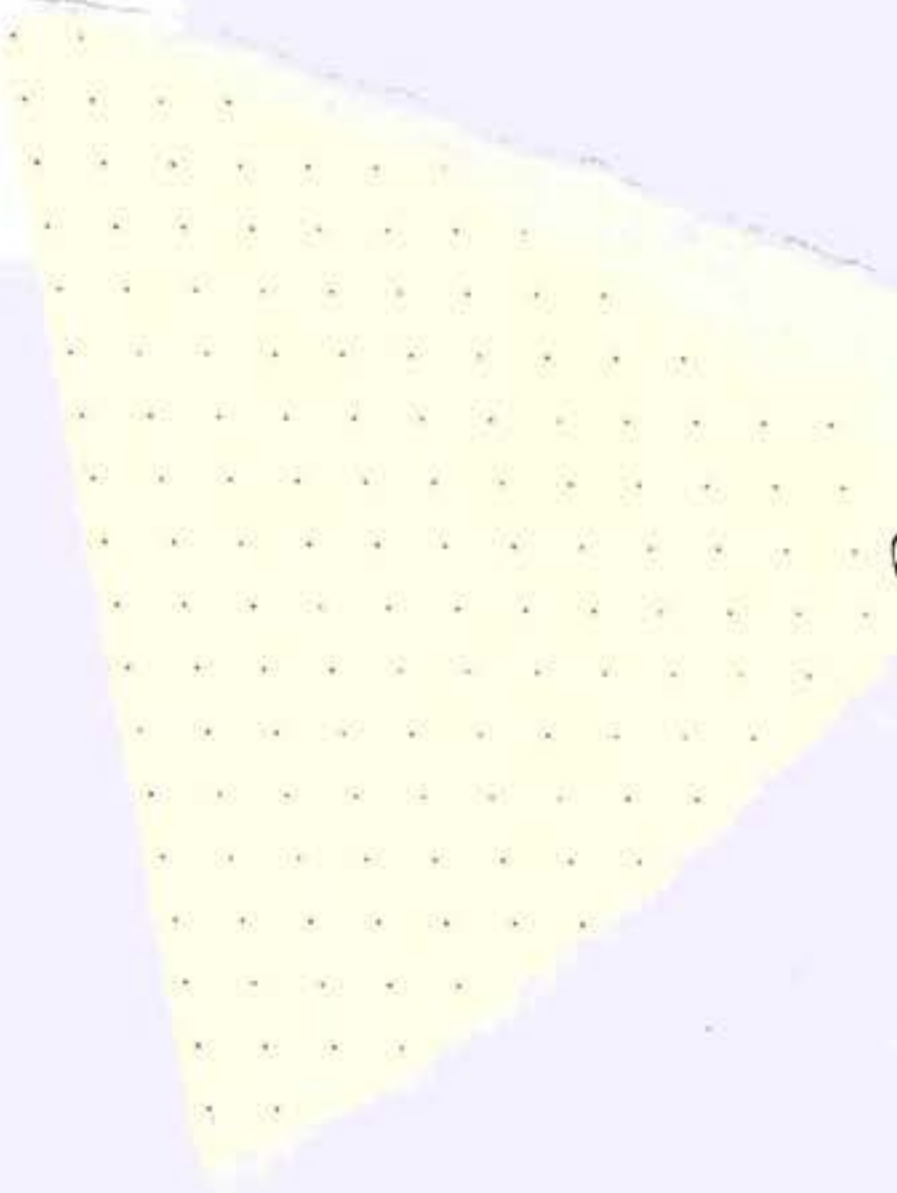
While these entities might seem disconnected, they often rely upon one another for support as interdependent parts of an economic justice ecosystem. In many parts



This rapid report was commissioned by GIA in late November of 2020, and it was published four months later, in late March of 2021. To continue this work, GIA must invite in a broad community of working class, queer, disabled, trans, and BIPOC culture-bearers, artists, healers, grantmakers, policymakers, academics, and Solidarity Economy organizers to shape GIA's related strategy and priorities.

For more information, and update, go to: art.coop.

“What if our economy valued our work, our lives, and our power like our labor was what made everything possible?”



What if our political economy valued what we value: care for our disabled, elderly, and sick, social justice, democracy? We are clear in our commitment to an economy and society managed by the people, for the people.”

—Highlander Center³⁶

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Introduction

Aims of the Report

This report provides a brief mapping, overview, and key recommendations about the ways that our nation's arts grantmaking community can strengthen the connections between art, culture, and economic and racial justice through the framework of the Solidarity Economy.

The report was initiated by Grantmakers in the Arts to identify:

Principal players in "Solidarity Economy" "New Economy" and "Alternative Economy" spaces

Examples of racially equitable alternative funding models and new economies

Patterns in this work

Principles to promote

Opportunities for coordination between actors

Opportunities for investment

Barriers to adoption

Who to influence

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Introduction

Methodology

The main phases of this rapid report, conducted from November 2020 – March 2021, were:

Attendance at a variety of conferences including GIA’s Virtual Convening *Power, Practice, Resilience / Remix*; The Center for Cultural Innovation’s conference *In-Common: To Exchange, To Survive, and To Sustain*; Casco Art Institute’s 2020 Third annual Assembly: *We Owe Each Other Everything*; the Center for Popular Economics’ *Art for Liberation* workshop; Highlander Center and US Solidarity Economy Network’s *Solidarity Economy 101*; Jack NY & YAH World’s *Media Tools For Liberation*; US Department of Arts & Culture’s *Ways and Means of We Economy*; and Cooperation Humboldt’s *Artists Dismantling Capitalism*, among others.

Interviews—a series of interviews was carried out with over 60 artists, culture-bearers, and grantmakers.*

Literature and media review of over three hundred reports, books, articles, films, websites, graphics, posters, poems, and other relevant creative outputs and publications. Read the footnotes and “Learn More: Top 10 Resources” section for more.

Defining terms—creating working definitions of the “Solidarity Economy” and related terms.

Developing an internal database—a directory in progress of emerging and active solidarity arts economy cultural workers, groups, and organizations across sectors, with an emphasis on the arts and culture.


Peer review—this document was reviewed by Caron Atlas, David Bollier, Esther Choi, Eli Feghali, Alexis Frasz, Emily Kawano, Dana Kawaoka-Chen, Francisco Pérez, and Maliha Safri, and structural edits were incorporated.

Consent—We have made every effort to ensure that the recommendations, case studies, and quotations have been reviewed and approved by our interviewees. We will amend future versions of this report to reflect ongoing feedback from the people, groups, and organizations who are impacted by this document.

Convening—the budget for this report allowed for a small, internal convening of interviewees. See the Recommendations on page 84 to continue this work.



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*** This document was developed with support from Grantmakers in the Arts and draws upon interviews and conversations with:**

- Nwamaka Agbo (CEO, Kataly Foundation)
- Caron Atlas (Director, Arts & Democracy)
- Teesa Bahana (Director, 32° East Ugandan Arts Trust, Uganda)
- Julia Beatty (Program Officer, Black-Led Movement Fund and the Communities Transforming Policing Fund, Borealis Philanthropy)
- Alicia Bell (Organizing Manager, Free Press and Media Reparations 2070)
- David Boillier (Director, Reinventing the Commons Program, Schumacher Center for a New Economics)
- Craig Borowiak (Associate Professor of Political Science, Haverford College)
- Melody Capote (Executive Director of Caribbean Cultural Center African Diaspora Institute)
- Rachel Chanoff (Founder and Director, THE OFFICE)
- Esther Choi (Doctoral Candidate, Ethnic Studies, University of California - San Diego)
- Binna Choi (Director, Casco Institute, Netherlands)
- Jen Cole (Director, National Accelerator for Cultural Innovation, Arizona State University)
- Willa Conway (Founder, Weavers Fellowship)
- Joey DeFrancesco (Historian and Organizer, Union for Musicians and Allied Workers)
- Tara Dorabji (Director, the Center for Cultural Power)
- Penelope Douglas (Chief of Strategy and Revenue, Yerba Buena Center for the Arts)
- Estrella Esquilín (Program Manager, National Accelerator for Cultural Innovation, Arizona State University)
- Nia Evans (Director, Boston Ujima Project)
- Eli Feghali (Network Organizer, New Economy Coalition)
- Gertrude Flentge (Program Manager, DOEN Foundation)
- Reg Flowers (Artist, Activist, and Educator)
- Alexis Frasz (Co-Director, Helicon)
- Allen Kwabena Frimpong (Co-Founder, ZEAL)
- Luna Olavarria Gallegos (Storyteller, Researcher, and Co-Founder, Art.Exit)
- Noémi Giszpenc (Executive Director, Cooperative Development Institute)
- Lavastian Glenn (Director, Racial and Economic Justice, The Nathan Cummings Foundation)
- Jeffreen Hayes (Executive Director, Three-walls)
- Tempestt Hazell (Program Officer, Field Foundation)
- Greg Jackson (Founder, Repaired Nations and Equal Justice Works Fellow at the Sustainable Economies Law Center)
- Michael Johnson (Director of Advancement, NDN Collective)
- Emily Kawano (Co-Director, Wellspring Cooperative Corporation and Coordinator, US Solidarity Economy Network)
- Esteban Kelly (Executive Director, US Federation of Worker Cooperatives)
- Ceceile Klein (Double Edge Theatre)
- Arleta Little (Program Officer and Director of Artist Fellowships, McKnight Foundation)
- abdiel López (Program Officer, AmbitioUS, Center for Cultural Innovation)
- Josh MacPhee (Founding Member, JustSeeds Collective)
- Annie McShiras (Investment and Fundraising Director, East Bay Permanent Real Estate Cooperative)
- Margaret Morton (Creativity and Free Expression Team, Ford Foundation)


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*** This document was developed with support from Grantmakers in the Arts and draws upon interviews and conversations with:**

- Gabriela Muñoz (Program Coordinator, National Accelerator for Cultural Innovation, Arizona State University)
- Jennifer Near (Philanthropic Advisor and Organizational Consultant)
- Jessica Gordon Nembhard (Professor, Community Justice and Social Economic Development, Department of Africana Studies, CUNY)
- Emiko Ono (Director, Performing Arts Program, William and Flora Hewlett Foundation)
- Janelle Orsi (Director, Sustainable Economies Law Center)
- Alexis Ortiz (Senior Program Associate, Office of the President, Andrew W. Mellon Foundation)
- Leticia Peguero (Vice President of Programs, Nathan Cummings Foundation)
- Francisco Pérez (Director, Center for Popular Economics)
- Cierra Peters (Communications Director, Boston Ujima Project)
- Yvon Poirier (Vice-Coordinator, RIPPSS)
- Kate Poole (Principal, Chordata Capital)
- Michelle Ramos (Vision Keeper / Executive Director, Alternate Roots)
- Esther Robinson (Founder/ Co-Executive Director, ArtBuilt)
- Ted Russell (Associate Director, Kenneth Rainin Foundation)
- Maliha Safri (Chair and Associate Professor of Economics, Drew University)
- Estella Sanchez (Founder, Sol Collective)
- Nathan Schneider (Assistant Professor, Media Studies, University of Colorado - Boulder)
- Noni Session, (Director, East Bay Permanent Real Estate Cooperative)
- Danya Sherman (Sherman Cultural Strategies, Consultant for ArtPlace America)
- Aisha Shillingford (Intelligent Mischief)
- Kamal Sinclair (Executive Director, Guild of Future Architects)
- Gaby Strong (Director of Grantmaking, NDN Collective)
- Leila Tamari (Previous Senior Program Officer, ArtPlace America)
- Aaron Tanaka (Co-Founder and Director, Center for Economic Democracy)
- Anasa Troutman (Cultural Strategist)
- Carlton Turner (Lead Artist and Director, Mississippi Center for Cultural Production)
- F. Javier Torres-Campos (Program Director, Thriving Cultures, Surdna Foundation)
- Carlos Uriona (Co-Artistic Director, Double Edge Theatre)
- James Vamboi (Chief of Staff, Boston Ujima Project)
- Andrés Villalobos (Member, Cooperativa Cráter Invertido, Mexico)
- Ed Whitfield (co-Managing Director, Fund for Democratic Communities)
- Susan Witt (Director, Schumacher Center for a New Economics)
- San San Wong (Director of Arts & Creativity, Barr Foundation)
- DeeArah Wright (Artist, Creative Strategist)
- Laura Zabel (Executive Director, Springboard for the Arts)

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What is the Solidarity Economy?

To make lasting progressive change, coordination of actors and of vocabulary is required. How can key stakeholders work together without a shared understanding of the terms we are using? This section provides a summary of terms, a brief history of the term Solidarity Economy, and rationale for community-control over the very vocabulary that is used by the arts grantmaking community. We encourage grantmakers to adopt and learn about the term used internationally by governments, philanthropists, artists, and arts organizers alike—“Social and Solidarity Economy” or “Solidarity Economy”—rather than creating new terms that might make international cooperation more difficult in the future. This term is widely used in Brazil, Colombia, Italy, Luxembourg, Quebec, France, South Korea, Ecuador, Spain, Cameroon, Cape Verde, Japan, Indonesia, Japan, Malaysia, and Costa Rica.

The United Nations Inter-Agency Task Force on Social and Solidarity Economy (SSE), established in 2013, defines the SSE as “a concept designating organizations, in particular cooperatives, mutual benefit societies, associations, foundations and social enterprises, which produce goods, services and knowledge while pursuing both economic and social aims and fostering solidarity.”³⁷

In the Solidarity Economy, all of the things a community needs are controlled and governed by everyday people: housing, schools, farms and food production, local governance structures, art and culture, healthcare and healing, and transportation.³⁸

Cooperation Humboldt, a regional Solidarity Economy network in California’s North Coast that centers artists and culture-bearers, defines the **5 Principles of a Solidarity Economy**³⁹ as follows:

Pluralism—Solidarity Economy is not a fixed blueprint, but rather acknowledges that there are multiple paths to the same goal of a just and sustainable world.

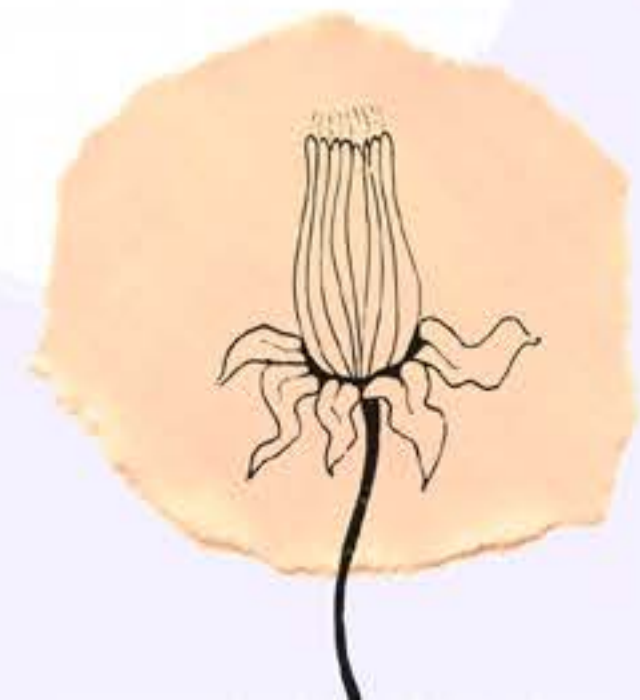
Solidarity—This includes a range of social interactions grounded in collective practices such as cooperation, mutualism, sharing, reciprocity, altruism, love, caring, and gifting.

Equity—Solidarity Economy opposes all forms of oppression: imperialism and colonization; racial, ethnic, religious, LGBTQIA+, patriarchy, and cultural discrimination.

Sustainability—Drawing heavily upon Indigenous perspectives of living in harmony with nature and with each other, Solidarity Economy upholds the principles of sustainability and regeneration.

Participatory Democracy—Solidarity Economy embraces participatory democracy by enabling decision making and action to be as local as possible, thereby providing ways for people to participate directly in decision making about their communities.

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Introduction

In the spirit of pluralism and co-creation, a variety of definitions of the Solidarity Economy can be celebrated. RIPESS, the inter-continental network that was formed across Latin America and the Caribbean, North America, Europe, Africa, Asia, and Oceania in 1997 for the promotion of the Social Solidarity Economy (SSE), defines the Social Solidarity Economy (SE) as “an alternative to capitalism and other authoritarian, state-dominated economic systems. In SSE **ordinary people play an active role** in shaping all of the dimensions of human life: economic, social, cultural, political, and environmental. SSE **exists in all sectors of the economy**—production, finance, distribution, exchange, consumption and governance. (...) SSE seeks **systemic transformation that goes beyond superficial change** in which the root oppressive structures and fundamental issues remain intact.”⁴⁰

In our interviews with over 25 artists and culture-bearers, we heard that the following terms resonate with their communities: **self determination, equity, participatory budgeting, worker cooperatives, credit unions, mutual aid, community development, cooperative economics, just transition,⁴¹ restorative economics,⁴² regenerative economics,⁴³ Black economics,⁴⁴ new economy, community economies,⁴⁵ De-growth, commons, dual power, liberation economy, and economic justice.** We recommend that further study be undertaken to map the intersections of key terms in this emergent discourse in the United States, and to make connections between these terms and the international discourse around the Solidarity Economy. See our Recommendations on page 84 for more.

While practices of equitable and sustainable self-determination and community-control are rooted in a myriad of ancestral and community norms, the term “Solidarity Economy” is relatively contemporary. The term “Solidarity Economy” emerged in Chile and France in the 1980s,⁴⁶ gained popularity in Latin America (as “*economía solidaria*”) in the 1990s, and spread globally as an interdependent movement after the first annual World Social Forum in Brazil in 2001, which popularized the slogan “another world is possible.”⁴⁷ The Solidarity Economy is now recognized internationally as a way to value people and the planet over profits and to unite grassroots practices like lending circles, credit unions, worker cooperatives, and community land trusts to form a base of political power and transform our economy and world. Most people are aware of the discrete practices and models that comprise the Solidarity Economy, but do not know that there is a

term that holds these concepts together or that these practices are supported holistically in other countries around the world.

NOTE: While using the term Solidarity Economy will connect arts and culture grantmakers in the United States to an international conversation, we urge grantmakers *to consider adopting the vocabulary that their grantees use to describe their own practices of community-control and self-determination* and to engage their grantees and community stakeholders in conversations about the terms that are most meaningful in their communities, based upon their own traditions, identities, and cultural contexts.

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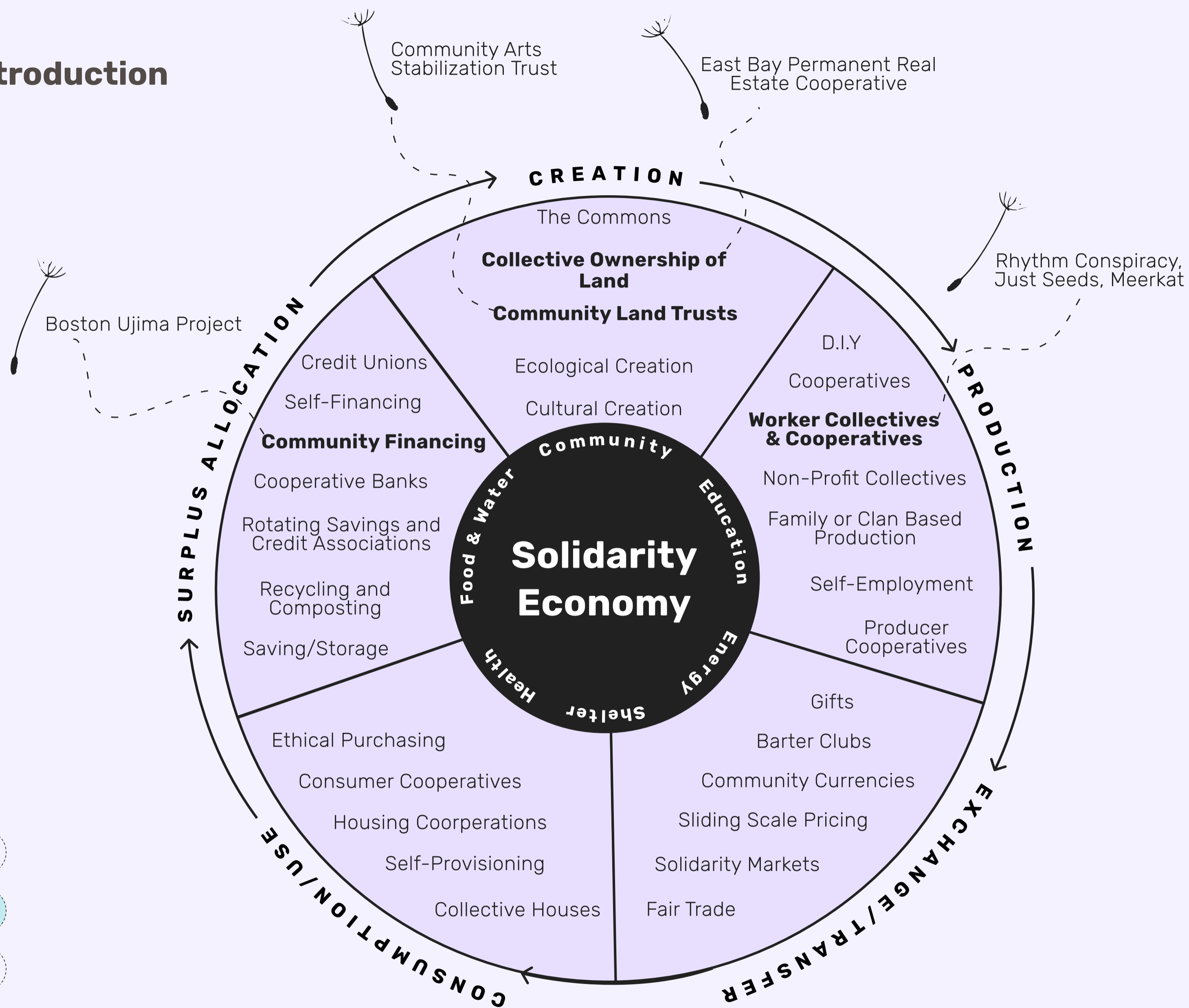
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Introduction



“How can we not just put out the fires of the world, but **build the solutions that can replace the destructive systems, to create community wealth?** How can we invest in things that are stable and build assets in our communities?”

—Janelle Orsi,
Sustainable Economies Law Center

Susan Jahoda and Caroline Woolard of BFAMFAPhD, diagram of the Solidarity Economy by Ethan Miller, adapted for the book *Making and Being* by BFAMAPhD, dimensions variable, 2018.

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Introduction

Here are a few examples of arts and culture groups and initiatives in the Solidarity Economy. As shown throughout the report, all networks and infrastructure in the Solidarity Economy—regardless of their emphasis on arts and culture—will support artists and culture-bearers.

Land and Housing

Community Land Trusts: Community Arts Stabilization Trust, Oakland CLT, Cooper Square Community Land Trust

Permanent Real Estate Cooperatives: East Bay Permanent Real Estate Cooperative

Housing Cooperatives: Divine House, Art Cooperative

Cohousing and Intentional Communities: Covenant Arts Community, MilePost 5

Work and Labor

Worker Cooperatives: Rhythm Conspiracy, Resonate.Is, Akron Devil Strip, Happy Family Night Market, Design Action Collective, SurplusPlus

Producer Cooperatives: 200 Million Artisans, Just Seeds

Time Banking: Boston Ujima Project, Metasofa Arts Community, Kolanut Collaborative

Mutual Aid: NDN Collective, Sol Collective

Barter Systems & Non-Monetary Exchange: O+ Festival

Organizing: Frontline Arts Buffalo, Solidarity Economy St. Louis

Money and Finance

Participatory Budgeting: Boston Ujima Project, Runway

Credit Unions: Actors Federal Credit Union

Community Currencies: Circles, Tandas

CDFIs: The Working World, SeedCommons, First People's Fund, Oweesta Corporation

Solidarity Philanthropy and Grantmaking: Center for Economic Democracy, Weavers Project, AmbitioUS, NDN Collective, Intercultural Leadership Institute

Media and Technology

Worker-owned Media: Media Reparations, Associated Press

Community Radio: KOJH 104.7 FM (Mutual Musicians Foundation)

Platform Cooperatives: Crux, Guided, Ampled, and internationally Stocksy in Canada, SmArt in Belgium, Arctic Co-ops in Canada, and Doc Servizi in Italy

Solutions Journalism: Solutions Journalism Network

Open Source: Mozilla, Wikipedia

Copyleft: Creative Commons

Energy and Utilities

Community Solar: Soulardarity

Community Broadband: Institute for Local Self Reliance's MuniNetworks

Energy Democracy: Uprose Brooklyn

Food and Farming

Community Gardens: All community gardens!

Community Supported Agriculture: All CSAs!

Food and Farm Co-ops: Soul Fire Farm, Double Edge Theatre, Cooperative Food Empowerment Directive (CoFED), Acres of Ancestry

Community Fridges: All Community fridges!



In the Solidarity Economy, sectors that have been siloed begin to support one another and work in concert; they gain power and can advocate for shared policies that support community ownership and democratic governance.

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Introduction

Definitions

Participatory Budgeting

Communities decide how they want to spend public money in their neighborhoods.

Arts Collectives and Cooperatives

Artists get together, form a business, and make decisions about how it operates and how profits are distributed.

Community Land Trusts

Land and buildings are moved from the speculative market to a nonprofit. Decisions are made by residents and community members to make sure the space is affordable forever.

Permanent Real Estate Cooperative

Buildings are moved from the speculative market to a co-op that serves people rather than profit. Decisions are made by residents and community members to make sure the space is affordable forever.

Study Groups

People learn about the history of collective work together to connect to their shared power and take action.

Time Banking

People exchange an hour for an hour, meeting one another's needs without money.

Community Currency

A currency that circulates locally to encourage greater local spending.

Investment Cooperative

People pool their savings and make decisions together about how to invest it.

Credit Union

A bank owned by its members that is committed to investing in local communities.

Mutual Aid

People helping each other meet their needs, often with a shared political commitment.

Worker-Managed Non Profit

A non-profit organization that is managed democratically by its workers rather than by a single Director.

Consumer Co-op

A buying club that is owned and run by the people who use it.

Platform Co-op

A digital platform that is owned and run by its users.

Community Development Financial Institution

A range of institutions and funds—including non-profit banks, credit unions, loan funds, and venture capital funds—that exist to grow

community wealth for low-income communities.

Community Wealth Cooperative

Give the power of big finance to small, community-centered actors, creating a network that makes local investments that serve people rather than extracting from them.

NOTE: These are informal definitions that the authors have developed for popular education contexts. For more information about each concept, please visit <https://neweconomy.net/solidarity-economy/#what-is-the-solidarity-economy>.

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Endnotes

²¹ “The combined fortune of the nation’s 660 billionaires as of Monday, January 18, 2021 was \$4.1 trillion, up 38.6% from their collective net worth of just under \$3 trillion on March 18, 2020, the rough start of the pandemic, based on Forbes data compiled in this report by Americans for Tax Fairness (ATF) and the Institute for Policy Studies (IPS). There have been 46 newly minted billionaires since the beginning of the pandemic, when there were 614.” “10 Months into Crisis, US Billionaires’ Wealth Continues to Climb,” Americans for Tax Fairness, January 29, 2021, <https://americansfortaxfairness.org/10-months-crisis-u-s-billionaires-wealth-continues-climb-1-1-trillion-nearly-40/>.

²² “The US economy shed 9.4 million jobs last year, the most in any year since records began in 1939 and nearly double the 5 million lost during 2009, after the housing crash.” Josh Mitchell, “Covid-19 Surge Ends Seven Months of US Jobs Growth,” *The Wall Street Journal* (2021), <https://www.wsj.com/articles/december-jobs-report-coronavirus-2020-11610080447>.

²³ Christina M. Padilla and Dana Thomson, “More than One in Four Latino and Black Households with Children are Experiencing Three or More Hardships During COVID-19,” *Child Trends* (January 13, 2021), <https://www.childtrends.org/publications/more-than-one-in-four-latino-and-black-households-with-children-are-experiencing-three-or-more-hardships-during-covid-19>.

²⁴ Dana Kawaoka-Chen, “Philanthropy, This is Our ‘Matrix’ Moment...What Will You Choose?” Justice Funders, March 31, 2020, [https://medium.com/justice-funders/philanthropy-this-is-our-matrix-moment-what-will-you-choose-](https://medium.com/justice-funders/philanthropy-this-is-our-matrix-moment-what-will-you-choose-283cdf53056)

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²⁵ Sahra Ibrahim et al. “COVID-19 Devastation of African American Families: Impact on Mental Health and the Consequence of Systemic Racism,” *International Journal of MCH and AIDS* 9, no. 3 (2020): 390–393. <https://doi.org/10.21106/ijma.408>.

²⁶ Konstanze Frischen et al, “Embracing Complexity: Towards a shared understanding of funding systems change,” *McKinsey & Company* (January 2020), https://www.ashoka.org/sites/default/files/2020-01/Embracing%20Complexity_Full%20Report_final.pdf.

²⁷ Cedric J. Robinson, *Black Marxism : The Making of the Black Radical Tradition* (Chapel Hill: University of North Carolina Press, 2000).

²⁸ Cynthia Koch, “The Contest for American Culture: A Leadership Case Study on The NEA and NEH Funding Crisis,” *Public Talk* (1998), <https://www.upenn.edu/pnc/ptkoch.html>.²⁹ Gilbert C. Gee and Chandra L. Ford, “Structural Racism and Health Inequities,” *Du Bois Review* 8, (April 15, 2011): 115–132, <https://doi.org/10.1017/S1742058X11000130>.

³⁰ “The BIPOC Project,” The BIPOC Project, accessed February 6, 2021, <https://www.thebipocproject.org/>.

³¹ Grantmakers in the Arts, *Racial Equity in Arts Funding*, (Bronx, NY: Grantmakers in the Arts, Revised April 11, 2019), [https://www.giarts.org/sites/default/files/GIA-racial-equity-](https://www.giarts.org/sites/default/files/GIA-racial-equity-statement-of-purpose.pdf)

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³³ UNFSSSE, *What Role for the Social and Solidarity Economy in the Post COVID-19 Crisis Recovery?* (ILO, June 2020), <https://www.gsef-net.org/sites/default/files/publication/What%20role%20for%20the%20Social%20and%20Solidarity%20Economy%20in%20the%20post%20COVID-19%20crisis%20recovery%20%28UNFSSSE%2C%202020%29.pdf>.

³⁴ “The Solidarity Economy,” New Economy Coalition, accessed January 17, 2021, <https://neweconomy.net/solidarity-economy/>.

³⁵ M. J. Roy, C. H. O’Connor, N. McHugh, O. Biosca, & C. Donaldson, “The New Merger: Combining Third Sector and Market-Based Approaches to Tackling Inequalities,” *Social Business* 5, no. 1 (Spring 2015): 47–60, <https://doi.org/10.1362/204440815X14267607784848>; and Peter Utting, *Public Policies for Social and Solidarity Economy; Assessing Progress in Seven Countries* (Geneva: ILO, 2017), 16, https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---coop/documents/publication/wcms_582778.pdf.

³⁶ “Solidarity Economy in the South,” Highlander Research and Education Center, accessed January 12, 2021, <https://highlandercenter.org/our-impact/solidarity-economy-in-the-south/>.

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<https://www.gsef-net.org/sites/default/files/publication/What%20role%20for%20the%20Social%20and%20Solidarity%20Economy%20in%20the%20post%20COVID-19%20crisis%20recovery%20%28UNFSSSE%2C%202020%29.pdf>.

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⁴³ “Planting Seeds of the Next Economy,” Regenerative Finance, accessed January 17, 2021, <http://www.regenerativefinance.com/old/collective-members/>.

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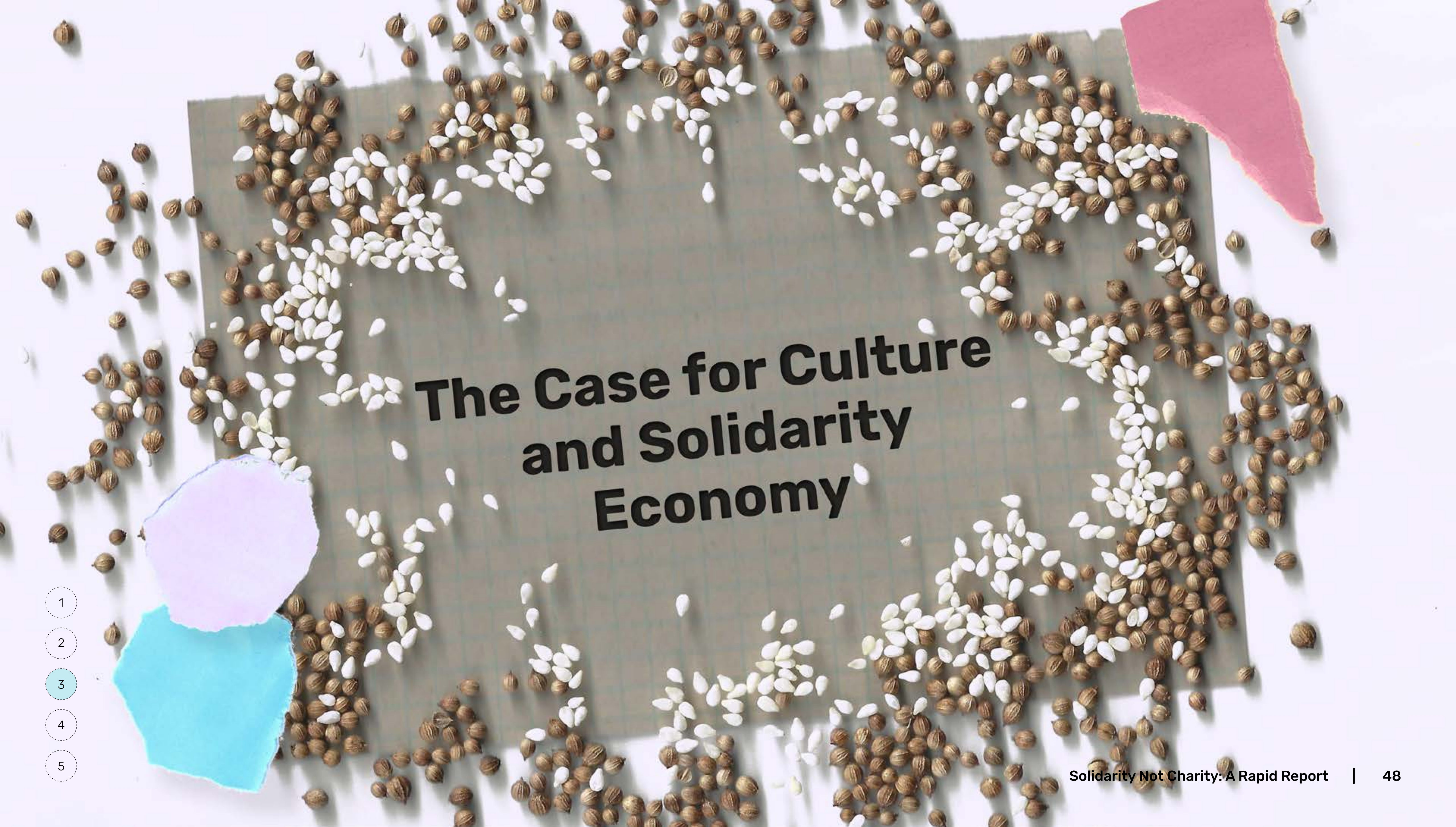
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The Case for Culture and Solidarity Economy

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THE CASE FOR CULTURE & SOLIDARITY ECONOMY

1. ~~The economy of the cultural sector is broken.~~ The cultural sector reinforces systemic racism.

Inequities in the arts and culture sector mirror society at large and contribute to outcomes that do not serve the majority of artists, culture-bearers, or culturally-grounded institutions. Artists and culture-bearers mostly live on the margins of poverty or have precarious and unpredictable economic conditions.⁴⁸ These conditions are magnified for culturally-grounded organizations and BIPOC, differently abled, low wealth, rural, and LGBTQIA+ artists and culture-bearers.⁴⁹

- **In 2019, approximately 0.5% of the total \$66.9 billion given by foundations directly supports women and girls of color.**⁵¹
- **When studying their applicant pool, Echoing Green found that “the unrestricted net assets of the Black-led organizations were 76 percent smaller than their White-led counterparts.”**⁵²
- **And yet, foundation and individual giving in 2020 documented that only 5% of**

pandemic-response dollars and 12% of the grants were intended for communities of color.⁵³

While many foundations significantly increased giving to BIPOC organizations in 2020 in response to the uprisings of 2020, Angie Kim, the President of the Center for Cultural Innovation, reminds grantmakers that, “Without investing in the infrastructure for these communities’ own solidarity economies, it is very unlikely that this funding will close racial wealth gaps and ameliorate the kinds of structural problems that exclude too many artists from fully participating in this sector.”⁵⁴ To achieve economic justice, research shows that grantmakers must first understand how racial and cultural bias appear in their grantmaking and to identify levers to implement and measure racial equity.⁵⁵ See Action Checklist on page 13.



In 2016, just 2 percent of all cultural institutions received nearly 60 percent of all contributed revenue, up approximately 5 percentage points over a decade.⁵⁰

“There’s often a kind of assumption that grantmakers make, assuming there is a lack of expertise and knowledge in communities that have experienced the most disinvestment and have historically struggled the most. There is an implied or assumed failure or misbelief that people don’t know what they are doing at the community level. Rather than admitting that at every level the system is fighting against and failing these people, these families, and these communities, grantmakers sometimes assume that these circumstances and struggles are a fault and a failure on the community’s part. Foundations and grantmakers need to better understand their role in perpetuating harmful power dynamics and distorted narratives and realize that they don’t hold all the knowledge.”

—Tempestt Hazel, Field Foundation

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THE CASE FOR CULTURE & SOLIDARITY ECONOMY

1. ~~The economy of the cultural sector is broken.~~ The cultural sector reinforces systemic racism.

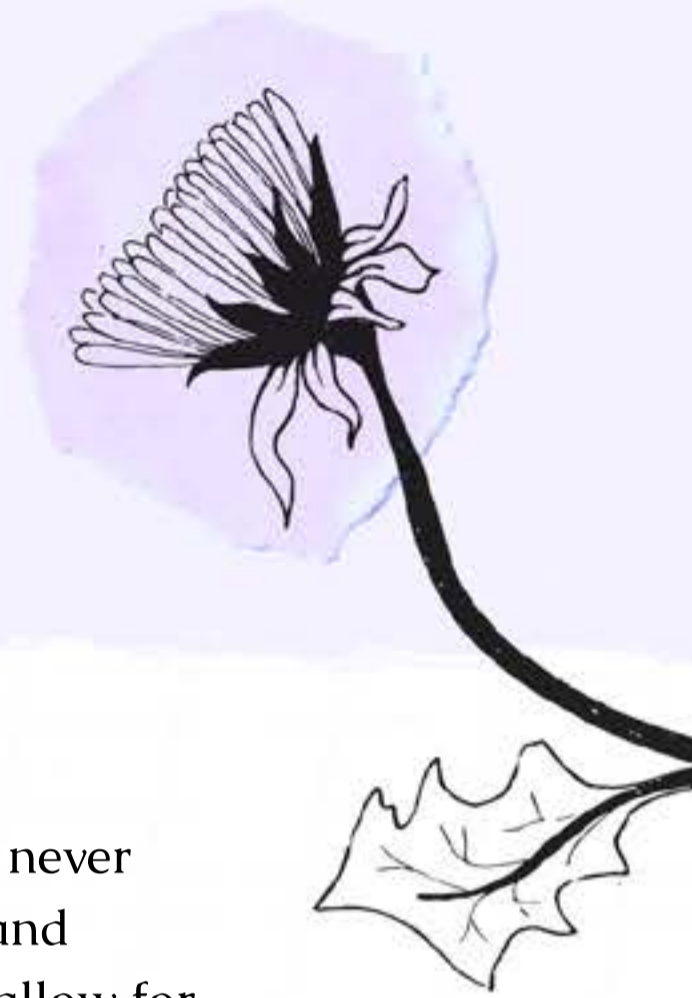
COVID-19 has exacerbated inequities in the arts and culture sector. We are facing what Adam Krauthamer, president of Local 802 of the American Federation of Musicians in New York, has called a “great cultural depression.”⁵⁶ As of December, 2020, Americans for the Arts reports that: 63% of artists have become fully unemployed. Artists expect to lose an average of \$21,500 each in creativity-based income in 2020 (\$50.6 billion, nationally). 78% have no post-pandemic financial recovery plan. **BIPOC artists have higher rates of unemployment than White artists due to the pandemic (69% vs. 60%) and expect to lose a larger percentage of their 2020 income (61% vs. 56%).**⁵⁷

But, even before the pandemic, the arts and culture sector does not fully reflect the diversity of our nation’s shifting demographics. The sector erects high barriers to entry by those whose families do not come from

wealth.⁵⁸ Artists, particularly of color, who cannot afford the financial precarity of gig work, lack of worker benefits and protections, the high cost of academic degrees, and the crippling amounts of student loan debt cannot contribute to the field.⁵⁹ Grantmakers have contributed to the high costs of entry and, thus, exclusionary and discriminatory barriers for diverse participation, and now is the moment to fundamentally re-write purposes, policies, and practices. Our nation’s arts and culture grantmaking community is called to respond, and it has become clear that traditional philanthropic models have failed to support artists amidst our current crises. Transformative change is required of the sector.

“The American Alliance of Museums shows that ⅓ of all museums may never reopen after the pandemic. We have not only a cultural, but a political and economic imperative to seek alternatives that create opportunities that allow for arts and culture ecosystems to be the foundations of social and civic life especially for marginalized communities. ... What we need right now is for grantmaking to lead in step with communities in enacting cultural restitution and reparations through the grant-making.”

—Allen Frimpong, Co-Founder, ZEAL



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2. The cultural sector is actively seeking alternatives to business-as-usual.

The grantmakers, artists, and culture-bearers interviewed do not want to go “back” to pre-pandemic ways of working. Instead, they unanimously shared calls to jump forward together toward a more equitable system. Calls for racial and economic justice make this rapid report—and the practices that it documents and urges grantmakers to support—both urgent and possible. From **regional hubs** such as Cooperation Jackson, Cooperation Humboldt, and Push Buffalo, to **frameworks** such as the Restorative Economy, Regenerative Economy, Just Transition, and Degrowth, to organizations and **coalitions and networks** such as the US Solidarity Economy Network, Democracy Collaborative, Justice Funders, SeedCommons, the New Economy Coalition, the US Federation of Worker Cooperatives, the Community Economies Research Network, the Democracy at Work Institute, the Intercultural Leadership Institute, and Common Future, a need for

deep coordination between actors to make real, progressive social change for racial and economic justice is here.

The conditions are ripe. Note the plethora of efforts underway created by artists, movement organizers, local community groups, governments, nonprofits, and researchers to strengthen movements for racial and economic justice nationally and internationally:

- Thousands of **mutual aid groups—providing informal, voluntary, and reciprocal support—formed** and strengthened during COVID-19, teaching many people about the power of hyper-local networks of care that are central to the Solidarity Economy.⁶⁰
- More arts and culture collectives, organizations, and groups are **studying Solidarity Economies**—from the rapper Noname to a grassroots action network called The

“Foundations and investors are changing terms. They want to grant and invest in a non-extractive way. They ask: How can we be in honest relationships and forgive or defer or restructure the commitment? How can we share risk?”

—Kate Pool, Chordata Capital

US Department of Arts and Culture, from Repaired Nations to JACK to Cooperation Humboldt, interest in training and study about the relationship between Solidarity Economy and arts and culture is rising.

- **Academics researching the Solidarity Economy** in the United States are now beginning to work with one another, informally, and can connect to international research networks. **See Appendix C for more.**
- **Social movements** and campaigns such as the Movement for Black Lives, the Land-back movement,⁶¹ Idle No More, the Poor People’s Campaign, and the Climate Justice Alliance all call for a post-capitalist future. 2019 marked the launch of The Massachusetts Solidarity Economy Network, which is the first statewide solidarity economy network in the nation.
- In 2020, Black Land and Power launched Reparations Summer, with a commitment that **“each Juneteenth shall mark a summer of organizing and moving no strings attached resources to Black land stewards.”** Black Land and Power is a project of the National Black Food Justice Alliance (NBFJA) which is anchored by more than 30 networks and organizations building aligned vision, story, collective decision-making and strategy. NBFJA is a coalition of Black-led organizations advancing Black leadership, building Black self-determination, building Black institutions and organizing for food sovereignty, land and justice.⁶²
- In 2020, the Hewlett Foundation announced a plan to support an **Economy and Society Initiative with \$50M over the next 5 years**, articulating a grant-making strategy where “philanthropy must

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2. The cultural sector is actively seeking alternatives to business-as-usual.

play an essential role in replacing [neoliberalism]: supporting the relevant actors; helping forge them into an intellectual movement; funding the development, translation, and transmission of new ideas.” In May 2019, Hewlett and the Omidyar Network hosted a funder gathering that convened “25 foundation heads, high net-worth individuals, and substantive leads from 18 organizations... funders have begun collaborating together on projects of mutual interest, including a **\$9 million, two-year Anti-Monopoly Fund**; a Green New Deal table of stakeholders; and an initiative to establish a network of academic centers at various universities.”⁶³

- In December of 2020, Mayor de Blasio launched Employee Ownership NYC, the **nation’s largest municipal initiative for education and technical assistance around employee ownership and con-**

version.⁶⁴ This addresses the need for increased local jobs as well as the needs of business owners who want to retire. Almost half of all business owners are 55 years of age or older; baby boomer retirements will cause more than \$10 trillion in business assets to change hands over the next 5–20 years as an estimated 70% of privately held businesses will be sold or closed.⁶⁵

- In 2019, the **New York City Council dedicated \$850,000 to CLT** education, organizing, and technical assistance through the Community Land Trust discretionary funding initiative.⁶⁶ The National Housing Trust Fund, established in 2008, saw its first state allocations in 2016 totaling over \$170 million dollars.⁶⁷
- In 2019, The **Center for Cultural Innovation launched *AmbitioUS***, a time-limited (7–10 years), national program to support

“the development of alternative economic systems that are more just, sustainable, and sustaining for artists and all those who share their “gig” worker conditions of low and unpredictable income, few assets, high debt, and little credit.”⁶⁸

- ArtPlace determined that the final two years of their time-limited initiative (ten years) should be spent facilitating local Assemblies in five regions where groups of artists, organizers, community developers, funders, took **community-control over decisions about how to use a pool of funds provided by ArtPlace ranging from \$1.45M million to \$4.5M**. In Philadelphia, this process led to the development of a cooperative.⁶⁹
- The ArtsCollaboratory, an ecosystem of twenty-four like-minded arts and culture organizations situated predominantly

in Asia, the Middle East, Africa, and Latin America were supported to build relationships. **To develop relationships of peer-support, each organization was given \$60,000 per year over five years and the network was given \$1,200,000 to use collectively over five years.** The groups “are focused on collective governance” and “unlearning capital- and productivity-driven working methods is central to the way the network thinks but also lives, were supported to develop relationships with.”⁷⁰

- Across sectors—from craft to music to theater to visual art to new media to culture—creative people are organizing collectively and cooperatively to build power and contest precarious working conditions and online platform monopolies. For example, Google workers across the world have formed a global union alliance called Alpha

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2. The cultural sector is actively seeking alternatives to business-as-usual.



Global, composed of 13 unions with workers in 10 countries, including the United States, United Kingdom, and Switzerland. The Union of Musicians and Allied Workers launched a campaign to make Spotify support artists.⁷¹

- **NDN Collective created a \$10M COVID-19 Response Project to quickly provide grants, communication, and strategic support to Tribal Nations**, front line Indigenous-led organizations, and individuals who are providing essential services to Indigenous communities in North America. NDN also put out \$3.5M in mutual aid, which moved money faster to Indigenous communities than the Coronavirus Aid, Relief, and Economic Security (CARES) Act.⁷²
- The Institute for the **Cooperative Digital Economy (ICDE) at The New School, Mondragon Co-op**, the world's largest worker co-op, and MTA-Mondragon Uni-

versity are collaborating on online courses called *Platform Cooperatives Now*. The larger initiative of the ICDE, the Platform Cooperative Consortium, which started in the United States in 2017, now has sister organizations in Japan, Hong Kong, Sweden, Australia, Germany, and Italy. In 2018, Google.org gave \$1M to this effort.

- In 2019, the Candide Group launched the Olamina Fund, which is currently at **\$40M, to address the historic lack of access to capital** in Black and Native communities.⁷⁴
- In 2020, the Mellon Foundation added systems-change to their strategic approach and began, among many bold new initiatives, the Monuments Project, a five-year, **\$250M effort to reimagine monuments** and “recalibrate the assumed center of our national narratives to include those who have often been denied historical recognition.”⁷⁵

“What would Black-, Brown-, and Indigenous-led cultural organizations look like if funders asked ourselves, What does it take for true transformation to happen?”

What does it mean if the focal point of our funding was less about a project, and more about freedom and liberation? How do we understand history and the lack of funding that our communities have gotten, and how do we make up for that?”

—Leticia Peguero,
Nathan Cummings Foundation

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3. Racial justice requires economic justice. “Going back to normal” will *not* result in equity.

Racial justice in grantmaking requires a transformation of the allocation of resources, both monetary and nonmonetary. 2020 has been a year of reckoning and political unrest. Neither the cultural economy nor the larger economy are working for most people and racial and economic injustice are no longer being tolerated silently in the cultural sector. From *Media Reparations*,⁷⁶ to *No Going Back*,⁷⁷ to *We See You White American Theater*,⁷⁸ to musicians launching a campaign against Spotify,⁷⁹ to protests about the investment practices of Museum trustees and Museum staff protests, the sector is being called to respond to inequity and to take bold action to advance cultural equity with urgency.

cial capitalism.⁸⁰ Neoliberalism, an economic philosophy which entails a belief that private markets will solve all problems and a corresponding defunding of state and public sector services, has likewise eviscerated public arts funding.⁸¹ At the same time, the loose credit economic policies of neoliberals, ostensibly offered to offset financial crises, have bolstered various stock indices to unheard of heights, thus providing foundations and other endowed private entities incredible access to funds.⁸²

What is the role of grantmaking in shaping an equitable economic system? How can grantmakers best follow and support community-led initiatives rather than leading or directing them? Just as neoliberalism was developed with support from grantmakers who funded research centers, think tanks, and the efforts of lobbyists, achieving economic justice will require coordinated and

lasting efforts from grantmakers. Consider that roughly 40% of Native people gain income from arts and culture based practices, and yet foundations give less than ½ of 1 percent to Native artists.⁸³ The Hewlett Foundation announced the Economy and Society Initiative with \$50M over the next 5 years, articulating a grantmaking strategy where “philanthropy must play an essential role in replacing [neoliberalism]: supporting the relevant actors; helping forge them into an intellectual movement; funding the development, translation, and transmission of new ideas.”⁸⁴ What will be the role of culture, community ownership, and democratic governance in this initiative? There is ample opportunity for grantmakers to support narrative shift, culture, and Solidarity Economy initiatives.

“Imagine if the Metropolitan Opera had to pay for itself! It would never exist. Somehow there is this expectation—as we get to the grassroots—that suddenly these projects are supposed to fund themselves. There has to be a way to intentionally set aside funds for grassroots, cooperative arts development.”

—Reg Flowers, Artist, Educator, Activist

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THE CASE FOR CULTURE & SOLIDARITY ECONOMY

3. Racial justice requires economic justice. “Going back to normal” will *not* result in equity.

Racial capitalism describes the ways in which the policies and practices of private ownership have reinforced anti-Black racism and Indigenous genocide for centuries. Capitalism operates with and through the category of race and has since the very beginning; the historical roots of capitalism require racialized peoples.

Critical Race Studies scholar George Lipsitz explains that “conscious and deliberate actions have institutionalized group identity in the United States, not just through the dissemination of cultural stories but also through systematic efforts from colonial times to the present to create a possessive investment in Whiteness for European Americans.”⁸⁵ To undo the centuries of disinvestment in BIPOC cultural stories and productions, and racist practices that have excluded BIPOC artists from the sector, grantmakers must address systemic racism and coordinate efforts across policy, finance, education, and culture.



“If we want a culture that creates an abundance for all communities, you cannot do that in a plantation economy on stolen land. The only way to shift the economy is to shift culture and core values.”

—Anasa Troutman, Cultural Strategist

“A big part of the normalization of **White supremacy is a cultural machine**. If we want to look at racial equity and social justice, we have to look at who is producing culture, what resources do they have, what messages and narratives are they creating, in general. And then in particular, if you look at groups that are really feeling the effects of erasure, defending and standing up for the importance of particular cultural expressions is a justice and a human rights issue.”

—Noémi Giszpenc, Executive Director,
Cooperative Development Institute

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4. The economic system we want for cultural equity is not only possible—it already exists.

Many actors in the neoliberal era, including some progressive ones, often succumb to the belief that there is no alternative to the status quo. And yet, there are robust, growing movements and models in the United States and internationally that show us that not only are there alternatives, but they have significantly better outcomes along many metrics: social, economic, and cultural.

While mutual aid networks, time banks, community land trusts, worker-cooperatives, community gardens, investment cooperatives, community currencies, and credit unions might seem like disparate and unrelated entities, they often rely upon one another as interdependent parts of an economic justice ecosystem. These entities all emphasize community ownership and community governance for political, cultural, and economic power—what Nwamaka Agbo articulates as a Restorative Economics Theory of

Liberation.⁸⁷ For this reason, in many parts of the world, **these entities are actively supported under one umbrella: the Solidarity Economy.**

The **Solidarity Economy is a term used internationally to describe sustainable and equitable community-control of work, food, housing, and culture using a variety of organizational forms.**⁸⁸ The Solidarity Economy principles include cooperation, participatory democracy, intersectional equity, sustainability, and pluralism.⁸⁹ **Dynamic collaborations between grantmakers, government agencies, and federations of cooperatives have produced thriving Solidarity Economy ecosystems around the world**⁹⁰ with tailored tools of support, financial vehicles, and policy platforms.⁹¹

“It can be pretty daunting to enter [Solidarity Economy work] and feel like you can have instant mastery. **I would encourage folks to stay curious, to recognize that this work is happening across the country.** In fact, the new economy is already here—whether or not we choose to see it is another story. ... I invite folks to check out this work and get involved.”

—Dana Kawaoka-Chen, Co-Director, Justice Funders⁸⁶

INTERNATIONAL EVIDENCE FOR THIS WORK

At the moment, the Solidarity Economy (SE) remains relatively unknown and under-resourced in the United States even though scholars predict that the need for SE will continue to expand.⁹² This report suggests a pathway for study-to-action that our nation’s arts and culture grantmaking community can take to propel racial and economic justice forward. Consider the following examples of Solidarity Economy initiatives and their impact on the social and fiscal health of communities internationally. Arctic Co-operatives Limited, an Inuit, Metis, and First Nations arts and crafts producer cooperative, employs 1,000 people who were paid \$32.5 million in wages and benefits in 2017.⁹³ The Co-op shares some of its surplus with a consortium that funds the Center for Cooperative Enterprise. The Center offers certificates in Coop-

erative Management, Governance, or Leadership within the local university which in turn **pays student-researchers to work on emerging Solidarity Economy initiatives,** including those for artists and culture-bearers internationally.⁹⁴

Mondragon, a network of cooperative businesses in the Basque region of Spain, has revenues of more than 12 billion euros (\$14.5 billion)⁹⁵ and allocates 10 percent of profits toward arts and culture.⁹⁶ In Brazil, the city of Maricá provides a basic income to all residents as well as no-interest loans to entrepreneurs in a local digital currency that all city workers’ salaries are paid in. The currency is backed by the state and is overseen in part by the National Secretary of Solidarity Economy.⁹⁷ In France, “solidarity-based enterprise” accreditation began in 2001 to measure the impact of the Solidarity Economy sector, and France has created solidarity-based finan-

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THE CASE FOR CULTURE & SOLIDARITY ECONOMY

4. The economic system we want for cultural equity is not only possible—it already exists.

cial mechanisms and employee savings options for twenty years.⁹⁸ In Quebec, Fiducie du Chantier de l'économie sociale, started in 2007, offers financial products to support social economy enterprises at each stage of their development, including **investing over \$7.4 million in arts and culture over the past ten years.**⁹⁹ These cases suggest that the intentional collaboration between policymakers, nonprofits, and federations of Solidarity Economy institutions and networks can create innovative and tailored support mechanisms for this sector, producing lasting changes that advance racial and economic justice.¹⁰⁰

IMPACT

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The Solidarity Economy supports the general needs of the working poor, including artists and culture-bearers who continuously face unemployment¹⁰¹ wage gaps based

upon gender¹⁰² and race¹⁰³ as cooperative businesses and networks are built to “address social exclusion with the simultaneous provision of products or services needed by society.”¹⁰⁴ The impact of Solidarity Economy institutions and networks in the United States—even with extremely limited support in comparison to other countries globally¹⁰⁵—makes it an ideal area for deliberate cultivation now.¹⁰⁶

It is no coincidence that artists and culture-bearers today say that racial justice is economic justice. BIPOC communities have survived in the United States by creating and supporting mutual aid networks, cooperatives, credit unions, and have been creating community-controlled systems for centuries. For example, African Americans innovated the cooperative model in the United States as an economic development strategy of political empowerment and a bulwark against

“The question is not: *How do I run the same fellowship program with different people? Or, how do I make the same selection process more equitable, but still in an inequitable system?* The question is: *How do I support whole communities doing systems-change work?*”

—Laura Zabel, Springboard for the Arts

the constant onslaught of White supremacy and anti-Black racism.¹⁰⁷ The Black-led vision and practice of farm co-ops, cooperative marketing boards, consumer cooperative grocery stores, cooperative schools, and credit unions in the South informed the International Cooperative Alliance’s¹⁰⁸ definition of the cooperative, as “an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.”¹⁰⁹ As Dr. Jessica Gordon Nembhard reminds us, the history of BIPOC innovation in the cooperative movement has been erased and ignored and must be supported and lifted up so that we can learn from the past in the ongoing struggle for racial and economic justice.

“None of this matters in a lasting way unless there is an economic engine. You can give to us forever but until we own our own theaters we will keep asking for rent money. Help artists build their businesses and own their properties. Co-ops and Solidarity Economy entities are useful because community ownership is at the center. Community assets can then be leveraged for whatever comes up. This is coupled with a critique of philanthropy since people are becoming more aware of racialized capitalism and realize that grantmaking practice must change.”

—Esteban Kelly, Executive Director, US Federation of Worker Cooperatives

5. Artists and culture-bearers are central to the Solidarity Economy.

At this moment in the cultural sector, a wide range of networks and institutions for racial and economic justice are being co-created by BIPOC artists and culture-bearers with deep roots in their communities. Why do culture and economic innovation go together? Our interviewees suggested that this is because:

- Many of these “innovations” of economic justice are longstanding cultural traditions.
- Artists and culture-bearers want a world where everyone’s needs are met so everyone can participate in the remaking of culture and society.
- The arts sector has a superstar system where the winners take all and the rest are left with crumbs.
- Just like art, housing and dignified work are human rights.
- Artists are the original gig workers.

- Culture-making and political organizing go hand-in-hand.

As you read this, members of the East Bay Permanent Real Estate Cooperative in Oakland and members of the Cooperative Community of New West Jackson are making land and housing permanently affordable. Investors are gathering at the Boston Ujima Project and at Seed Commons across the nation to channel funding to marginalized communities. Culture-bearers at Sipp Culture in Mississippi, Historic Clayborn Temple in Memphis, and Double Edge Theatre in Northampton are placing community ownership and reparations at the center of their performing arts work. Culture and cooperative enterprise push back against racism, gentrification, and violence to imagine and enact a future of BIPOC brilliance, safety, and joy.

Noémi Giszpenc, the Executive Director of the Cooperative Development Institute, the Northeast’s center for cooperative business

education, training, and technical assistance, is interested in the intersection of culture and cooperatives because the labor of art and culture cannot be offshored. Giszpenc said, **“When we do economic development and ask ‘How do we develop a local economy?’ it makes sense to do something that is deeply rooted locally.** When you think about the US economy and what other countries look to us for, cultural exports are a big deal. People watch our movies, listen to our music, we still have a lot of cultural influence (for good and bad). When you really look at racial equity, any kind of marginalized group, and the process of marginalization, a big part of that is cultural marginalization. ... and arts and culture cooperatives take every form: worker co-op, producer co-op, multi-stakeholder co-op.”

“One of the questions that people ask us is, “Do you think this is going to create new business models for journalism or do you think journalism will be more sustainable?” I say, “This is going to create a new economic reality so all of the models will be different.”

—Alicia Bell, Organizing Manager,



“Culture brings JOY into the work of the Solidarity Economy. The spaces where there is no inclusion of culture are boring and hard and not generative. This helps me prioritize resourcing culture and to get other people to bring it in. It creates more possibility.”

—Kate Poole, Chordata Capital



BOSTON UJIMA PROJECT

The first democratically managed investment fund in the country places BIPOC arts and cultural organizing at the heart of its work. In 2018, after years of conversation and organizing work, the Boston Ujima Project launched the Ujima Fund, a democratic investment vehicle raising capital to finance small businesses, real estate, and infrastructure projects in Boston's working-class BIPOC communities. Ujima, named for the Swahili word for collective work and responsibility, uses a participatory budgeting process in combination with traditional underwriting to put economic development decisions in the hands of community members. The Ujima Fund raises capital from investors and institutions from across the country, Ujima Voting Members (current and displaced working-class Boston residents, grassroots partner organizations, community business owners and their employees), and Solidarity Members (non-voting members).¹¹¹ Ujima also has a timebank which allows members to

exchange time rather than money and to expand notions of community wealth.

Since the launch of the Ujima Project, the organization has put forth a number of cultural offerings. Artists are listed as Economy Builders on the Ujima website, to "expand popular definitions" of what an artist is and can do.¹¹² Multiple Ujima programs center arts and culture, including including the Ujima Arts and Cultural Organizing Fellowship, Arts and Cultural Organizing Micro Learning Pod, and the Black Trust: Chuck Turner Arts and Lecture Series with study materials including poems alongside reports.¹¹³ *Black Trust* is an ongoing initiative to build a community space for engagement and celebration around economic, political and cultural transformation. The events feature a unique combination of artists/cultural organizers and leading thinkers, authors, and organizers whose work ties to Ujima.

"We must create the air we are walking in, positively impacting what is considered normal and possible. A cultural shift... Imagination is an essential piece of our effort to build the new world. **Cultural workers are economy builders.** With that understanding we strive to provide artists with a space to organize and advocate on behalf of themselves and their neighbors."

—Nia Evans, Director,
Boston Ujima Project¹¹⁰

We are building a multi-stakeholder co-op with the people who made the musical and the people whose ancestors the musical is about. Are we going to be the first cooperative owned theater company? Maybe. We will definitely be the first one in Memphis.

—Anasa Troutman, Cultural Strategist

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JUST SEEDS

Just Seeds is a worker cooperative that allows individual artists to sell their artwork through a singular distribution channel. Rather than competing with one another and hiring their own distributor, bookkeeper, and marketing firm, the artists banded together. Over the past twenty two years, they have grown from a DIY project to an international collective. Just Seeds also offers some graphics to social movement organizers for free via creative commons sharealike licenses.

“More people are starting to see the value of the particular culture of grassroots artists. For those of us working at the grassroots, this is our everyday. Innovating on the fly? Of course. As adrienne maree brown says, we are building the plane in flight.”

—Reg Flowers, Artist, Activist, Educator

UNITED STATES FEDERATION OF WORKER CO-OPS: GUILDED

The United States Federation of Worker Cooperatives (USFWC) is a non-profit membership organization for business entities founded as democratic workplaces, including worker cooperatives, nonprofit collectives, and volunteer collectives. In 2020, USFWC started Guided, an initiative to establish and launch a worker-owned freelance cooperative with an emphasis on artists and culture-bearers. Guided is modeled upon Smart, a cooperative of freelancers that was founded in 1998 in Belgium to support creative workers in and is now operating in 9 European countries and currently counts 35,000 members well beyond the creative sector. Smart takes charge of all the administrative, financial, and accounting aspects linked to work, while enabling freelancers to become salaried workers in the cooperative. To do this, “other than a yearly 30 euro share, the cooperative gets a fair and fixed percentage (that varies by country) on ev-

ery euro handled for its members in various contractual arrangements to cover managing costs and invest in mutualized services (advance on payment, adapted insurances, training, co-working space, tailor-made advice, and workshops).¹¹⁴ The collective power that Smart holds enabled the cooperative to create a 5 million euro recovery stimulus package for members in response to cancelled activities as well as a 0% internal credit system with support from public authorities. As more workers experience precarious labor conditions, cooperatives are gaining popularity as an equitable model for labor organization and protection.¹¹⁵



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DOUBLE EDGE THEATRE + OHKETEAU INDIGENOUS CULTURAL CENTER

My students say, “How do you make a living?” I say, “No I make a life.”

—Carlos Uriona, Co-Artistic Director, Double Edge Theatre

Double Edge Theatre, located on occupied Nipmuc territory in rural Ashfield, Massachusetts, is a space that aims to create “art” and “living culture” that centers shared resources. Double Edge is many things: a base for a theater ensemble; a farm which offers food to community members; a site for international convenings including Art and Survival, which centers Solidarity Economy practice and research; a place for training of theater and artisan practices; and a center which includes affordable housing and sustainable environmental practices in the area. The local community economic development work of Double Edge Theatre has been ongoing for almost forty years and is informed by Carlos Uriona, Co-Artistic Director, who organized groups of artist cooperatives as part of the national cultural resistance during the Ar-

gentine fight for freedom against the military dictatorship from 1976 to 1982. Conversations between Stacy Klein, Carlos Uriona, Rhonda Anderson (Inupiac Athabaskan), and Nipmuc cultural educator Larry Spotted Crow Mann over several years led to the recent opening of the Ohketeau Indigenous Cultural Center, an autonomous center for Indigenous culture which is adjacent to Double Edge Theatre.¹¹⁶ Ohketeau is a space for community that centers Nipmuc teachings, where cultural creation and local economic development cannot be separated because, as Larry Spotted Crow Mann notes, “all life started on the back of a Turtle—the Turtle is the symbol of Creators’ wisdom, patience, and longevity—so let us align ourselves with that creative power and spirit of Turtle and see what we can create together.”¹¹⁷ The collaboration between the Ohketeau Council and Double Edge Theatre represents a practice of acknowledgment, repair, and reparations that inspires cultural workers and grantmakers to take action on unceded territory. As Indigenous scholar Eve Tuck reminds us, decolonization is not a metaphor, it is an action and practice of reparations.¹¹⁸

EKVN-YEFOLECV MASKOKE ECOVILLAGE

Language and music are at the center of efforts to rebuild cultural lifeways. For example, EkvN-Yefolecv, co-founded by musician Marcus Briggs-Cloud (Maskoke), is an intentional ecovillage and community of Indigenous Maskoke persons. 180 years after being forcibly removed from traditional homelands in 1836—in what is colonially known as Alabama—a group of 16 full-time residents and 42 transient members returned in 2018 for the purpose of practicing linguistic, cultural, and ecological sustainability. Designed as a “holistic decolonization paradigm shift,” residents of the ecovillage are creating an off-of-the-grid income-sharing community with natural building construction, renewable energy, and language immersion. Tawana Little (Maskoke) says that the group has “to distinguish the difference between the imposition of poverty as a byproduct of colonial oppression, and intentionally choosing to live a simple and healthy lifestyle wherein **we aren’t chasing the capitalist dream because that goal is inherently incompatible with ecological sustainability and our indigeneity altogether.**”¹¹⁹ EkvN-Yefolecv seeks to serve as a replicable archetype for other In-

“Be prepared to embrace complexity and not necessarily understand the complexity of the work. Funders are “supposed” to know everything, but they rarely ever do. It’s not good or bad, it just is, it’s based on proximity. They are often not in proximity to the community where solutions are being created. I want them to understand that they are human and they don’t need to know everything. White supremacist / heteropatriarchy / capitalism has told them that they need to know everything and have control over everything and that is just not true.”

—Anasa Troutman

digenous communities and non-Indigenous communities alike to manifest similar models in their own culturally responsive ways. This bold work is funded by the Chorus Foundation—among many other foundations—which supports “communities on the front lines of the old, extractive economy to build new bases of political, economic, and cultural power for systemic change.” This mission includes systems-change in grantmaking and is key to a path for economic justice in the United States. Grantmakers are beginning to follow the lead of Indigenous culture-bearers who are shifting the landscape and the arts and culture sector in the 21st century. Arts and culture are at the center of the work of building the Solidarity Economy.

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6. Grantmakers are *poised* to strengthen and grow the Solidarity Economy.

With over **\$890B, the assets of philanthropic foundations in the United States are the highest in the world**—eight times that of the country with the second largest philanthropic holdings of global assets.¹²² And yet, philanthropic foundations in the United States have among the lowest average “expenditure rate”—the percentage of assets deployed for charitable purposes—often only giving the legal minimum of 5 percent. Havard’s recent Global Philanthropy Report noted that foundations in the three Latin American countries studied averaged an expenditure rate of 13 percent of assets; among the nine European countries studied, the rate is 12 percent, and is notably high in Spain (37 percent), France (34 percent) and Germany (24 percent).¹²³ There is no shortage of funding available for philanthropic foundations to deploy.

Our nation’s arts and culture grantmaking community is poised to make a lasting im-

pact by funding cooperatives, land trusts, mutual aid networks, and other entities that center economic and racial justice because

(1) philanthropy excels at building and supporting infrastructure and institutions,¹²⁴

(2) the main barrier for many of these Solidarity Economy entities is deliberate incubation¹²⁵ and start-up capital,¹²⁶

(3) funders are seeking to learn about ways to support cooperative business structures,¹²⁷ and

(4) artists and culture-bearers are leading this work.¹²⁸

In order to do this work in a transformative manner, grantmakers must conduct a power analysis to consider how the \$890B in philanthropic assets in the United States

were accumulated and how they might be used in alignment with a strategy for systems-change. See Action Checklist on page 13 for more.

Artists and culture-bearers need more equity ownership of their own assets

(land, buildings, equipment) in order to ensure greater stability amid crisis, to enable long-term planning, and to provide time for experimental work. The arts and culture sector requires shared infrastructure so that the sector can develop peer-reliant ecosystems. Places like Double Edge Theatre, Sol Collective, and the Caribbean Cultural Center are navigating the pandemic with integrity, relationality, and community-respect precisely because they have equity ownership and shared infrastructure. The relationships these culture-bearers and artists are able to build with their neighbors builds democracy and creates room for mutual support in the face of devastation and loss. New types

“We must fund the convening and institution-building that creates the terrain that we are fighting on.”

—Julia Beatty, Borealis Philanthropy

of peer-driven, ecosystem-oriented finance are emerging to make these types of equity, infrastructure, and relationship-building possible. At the heart of this work is solid peer governance and committed, deep relationships, built over years and across sectors and movements. See Action Checklist on page 13 for more.

“The COVID crisis has mobilized musicians to begin organizing. People are now understanding themselves more as workers, and seeing that things are so bad that they are not going to hussle their way out of it as individuals. ... This is a way to maintain community during the crisis and beyond.”

—Joey DeFrancesco,
Historian and Organizer,
Union for Musicians and Allied Workers

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THE CASE FOR CULTURE & SOLIDARITY ECONOMY

6. Grantmakers are *poised* to strengthen and grow the Solidarity Economy.

In this moment of crisis and uncertainty, grantmakers can make a “big bet” on the power of Solidarity Economy practices and institutions that artists and culture-bearers are building. The December 2020 Americans for the Arts’ COVID-19’s Impact on The Arts Research & Tracking Update states that **the top three needs for artists are: (1) unemployment insurance, (2) food/housing assistance, (3) forgivable business loans.**¹²⁹

This is what all people need, and what artists need. According to the Brookings Institute, creative workers are experiencing historic precarity.¹³⁰ What can be done? **Forgivable loans, affordable housing, and dignified jobs—when structured as solidarity-based, cooperative institutions and networks—have been shown to withstand crises because they are built with self-determination and community-response from the outset.**¹³¹ These entities emphasize self-help, dignified livelihoods, and community wellbe-

ing instead of profit for external shareholders and are underexplored in the United States.

THREE EXAMPLES OF SOLIDARITY ECONOMY SUPPORT

CONCESSIONAL LOANS

As unemployment soars and more and more small businesses—including artists and culture-bearers—turn to predatory lenders to cover their basic needs, concessional loans must be explored. These loans have terms that aim to achieve community-benefit by offering terms such as low interest rates and grace period and approaches including forgivable interest and zero collateral loans. For example, SeedCommons collects donations and then uses them as a collective pool to offer loans well below market rate.



Seed Commons acts as a partner with smaller funds, networks, and cooperative businesses, working out flexible but economically prudent loan terms with none of the draconian penalties of conventional finance (such as seizure of collateral). It is a community wealth cooperative that takes in investment as a single fund and then shares that capital for local deployment by and for communities, lowering risk while increasing impact. Co-Director Brendan Martin says that, **“each dollar invested in SeedCommons has generated more than \$5 in revenues for communities,** meaning a \$1M investment can result in over \$5M in income through to communities SeedCommons places capital in.”¹³² SeedCommons offers concessional loans for Solidarity Economy institutions and networks. Interest rates for small business loans at banks and online lenders today range from 6–71%,¹³³ with the risk of losing the business if the strict payment schedule can’t be met,

while interest rates at SeedCommons is only due if and when the business is profitable and even then top out at 2–8%. This means for SeedCommons loans, “no greater return than the wealth generated is ever taken, even if that is a negative return.”¹³⁴ SeedCommons is part of a growing movement for community-controlled finance, including the Boston Impact Initiative, The Working World, Runway, the Boston Ujima Project, ZebrasUnite, and the Cooperative Fund of New England.¹³⁵ The Working World, which is the oldest cooperative and non-extractive Venture Capital firm in the United States, was started by artists and was inspired by a film.¹³⁶

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6. Grantmakers are *poised* to strengthen and grow the Solidarity Economy.

The Center for Cultural Innovation’s *AmbitioUS* program provided SeedCommons with grant funding and a loan guaranteed for their Grant & Loan Fund for Early-Stage Arts, Creative, and Cultural Cooperatives. This integrated-capital support connected artists to an important Solidarity-Economy service provider and lowered the risk of SeedCommons’s support of artists’ cooperative start-ups. In addition, CCI contracted with Uptima Entrepreneur Cooperative to provide business support to the grantees and technical assistance to borrowers to ensure that they succeed in their cooperative businesses and pay back the loans. As Angie Kim of CCI explained, “because the Solidarity Economy is at such a nascent stage of development, this program was designed to encourage artists’ cooperatives, add bench strength to the arts field by bringing in leading service providers, and also give these providers capital to grow so that they can continue to

be strong keystones of emerging infrastructure.”¹⁴⁰ Arts and culture foundations can support institutions like SeedCommons in their investment portfolio, in their grant portfolio, and through partnerships whereby the foundation partners with these groups to offer technical support to their grantees. At a moment when foundations have to make hard decisions about which entities to support, **SeedCommons has a demonstrated impact of five times for every dollar invested.**

This work has its roots in rural, poor, immigrant, and BIPOC survival strategies, including susus, rotating loan funds and mutual aid, and in the movement for Community Development Financial Institutions (CDFIs). At least 60% of CDFI financing activities serve one or more low- and moderate-income populations or underserved communities, and CDFIs regularly exceed that percent-

age.¹⁴¹ Grantmakers can play a role in expanding lending products and terms and invest directly in CDFIs.¹⁴² Since 2007/2008, credit union mortgage originations have increased 70 percent (while bank mortgage originations have continued to decline) and small business lending growth has dramatically outpaced that of banks.¹⁴³ The success of the Solidarity Economy (SE) sector depends upon flexible financial vehicles because these entities often have thin margins, prioritizing low-cost, affordable goods and services and living wages for workers. Worker cooperatives, for example, while being more likely to succeed than conventional enterprises,¹⁴⁴ are often slower to become self-sustaining. Further, the movement for non-extractive finance holds the principles of participatory democracy, intersectional equity, sustainability, and pluralism.¹⁴⁵ Further, SE entities internationally have demonstrated that they are more likely to repay loans than traditional firms.¹⁴⁶

“It’s not just about money. If foundations want to fight against gentrification—if they want to keep BIPOC cultural memories alive—foundations need to mobilize quickly. Grantmakers have to put property in the hands of community members who will own it forever. It’s not just about funders owning it and half-way giving community ownership either.”

—abdiel lópez, Program Officer, *AmbitioUS*, Center for Cultural Innovation

SeedCommons interest rate	2–8% forgivable ¹³⁷	flexible schedule, forgivable, no collateral, <i>paid only if their business succeeds.</i> ¹³⁸
Bank and FinTech interest rate	6–71% ¹³⁹	strict schedule, not-forgivable, require collateral, paid regardless of their success and risks losing their business or other collateral.

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6. Grantmakers are *poised* to strengthen and grow the Solidarity Economy.

AFFORDABLE SPACE

Both affordable space and housing assistance are a perennial need for the arts and culture sector. **When grantmakers support community-controlled, permanently affordable space—both commercial space and residential—they create long-term efficiencies in their giving practices as grantees who benefit are no longer spending large portions of their organizational overhead on rent or extractive finance.**¹⁴⁷ In 25 cultural districts nationally, artists and those working in the arts field are rent-burdened, with 30% to 50% of their income going to cover rent.¹⁴⁸ This need not be the case. For example, in 2019, the average monthly rent within a .5 mile radius of Fourth Arts Block in the Lower East Side of New York City was \$4,660 per month¹⁴⁹ while the average monthly maintenance fee in the Cooper Square Community Land Trust in the same neighborhood was \$240–480.¹⁵⁰

Brewster Kahle, the founder of the Internet Archive, said, “our biggest expense is people; our employees’ salaries make up about 80% of the budget. The biggest cost to our employees is housing, and the biggest cost of housing is debt service. If we could find a way to transition housing over a course of decades from being debt burdened to debt free, we could create a housing class that would be of enduring value to people in the nonprofit sector.”¹⁵¹ Artists and culture-bearers across the country are innovating models for community land trusts: community-based organizations that create affordable housing and commercial space in perpetuity by owning land and leasing it to community members who use spaces on that land. Artists living in cultural districts pay over 60% of their income on rent,¹⁵² so investing in community land trusts allows grantmakers to ensure that their grants go to artistic production and affordable overhead that will support artists remaining in their communities for generations.

For example, a typical dancer/choreographer, who makes \$31,200, the annual average earnings for their field before COVID-19 hit,¹⁵³ **will only have to spend 6 hours a week to cover their housing costs in a community land trust, compared to the 28 hours a week it would take to cover a market-rate rental** in the same area. See APPENDIX E for more.

As Ford, Hewlett, MacArthur, Open Society, and Packard shift their grantmaking practices to underscore the importance of general operating support for grantees,¹⁵⁷ arts ecosystem-wide support for permanently affordable housing and commercial space should be explored. The community land trust model is being used to support space for artists and arts organizations in the East Bay Permanent Real Estate Cooperative today and is a solution to housing insecurity.¹⁵⁸ In the 2007/2008 crisis, homeowners living in Community Land Trusts were 10 times less likely to be in foreclosure proceedings and 6.6 times less likely to be at least 90 days delinquent, compared with homeowners in the conventional market.¹⁵⁹ The community land trust model is one of many Solidarity Economy models which are both resilient in crisis and are championed by BIPOC artists and culture-bearers today.

Cooper Square CLT average maintenance	\$360/month ¹⁵⁴	A typical dancer would have to spend 6 hours per week working to cover housing costs.
Market-rate rent in the area	\$1850/month (artists share an avg. 1BR \$4,660/month rental ¹⁵⁵)	A typical dancer would have to spend 28 hours per week working to cover housing costs. ¹⁵⁶

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6. Grantmakers are *poised* to strengthen and grow the Solidarity Economy.

DIGNIFIED WORK

Artists and culture-bearers are increasingly turning to worker and producer cooperatives—businesses that are owned and managed by the workers—because they provide job security and a meaningful work environment.¹⁶⁰ Evidence shows that cooperatives are more efficient than traditional firms¹⁶¹ and have fewer layoffs during economic crises because they are able to call upon their community for support, and workers can decide to adjust the hours worked by all employees rather than reducing the number of employees.¹⁶² Cooperatives are more likely to succeed than traditional corporations because they are developed intentionally in dialogue with their customers and with the community.¹⁶³ Cooperative businesses have six times lower failure rates than traditional corporations and small businesses—60–80% of cooperatives are running after the first year

(10% failure versus 60–80%) and after 5 years in business (90% still operating versus 3–5% of traditional businesses).¹⁶⁴ Evidence shows that worker and producer cooperatives both successfully address the effects of crises and survive crises better.¹⁶⁵

Worker cooperatives also provide better and more equitable wages. In worker co-ops, the average ratio between the highest and lowest pay is 2:1 compared with 300:1 in large corporations.¹⁶⁶ In 2019, the US Federation of Worker Cooperatives reported that the average entry-level wage paid at all reporting worker cooperatives was \$19.67 per hour. This figure is more than \$7.00 higher than the minimum wage in the 13 states with the most worker co-ops.¹⁶⁷ Further, cooperatives advance gender equity at work.¹⁶⁸ Worker cooperatives today employ more women and pay women at better wages than conventional businesses.¹⁶⁹ A recent survey of worker-co-

operatives in the United States found that 58.8% of people employed at worker co-ops identify as people color and 62.5% of workers identify as female and 1.7% identify as non-binary.¹⁷⁰ Worker cooperatives provide a pathway for more diverse and equitable working arrangements because these arrangements are determined by the workers themselves. Currently, Latinx women earn 55 cents for every dollar that White men make,¹⁷¹ Black women earn 63 cents for every dollar that White men make in the workforce,¹⁷² and women artists of any race earn 77 cents for every dollar that male artists of any race earn.¹⁷³ As is often cited, providing equal pay to women in the workforce would cut the poverty rate for all working women in half and the number of children with working mothers living in poverty would be nearly cut in half.¹⁷⁴ Cooperatives offer a promising model for economic justice when cultivated with intentionality.¹⁷⁵

Cooperative Business success rate after 5 years¹⁷⁶

90%

Traditional Corporation success rate after 5 years

3–5%

“Artists were some of the first workers to feel the most pain because of this economy and will be the first ones to help lead us out of it.”

—Francisco Pérez,
Director, Center for Popular Economics

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6. Grantmakers are *poised* to strengthen and grow the Solidarity Economy.

Scholars predict that the desire for cooperatives will continue to increase due to demographic, cultural, and technological shifts in the labor force.¹⁷⁷ In December of 2020, New York City launched Employee Ownership NYC, the nation's largest municipal initiative for education and technical assistance around employee ownership and conversion.¹⁷⁸ This addresses the need for increased local jobs as well as the needs of business owners who want to retire. **Almost half of all business owners are 55 years of age or older; Baby Boomer retirements (people born between 1946–1964) will cause more than \$10 trillion in business assets to change hands over the next 5–20 years as an estimated 70% of privately held businesses will be sold or closed.**¹⁷⁹ Millennials (people born between 1981–1997) are moving into positions of power and tend to prioritize jobs and businesses that center equity, sustainability, and local impact¹⁸⁰ and are drawn

to shared leadership.¹⁸¹ The United Nations' International Labor Organization reports that "The importance of the Social and Solidarity Economy for the future of work is not limited to a residual role that only concerns more disadvantaged people but also shows a way in which the world of work can be transformed, creating new employment based on competencies and skills that cannot be replaced by algorithms."¹⁸² The past decade has seen increased research and development of cooperative digital platforms.¹⁸³ **In 2014, 1 in every 6 people on average in the world had membership in a cooperative or was a client of a cooperative.**¹⁸⁴

Cultivating Solidarity Economy institutions and networks will allow our nation's arts and culture grantmaking community to (1) conduct rapid responses to interpersonal and structural crises with more clarity and trust going forward, (2) build capacities for deep

intersectional collaboration and partnership across social identity, and (3) call in decades of wisdom, practice, and innovation in grantmaking practices that advance racial and economic justice. In turn, grantmakers will support artists and culture-bearers as they withstand financial crises, advance racial equity, and increase community wealth.

In order to support the Solidarity Economy with integrity, a slow process of relationship-building between culture-bearers, Solidarity Economy organizers, public sector workers, and arts and culture grantmakers must begin. **Lasting impact will not be made if (1) Solidarity Economy becomes a "buzzword" that is popular for a short time or (2) if newcomers with visibility are supported instead of community-based groups who have been doing this work for decades.** This report exists to begin a process of study about the ways in which

arts and culture intersect with the Solidarity Economy and to encourage bold action. A future of racial and economic justice depends upon it.

"This work, when done with integrity, takes time. There is no quick way to get it done. It can't be microwaved. ROOTS has been at it for 40-plus years. ... The results of asking and interrogating—racism, southern life, organizational structure, funding for artists, contracts, what does it mean to partner—these questions are real. If you have only done a year of work, lean on the organizations that have done the work and let them lead."

—Carlton Turner, Sipp Culture
(formerly, AlternateRoots)

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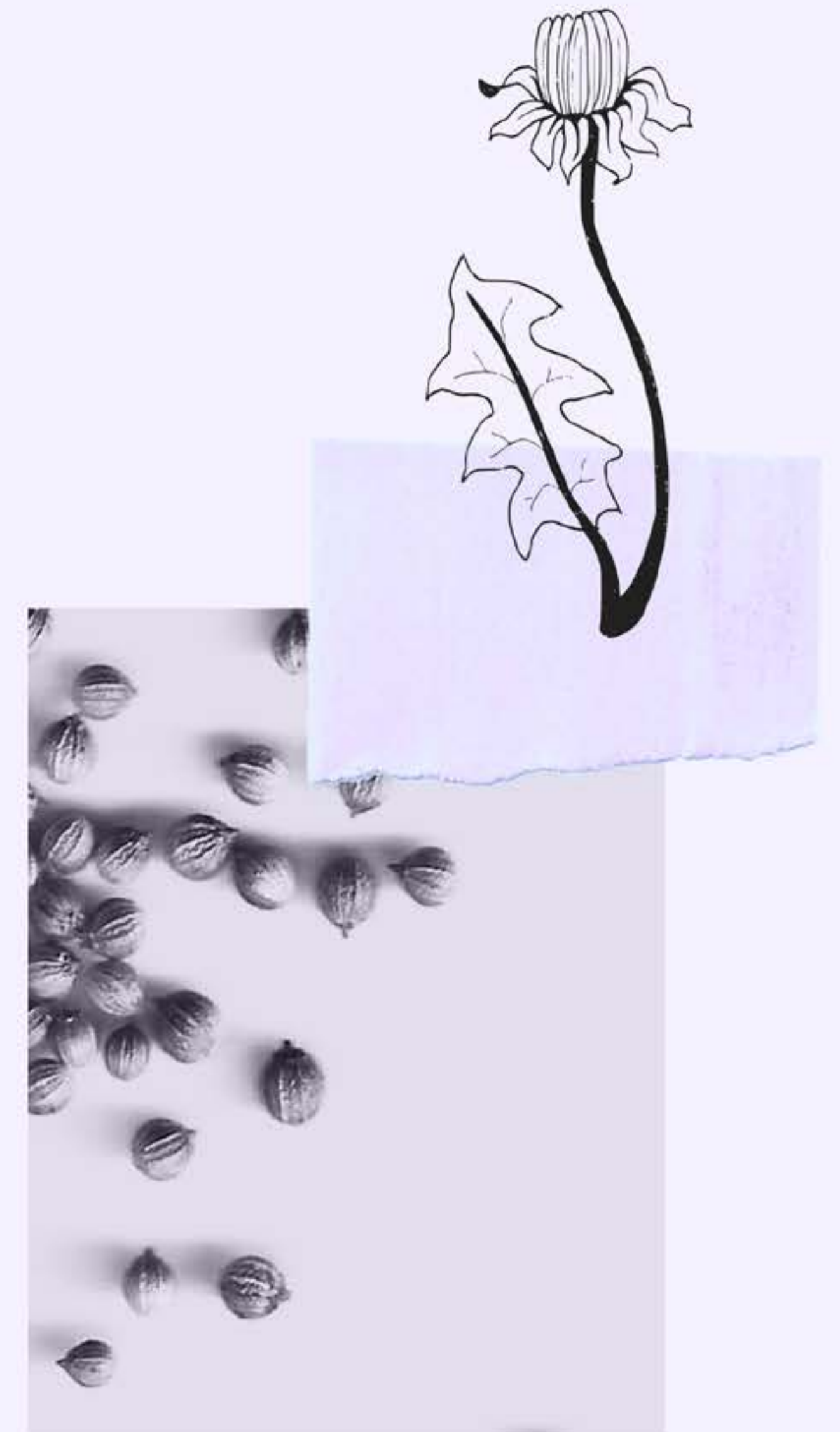
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Barriers and Recommendations

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BARRIERS

A number of barriers have stifled the innovative work and potential growth of cooperatives, land trusts, and democratic financial vehicles as they intersect with arts and culture. In a recent report, Common Future notes that when their network of leaders create “solutions ... at the intersection of arts, community building, and economic development, they too often operate in relative isolation with insufficient resources.”¹⁸⁵ In addition to needing more financial support, The Solidarity Economy Initiative in Massachusetts reports that there are significant challenges and tensions in the work of building Solidarity Economy:¹⁸⁶

- Capitalist mindsets need to be overcome, including the skepticism that alternatives are possible.
- Differences arising from race, ethnicity, class, and organizational capacity must be addressed through deep internal work and relationship building.

- Despite the challenges of doing transformative work from within the nonprofit sector, we need to find ways to use the strengths of this sector to build vehicles for transformation.
- More resources need to be garnered towards the core work of organizing and supporting the startup of alternatives.
- The potential for conflicts between community organizing and sustaining a business is ever present and needs to be negotiated carefully and creatively.

This is echoed in the *Solidarity Economy in the South Assembly Report* by Highlander Center,¹⁸⁷ which is the result of conversations with people from Puerto Rico, Florida, Alabama, Georgia, Louisiana, Arkansas, Mississippi, North Carolina, South Carolina, Virginia, Kentucky, West Virginia, and Tennessee. In the South, models of community control and community governance have been building for decades at the Highlander Center, Alter-

nate Roots, and at Historic Clayborn Temple, for example. Solidarity Economy work is growing in the Northeast as well. The Solidarity Economy Initiative in Massachusetts reported that “challenges are well worth taking on to build transformative pathways towards Solidarity Economy. Based on our learnings so far from Massachusetts, we offer the following” recommendations:

- See Solidarity Economy holistically, as a transformative social movement.
- Join up the building of alternatives with resist and reform efforts.
- Be willing to innovate and be prepared to fail forward.
- Take an ecosystem approach to building and scaling up.
- Support core organizing and incubation infrastructure.
- Inspire and connect initiatives so that we can learn from one another and scale up.

- Build the solidarity finance sector, with funders and investors who see themselves as part of, and not apart from, the movement.¹⁸⁸

Supporting the Solidarity Economy is *not* about communities “pulling themselves up by their bootstraps” with support from grantmakers to enable BIPOC culture-bearers to simply create a few small businesses. This work requires a transition toward economic and racial justice with a holistic approach where small cooperative businesses are seen in connection to permanently affordable space that is community-owned with timebanks, mutual aid networks, *and* credit unions as key components to this ecosystem. To lift up the Solidarity Economy, grantmakers must always see each entity as interconnected to the others. Community ownership and democratic governance must be cultivated within an ecosystem that creates shared abundance for all.



Internal Work & Governance

Embrace Systems-Change and Conduct a Power Analysis

At the heart of the Solidarity Economy is a shift in power dynamics so that BIPOC and working class communities can own and govern their own resources. When applied to the arts and culture grantmaking sector, this transformation requires that grantmakers,

(1) embrace systems-change,

(2) learn about, acknowledge, and repair histories of harm enacted by their institutions, and

(3) identify and shift how people in the sector show up in spaces—shifting resources as well as attitudes, language, and beliefs related to benevolence, charity, and perceived expertise.

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The Sustainable Economies Law Center suggests that grantmakers can transform due diligence processes to include and account for three additional questions: **Does it spread**

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power? Does it spread wealth? Does it root community wealth and power? The Swift

Foundation practices a power accountability strategy by sharing their investment portfolios publicly. This approach can be adopted by other grantmakers to invite opportunities for collaboration and accountability that can lend transparency to and begin repairing histories of institutional harm while garnering feedback on existing power dynamics. See Action Checklist on page 13 for more. This echoes the work of It Takes Roots, a multiracial, multicultural, multigenerational alliance of alliances representing over 200 organizations and affiliates in over 50 states, provinces, territories and Native lands on Turtle Island. It Takes Roots suggests three key questions:

Who makes the decisions? Who benefits? What else will this impact?¹⁸⁹ These key questions can serve as entry points for grantmakers to conduct a power analysis, working to transform their practices to center power accountability and power sharing.



“We have to ask ourselves, How do I share or hoard power? We have to build these into our organizational relationships and tap into new practices for how to speak to one another, how to ask for permission from your community. We are challenged with this on a daily basis. This is how we feel you can rebuild solidarity among the people I know.”

—Noni Session, Executive Director, East Bay Permanent Real Estate Cooperative

Power sharing takes a lot of unlearning for donors and grantees. The real learning—a kind of school—for us was around collective governance. It has a lot to do with giving up power and what we traditionally call ‘risk’ taking. It has to be about being super aware of your position. It was important to learn from peer funders to give me feedback about my behavior and language. To hear: ‘You think I’m too dominant now?’ It’s also unlearning on the side of the grantees. Over and over, people still have no full trust. I understand that. We are also pushed back into our position as a donor. People send me reports even though we don’t ask for it.”

—Gertrude Flentge, DOEN Foundation

Internal Work & Governance

Embrace Systems-Change and Conduct a Power Analysis

Analyze: Who makes the decisions?

Supporting community governance and community ownership requires that grantmakers consider the best practices in trust-based philanthropy,¹⁹¹ community philanthropy,¹⁹² participatory grantmaking,¹⁹³ which all emphasize shared power. It Takes Roots writes that **“those closest to the problems will inevitably know the most about what the solutions need to look like. For any climate solution to truly work for Indigenous peoples, communities of color, and working class communities, it must embody the practice of community self-determination.”**¹⁹⁴ An example of community self-determination is The Solidarity Economy Initiative in Massachusetts,¹⁹⁵ a pooled fund governed by a cohort of eleven grassroots movement organizations, empowered to design and allocate spending to build the Solidarity Economy ecosystem. Another example is the Kataly Foundation which adheres to the Jemez Principles,¹⁹⁶ **“core organizing**

guideposts of the environmental justice movement, which call for the work to be inclusive, to emphasize “bottom-up” or base-building organizing, to let folks/communities speak for themselves, to work in solidarity and mutuality, to build just relationships with each other, and to commit to self-transformation.”¹⁹⁷ Mission Investors Exchange recommends grantmakers invest with BIPOC financial partners—even at investment first without stated commitment to investing in BIPOC because evidence suggests venture capital firms led by BIPOC are more likely to support and invest in communities of color. This principle can also be applied to grantmakers and investors banking with Black-owned banks and credit unions. See Action Checklist on page 13 for more.

Analyze: Who benefits?

It Takes Roots writes that “the climate crisis is ecological, but it has its roots in systemic inequity that is both racial and economic. To

address these root causes, authentic solutions must flip the existing dynamics around racial injustice, wealth extraction, and labor exploitation.”¹⁷⁹ In the public sector, participatory budgeting can be used to enable community-wide democratic decision-making about public art funds. In the private sector, Aaron Tanaka uses the term “solidarity philanthropy” to refer to ways that the philanthropic foundations in the sector can “re-imagine and practice philanthropy free of its current constraints—the accumulation and privatization of wealth, and the centralization of power and control—to one that redistributes wealth, democratizes power and shifts economic control to communities.”¹⁹⁹

Analyze: What else will this impact?

It Takes Roots writes that “sometimes environmental “solutions” can create new problems for other issues that we care about—e.g. housing, economic development, immigration, policing, mass incarceration, etc. Real

“We...knew that folks on the ground absolutely have the insight required to make really big, fieldwide decisions but are rarely supported when they’re brought to the table ... while one goal for us is to make space for people to practice and flex their field-building muscle, we knew that many forms of support would be required along the way.”

—Maura Cuffie, ArtPlace¹⁹⁰

solutions must work for ALL of our issues.”²⁰⁰ Grantmakers such as the Mellon Foundation have added “systems-change” to their mission, enabling a holistic, cross-portfolio approach to grant and loan capital allocation. Grantmakers in the Arts defines equity as “the fair treatment, access, opportunity, and advancement for all people, while at the same time striving to identify and eliminate barriers that have prevented the full participation of some groups. Improving equity involves increasing justice and fairness within the procedures and processes of institutions or systems, as well as in their distribution of resources. Tackling equity issues requires an understanding of the root causes of outcome disparities within our society.”²⁰¹

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Internal Work & Governance

Embrace Systems-Change and Conduct a Power Analysis

“Philanthropy has an opportunity to be in solidarity with communities in enacting cultural restitution and reparations through participatory grant-making, so that those arts institutions and ecosystems are equitably invested in through a solidarity economy.”

—Allen Frimpong, Co-Founder, ZEAL

“Ideally, we need to be supporting communities until generational wealth exists in those communities. Our commitment might need to be there until our/their goals are reached! This means extended, multi-year, flexible support, seed and experimentation money, and systems capital. Doing that all within a place of co-design and iterative co-learning.”

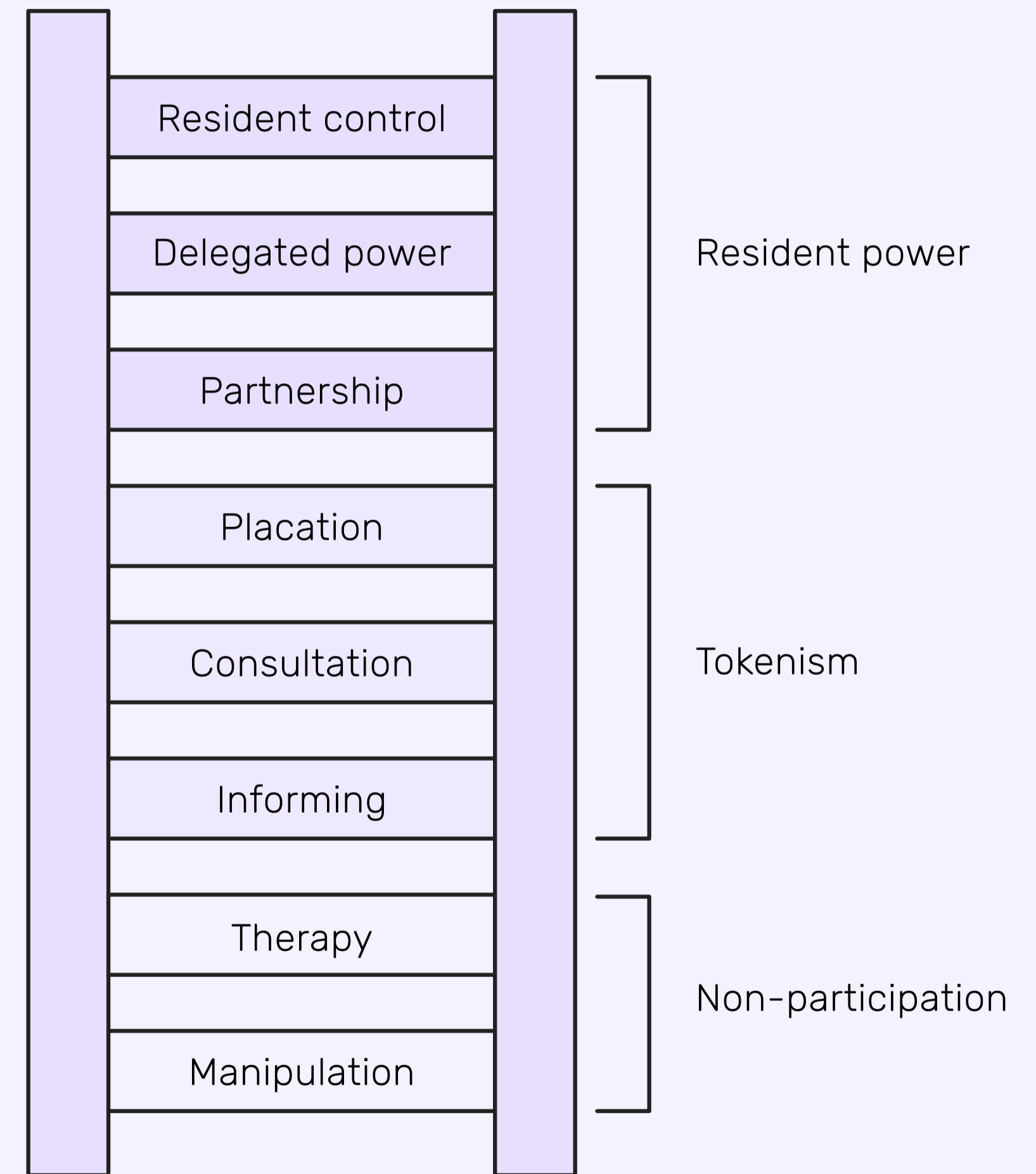
—San San Wong,
Barr Foundation

“This whole idea of “risk” is extractive. Foundations continue to presume that our job is to reduce their risk when in fact, if they are charged with recapitalizing the communities they took from, to build community ownership, the foundations must account for their own responsibility to hold risk with the communities that they are helping with collective rebuilding.”

—Noni Session, Executive Director,
East Bay Permanent Real Estate Cooperative

Right diagram adapted from Sherry R. Arnstein, “A Ladder of Citizen Participation,” *Journal of the American Planning Association* 35, no. 4 (1969): 216–224.

The ladder of resident participation



Internal Work & Governance

Embrace Systems-Change and Conduct a Power Analysis

GRANT CAPITAL

Grantmakers can expand their grantmaking guidelines and provide multi-year and early stage funding for Solidarity Economy institutions and networks. Philanthropic foundations and funders can work with culturally-grounded intermediaries and partners to facilitate resource-distribution without becoming gatekeepers or power-brokers. For example, the Solidago Foundation believes that “the most effective philanthropy works in close partnership with groups that center people most directly impacted by structural inequities” and supports the Boston Ujima Project as both a partner and a grantee.²⁰⁴ The Surdna Foundation invests in the NDN Fund which in turn serves as an intermediary, providing millions of dollars in flexible and patient capital directly to Native Nations, businesses, and organizations across Native America. Several members of Grantmakers in


the Arts have come together to support the Center for Cultural Innovation’s *AmbitioUS* program as an intermediary that has opened up funding beyond-501c3s and provides grants, loans, loan guarantees, investments, and recoverable grants to Solidarity Economy initiatives that intersect with arts and culture. *AmbitioUS* anticipates participating in the East Bay Permanent Real Estate Cooperative’s Direct Public Offering (DPO), which is the Securities and Exchange Commission’s first Reg A+ qualification of a DPO benefiting Black cooperative owners of real estate holdings.²⁰⁵ *AmbitioUS* has purchased promissory notes wherein their capital is subordinated to lower the risk of the investments of community members’ investments, who will be protected first from loss.

These examples of expansive guidelines reflects the 2019 United Nations’ research project, *Financial Mechanisms for Innovative*

Social and Solidarity Economy Ecosystems, which states:

[Grants] are fundamental in the early stages of [Solidarity Economy] enterprise life, and even though they lose relative importance in the following stages, they might continue to support the firm financially. Indeed, **one of the strengths of SE organizations is their ability to mix different types of financial mechanisms, accessing sources of funding (such as donations) that are typically not available to traditional for-profit enterprises.**²⁰⁶

Doing this work with rigor requires collaborations between funders and intermediaries and partners who have hyper-local expertise and long-term commitments to the communities to which they are accountable. See Action Checklist on page 13 for more.



“Once, I was presenting on stage with two amazing people, talking about impact investing. A philanthropist, the head of a foundation, said from her seat, ‘Well sometimes people don’t know what they need.’ That is the attitude we have to fight against. I said, ‘I understand that you represent some kind of professionalism, your career, etc. What you don’t understand is that I represent my grandmothers, my nephews, my family, justice for Native Peoples. You are trying to do well by doing good. That’s admirable. But it’s not equal in this conversation. You are not my peer in this conversation because of who and what I represent’.”

—Michael Johnson, NDN Collective

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Internal Work & Governance

Embrace Systems-Change and Conduct a Power Analysis

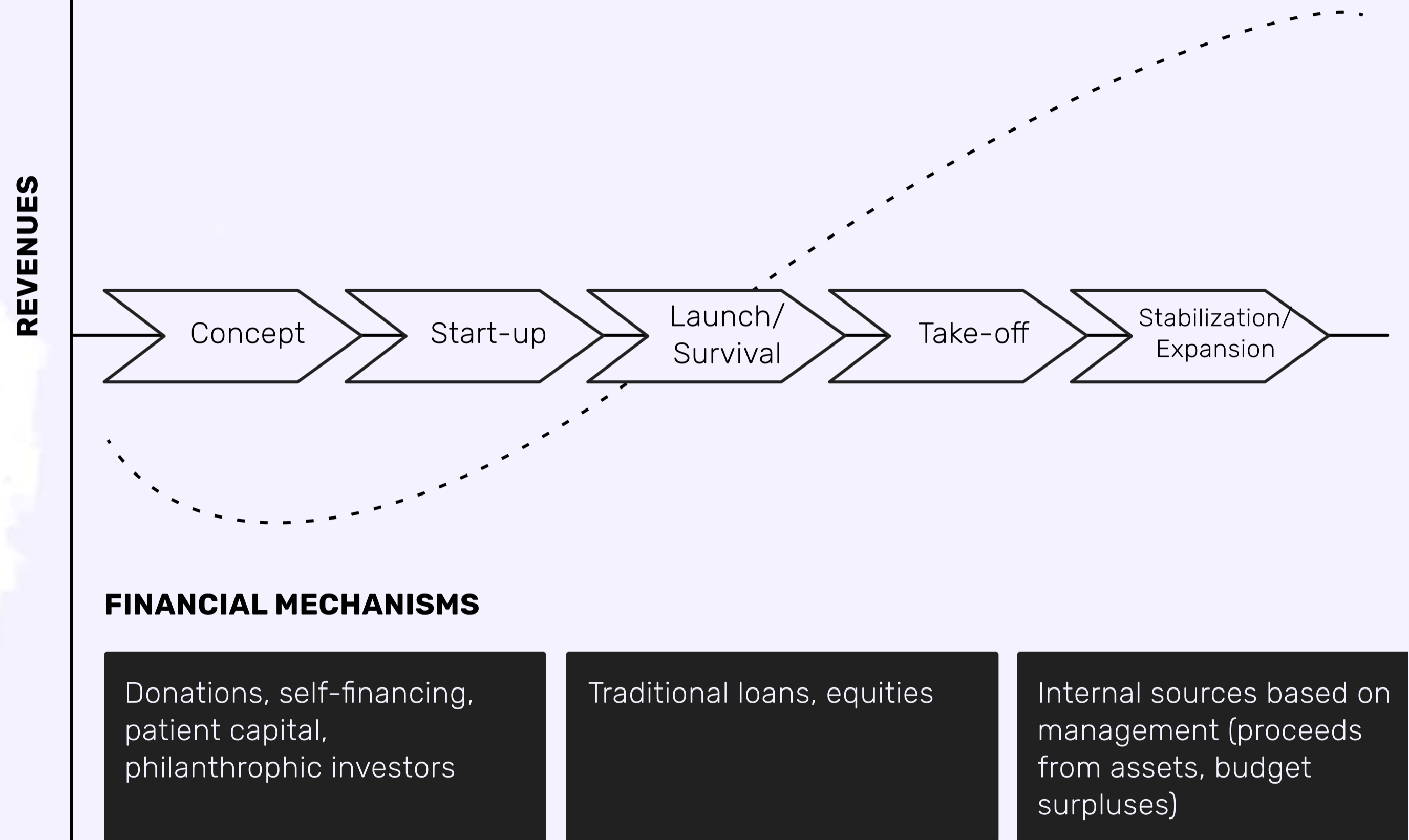
“I don’t want to be put in the position where someone is dangling something over my head, saying we have to move in a certain way. In the world we are seeking to create, I wouldn’t want those who are primarily focused on success in extractive systems to shape the groundwork of the new system because I fear that they would do something to unravel it in the future.”

—Greg Jackson

(Founder, Repaired Nations and Equal Justice Works Fellow, Sustainable Economies Law Center)

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The development stages of a SSE enterprises and related financial mechanisms



Financial Mechanisms for Innovative Social and Solidarity Economy Ecosystems, (ILO, 2019): 32 and 103, https://www.ilo.org/global/topics/cooperatives/projects/WCMS_626176/lang--en/index.htm.

New Tools & Investment and Endowment Shifts

Commit to Long-Term Work with Multi-year Grants, Loans, and Equity Investments that support Solidarity Economy Institutions and Networks (Unincorporated Entities, Co-ops, LLCs)

LOAN CAPITAL AND EQUITY INVESTMENT

Grantmakers must conduct a careful analysis of the role of concessional loans in their grantmaking strategy and can work with partners such as AmbitioUS, SeedCommons, the First People’s Fund, and NDN Collective to understand the best approach. Loans are not appropriate in all cases. Some SE entities, such as mutual aid networks and barter networks, are not set up to earn profit and therefore will not be able to pay off a loan with interest without extracting from the very community they are seeking to serve. Even worker cooperatives, community land trusts, and investment cooperatives need long-term support with grants and bridge capital as they take longer than profit-oriented businesses to be financially self-sufficient.²⁰⁷

begins with donations, self-financing, patient capital, and philanthropic investors for the conceptual and start-up phases, and then moves toward traditional loans and equities after the launch, and continues with internal sources of support once it has stabilized. The diagram on page 79 illustrates a hypothetical series of developmental stages and the related financial mechanisms. Until supportive policies incentivize SE institution-building in the United States, as seen in countries such as Brazil, Spain, and France, long-term grants will be required to create resilience in markets that are hostile to community-responsive entities with low and slow returns.

“[Solidarity Economy work] requires us to reimagine how we steward, control, and manage our capital differently. There are other ways not only to do philanthropy but to be in good allyship with communities who are trying to govern now.”

—Dana Kawaoka-Chen,
Co-Director, Justice Funders²⁰³

ECOSYSTEM-WIDE APPROACH

To make the most impact, grantmakers must convene their communities and stakeholders to design systems that support the complexity of emergent systems. For example, grantmakers in the arts can strengthen connections between entities in the Solidarity Economy ecosystem, including credit unions that make loans to arts and culture worker cooperatives, and to the land trusts upon which artists and small businesses rely for affordable rent. The ILO states that:

Financial mechanisms should also be addressed from an ecosystem perspective with complexity taken into account when designing them. **Thus, a mechanism based on the participation of the stakeholders of an SSE organization not only improves the availability of the resources or even the range of financial instruments, it also strengthens ties within the ecosystem and improves its sustainability.** Along the

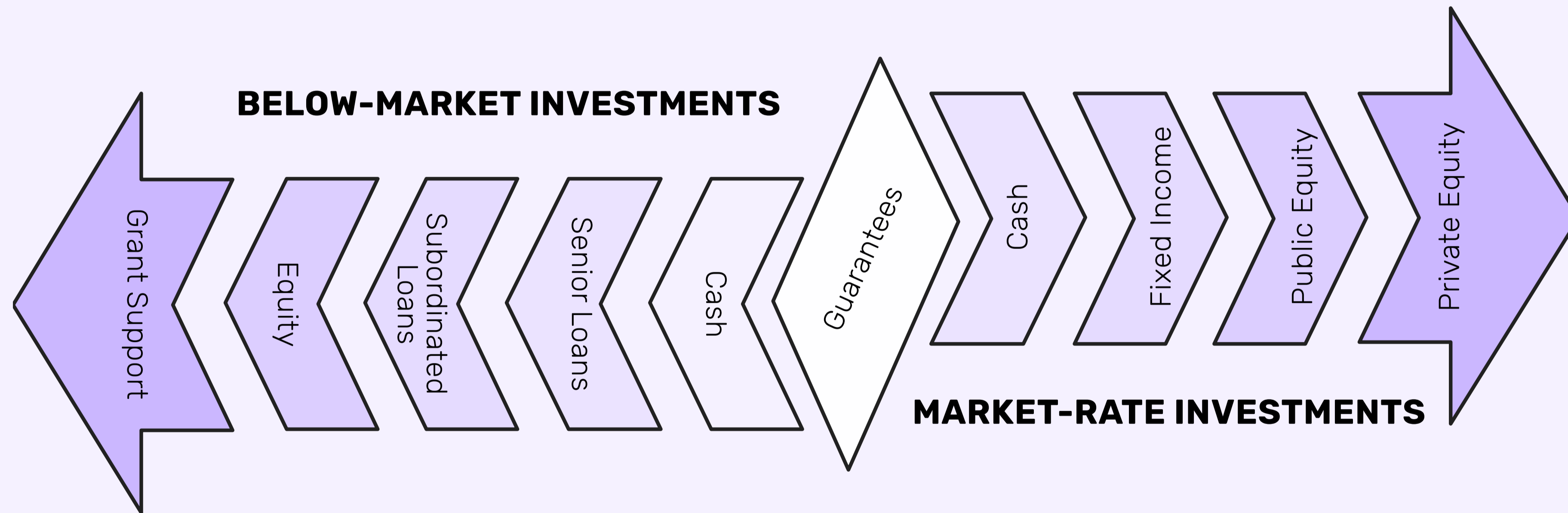
same lines, when a financial mechanism is based on the participation of a variety of actors within the ecosystem (either in its design or in its management) this can also enhance the flow of information between them, resulting in a more capable network.²¹⁰

To make the most change when giving grants and loans, grantmakers must co-design the strategy, process, and terms of the grants and loans with the people most impacted by inequities in grantmaking. If the strategy and process does not change, it is unlikely that the program will meet the actual needs and desires of the people it intends to support.²¹¹ There is an opportunity for grantmakers to fund permanent research centers for SE and culture innovation and advocacy that will aggregate existing investments in the work and establish a central hub to support grantmakers, investors, communities, and other stakeholders currently undertaking this work independently.

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New Tools & Investment and Endowment Shifts

Commit to Long-Term Work with Multi-year Grants, Loans, and Equity Investments that support Solidarity Economy Institutions and Networks (Unincorporated Entities, Co-ops, LLCs)



"Conscious Portfolio Construction," Heron, accessed February 7, 2021, <https://www.heron.org/conscious-portfolio-construction-2/>.

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BARRIERS & RECOMMENDATIONS

Type of Enterprises by Main Financing Tool

	Low	Medium	Medium-High	High
Philanthropic support: Enterprises that base their financing on donations, grants, or any other type of nonrefundable source.	Assets Capital by members Patient capital			
Partial self-sufficiency: Enterprises with financing partially based on grants, donations or members' capital (non-refundable entries) and partially based on entries from their business (sale of goods or services), loans, or other refundable entries.	Assets Capital by members Social loan Patient capital	Mutual funds Foundations Venture philanthropy Crowd-funding Financing from public institutions		
Self-sufficiency of cash flow: Enterprises in which financing comes from their business (sale of goods or services) or loans or other refundable entries. Members' capital and non-refundable capital represent a residual form of financing.	Assets Capital by members Mutual funds Foundations Venture philanthropy Patient capital	Crowd-funding Financing from public institutions Concessional/ Flexible loans	Lending Lending Crowd-funding	
Operational self-sufficiency: Enterprises in which financing is based mainly on refundable financing mechanisms, such as traditional or crowdfunding loans. The financing is mainly directed to the daily operations with a low level of funds directed to investments and innovation.	Assets Capital by members Patient capital	Lending Concessional/ Flexible loans Lending crowd-funding	Deferred profit Balance sheet assets	Proceeds from assets
Full marketization: Enterprises that can finance their business both with traditional form of entries (both refundable and non-refundable) and with more sophisticated financing mechanisms, such as equities. Financing is not only addressed to cover the costs of daily operations, but to invest and innovate in order to be competitive on the market.	Assets Capital by members Lending Lending crowd-funding Crowd-funding	Social venture capital Deferred profit	Proceeds from assets	Equity Social Bond Mezzanine capital Hybrid capital

“Rather than being hamstrung by mandates for “market returns,” a reparations frame encourages foundations to reallocate their endowments toward building community wealth and financial independence. ... Investment risk would be the worthwhile cost for restoring asset ownership back to the communities from which it was extracted.”

—Aaron Tanaka,
Center for Economic Democracy

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Samuel Barco Serrano et al., *Financial Mechanisms for Innovative Social and Solidarity Economy Ecosystems*, (ILO, 2019), https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---coop/documents/publication/wcms_728367.pdf.

Four Key Barriers to Capital

LEADERS OF COLOR

SUSTAINABLE FUNDING

GETTING CONNECTED

Leaders of color have inequitable access to social networks that enable connections to the philanthropic community

BUILDING RAPPORT

Interpersonal bias can manifest as mistrust and micro-aggressions, which inhibit relationship-building and emotionally burden leaders of color

SECURING SUPPORT

Funders often lack understanding of culturally relevant approaches, leading them to over-rely on specific forms of evaluation and strategies that are familiar to them

SUSTAINING RELATIONSHIPS

Grant renewal processes can be arduous if mistrust remains and funding may stop if the funder has a White-centric view that defines strategic priorities and progress measurement

Across all stages, repeated interactions with bias can cause leaders to adopt mindsets and behaviors that further limit their fundraising.

Cheryl Dorsey et al., "Overcoming the Racial Bias in Philanthropic Funding," *Stanford Social Innovation Review*, (May 2020), https://ssir.org/articles/entry/overcoming_the_racial_bias_in_philanthropic_funding.

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Take a Systems–Change Approach

Support Collaboration, Leadership Development, and Study Groups

Most people have no experience with democratic decision-making at work, at home, on-line, or in school. Study is required to ensure that a culture of cooperation and the skills of democratic governance are learned. In fact, continuous education is one of the seven principles of cooperation.²¹⁴ Dr. Jessica Gordon Nembhard states that **“Every African American-owned cooperative of the past that I have researched, and almost every contemporary cooperative I have studied, began as the result of a study group or depended on purposive training and orientation of members.”**²¹⁵ Cooperative initiatives and strategies involve peer-to-peer training in business planning, managing, accounting, and cultivating democratic participation, particularly for young people whose involvement ensures a cooperative’s sustainability and thus the community’s well being into the future. In most cases, Black-led **cooperatives are an outgrowth of months and sometimes years of study of a vital problem.**²¹⁶ This approach to learning—**where people come together to understand and take ac-**

tion upon the issues that are most urgent in their lives—is called **popular education**, and is practiced informally in study groups as well as in workshops facilitated by technical assistance providers and business incubators in the Solidarity Economy, including Highlander Center,²¹⁷ Center for Economic Democracy, the US Federation of Worker Cooperatives, the Center for Family Life, and many more.

The values underlying this learning include lived experience as a criterion of knowledge, an emphasis on peer-learning, and co-created training that is grounded in community culture and knowledge. Dr. Nembhard outlines the following educational practices used by cooperative enterprises:²¹⁸

- **Study Circles** Informal or formal; weekly group meetings with readings and discussion.
- **Curriculum Development** Formal; adult education (night school and weekend

“It’s about fostering the conditions that allow for vitality. Like jazz, you foster the skill sets that can make the music, but the music is ephemeral. These skill sets include: an orientation to discomfort as evidence of the work, deep analysis of the contradictions in the work, openness orientation, learning with, deep ties to community, conscious understanding of power, and using it, and specific negotiation skills.”

—Arleta Little, McKnight Foundation²¹³

courses), community workshops and training programs, study tours (travel), reading lists, college courses.

- **Pre-Training and Orientation** Formal; week- or month-long; various degrees of intensity; industry specific as well as cooperative economics and democracy education.
- **In-service Training** Formal; ongoing; industry specific and (committee level, board) organizational skills; may use buddy system; may rotate specific jobs and expertise; board training; self-management training.
- **Networking and Conference** Formal or informal; cooperation development among cooperatives and with other like-minded organizations; representation at local, regional, national, and international forums; conference participation and development for networking and increased skill development and skill sharing.
- **Leadership Development** Formal and in-

formal; requires member responsibilities and information sharing; rotates leadership responsibilities; involves certain members in networking and/or management.

- **Public Education (for customers and community)** Formal and informal; uses flyers, brochures, newsletters, packaging, websites, etc. to educate customers and community about the co-op model and principles, as well as about the co-op services and products; offers workshops, school visits, community groups and community activities; uses community service and donations to inform public about the business and the model.

“I believe that there are things we can steal from the right. Fund the scholarship, the think tank, the long-term win. What will arts look like in 15 years, 20 years? If we funded like we believed in transformation, how would I wrap a warm blanket around the leaders that are doing this work?”

—Leticia Peguero, Nathan Cummings Foundation



Take a Systems–Change Approach

Support Collaboration, Leadership Development, and Study Groups

Study is required by all actors in the Solidarity Economy, from artists and culture-bearers to grantmakers, from policy advocates to money managers, lawyers, and trustees. **Arts and culture grantmakers can play a role by supporting formal entities across arts and culture and the Solidarity Economy to work together.** For example:

- The Center for Economic Democracy could collaborate with the Intercultural Leadership Institute to find share and develop workshops for artists and culture-bearers about the Solidarity Economy.
- Springboard for the Arts could collaborate with the New Economy Coalition to create workbooks about the Solidarity Economy and the arts.
- Highlander Center and Alternate Roots could collaborate with The Solidarity Economy Initiative and the Boston Ujima Project in Massachusetts to support peer-learning across regions.

- ArtBuilt or the Lower Manhattan Cultural Council could collaborate with Smart.coop to create online videos.
- Justice Funders could collaborate with Grantmakers in the Arts to create trainings for grantmakers, and The New York City Network of Worker Cooperatives or Seed-Commons could collaborate with the First People’s Fund to continue their innovative work.

There is an opportunity to convene SE lawyers and financial innovators alongside lawyers and financial players that work directly with grantmakers to conduct peer-to-peer training around strategies for shifting legal and fiscal practices towards SE aligned initiatives. See Action Checklist on page 13.

Solidarity Economy hubs in Buffalo, St. Louis, Louisville, San Diego, and Oakland want to engage in regional coordination, peer-learning, and coalition building, whether that be a network for the South, Midwest, Rust Belt, or New England, or to coordinate sister cities

“People email me ALL THE TIME and say, “I want to learn about [culture and the Solidarity Economy].” People have to cobble together the skillset to do this work. There is an opportunity to do this kind of learning together.”

—Kate Poole, Chordata Capital

with shared issues.²¹⁹ These informal relationships and collaborations have been happening slowly, but due to limited funds and often due to the fact that these organizations do not have paid staff, it is difficult to extend capacity in order to sustain these collaborations over time. Grants could help support organizers and study-group support staff who work to coordinate people across organizations and informal efforts in regional hubs—maybe anchored in an organization such as the New Economy Coalition or US Solidarity Economy Network.

Resources should also be provided for arts and culture groups and grantmakers in the United States to learn from Solidarity Economy practitioner-leaders internationally (for example, Brazil, Colombia, Italy, Luxembourg, Quebec, France, South Korea, Ecuador, Spain) who have been innovating and refining financial support systems at the intersection of culture and the Solidarity Economy for two decades or more. Grantmakers can form and support peer-mentorship groups for grant-

makers in the public and private sector, facilitated by trainers such as Nwamaka Agbo of Restorative Economics, Farhad Ebrahimi of the Chorus Foundation, Government Alliance on Race and Equity, All in Cities, RSF Social Finance’s Integrated Capital Institute, and Kate Poole of Chordata Capital. See Action Checklist on page 13 for more.

“I envision a co-op and Solidarity Economy research center in Washington, DC, the capital of the US, that is accessible to students of color and low income students and communities. A place that can attract visiting scholars and have summer programs. There is a lot more research we can do on subaltern groups, economic cooperation and the Solidarity Economy. We need more research on African Americans in co-ops, and we don’t have a good history of Latinx co-ops, Asian American co-ops, First Nations co-ops, etc. We need a better understanding of the history of subaltern peoples using mutual aid and economic cooperation, and better documentation of how we run our own cooperatives.”

—Jessica Gordon Nembhard,
author of *Collective Courage*

Take a Systems–Change Approach

Support Collaboration, Leadership Development, and Study Groups

While technological and cultural motivations are present to build the Solidarity Economy, the legal and financial supports are in nascent stages. The majority of the people interviewed identified social and economic policy change as the main lever that will make lasting impact in the arts and culture sector, and yet nearly everyone recognized that the sector needs to learn more about how to do this well. Interviewees recommended the following:

- Pursue policies that are not sector restricted. Policies that support the Solidarity Economy in the arts and culture sector will open doors that can be used in other sectors. The cooperative ecosystem in the United States has been profoundly weakened by the fact that electric cooperatives, credit unions, agricultural cooperatives, and worker cooperatives each have to rely on separate policy frameworks, and there-

fore have little reason to work together on anything. Traditional firms do not have legal and financial tools that are not sector specific. This need not be the case. When Colorado farmers got the Limited Cooperative Association Statutes passed, they did not restrict it only to farmers, as they had in the past. Now the statute has become the leading tool for platform co-ops nationally.²²⁰

- Attend existing convenings that are held by Justice Funders, the Sustainable Economies Law Center, PolicyLink, and Americans for the Arts, among other key players.
- Convene peer groups to create policy agendas with those most impacted and that align with the needs of the Solidarity Economy ecosystem as it intersects with arts and culture. Arts Based Policy Platforms include (1) Standing For Cultural Democracy, the US Department of Art and Culture’s policy platform for cultural

democracy and belonging, (2) The **Cultural New Deal For Cultural and Racial Justice**, which calls for investments in BIPOC communities, organizations, and creators, and was spearheaded by ArtChangeUS, the Center for Cultural Power, First People’s Fund, the National Association of Latino Arts and Culture, Race Forward, and Sipp Culture,²²¹ and (3) the *Cultural Community Benefits Principles Toolkit*, developed by ArtChangeUS in collaboration with Detroit cultural organizers to identify principles of accountability and equitable practices across the spheres of public/private real estate development and in the planning and staging of public events, gatherings, and convenings.

- Work with public sector representatives and community advocates around opportunities to advance SE policies and values. This might include things like joining with the Mayors for Guaranteed Income to in-

clude artists and culture-bearers in their Guaranteed Income pilot programs, as Yerba Buena Center for the Arts and Springboard for the Arts are doing. Or it could look like supporting the growing movement to create public banks, financial institutions that are mandated in their mission to invest in things that return value to communities rather than provide profit to Wall Street shareholders.

- Some interviewees cautioned that policies which do not fit squarely within the arts and culture sector should continue to be developed by the housing, banking, and environmental groups that have been doing this work for years, as they are accountable to people in their communities. Arts and culture grantmakers can best support their policy work by giving them monetary resources and following their lead. These interviewees encouraged grantmakers to advocate for an increase

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Take a Systems–Change Approach

Support Collaboration, Leadership Development, and Study Groups

in the minimum “payout rate” that is mandated for private foundations, which was previously set at 6% in 1969 and then lowered in 1981 to a flat rate of 5%.²²² While some grantmakers feel that this would lead to fewer resources in the grantmaking community,²²³ over 300 foundations have signed a letter asking Congress to mandate a 3-year 10% payout rate²²⁴ noting that, “for every \$1 a billionaire gives to charity, the rest of us chip in as much as 74 cents in lost tax revenue.”²²⁵ Given the current crisis being faced by the arts (along with many other sectors of society), investing money now to prevent further loss and damage is much more important than ensuring longevity of funds. In fact, a failure to invest at transformative levels now may all but ensure today’s problems are carried forward into the future.

- Cultivate the next generation of public sector workers who understand the arts

and culture sector. Imagine policymakers of all backgrounds who have built authentic relationships with BIPOC artists and culture-bearers, as well as culturally-grounded organizations. Jen Cole, Estrella Esquilín, and Gabriela Muñoz noted that although “the public sector workforce is not reflective of our larger population demographics ... the public sector maintains higher rates of employment of African-American, Latinx, and women than the private sector owing to union rules, civil service hiring and promotions processes, and standardized public sector job classifications and pay rates.”²²⁶ They see an opportunity for intentional collaboration and cultural shifts as retirements occur because “the public sector workforce is the oldest in age, by industry, in America. The average employee is 46.7 years old and more than 1/3 of the workforce at the local and state levels is set to retire within the

decade.²²⁷ Over the next decade, arts and culture grantmakers can prioritize pipelines to public sector employment and relationship-building with new public sector hires.

- Support paths within the public sector to advance procurement of goods and services from Solidarity Economy organizations and networks, using community-based contracting agreements, requirements for community-led participatory processes, and payment structures in municipal planning.²²⁸
- Advocate for independent workers to be recognized legally as a legitimate type of worker and be included in workers’ benefits and protections. Arts workers are three times more likely to work as freelancers than in any other industry, so a new economy is also one that gives them the conditions to realize stability and safety nets.²²⁹ Extend protections of non-employee businesses (as seen with AB5 in California²³⁰)

and include those within federal programming like SBA, FEMA assistance, and public lending.

- The [National Community Reinvestment Coalition](#) makes the case for expanding the 1977 Federal Reserve Community Reinvestment Act (CRA) to apply to all financial institutions, not just banks.²³¹ Originally enacted primarily to combat redlining, the [CRA requires](#) banking regulators to encourage financial institutions to meet the credit needs of the communities in which they do business.²³² By expanding this regulation to all financial institutions, the CRA would marshal the \$21T in assets from the mutual fund industry, \$1.2T in insurance premiums, and the financial resources of mortgage companies towards communities.
- The Center for Law and Social Policy (CLASP) outlined in a 2014 report key provisions for expanding the Workforce Innovation and Opportunity Act which is

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Take a Systems–Change Approach

Support Collaboration, Leadership Development, and Study Groups

the primary federal source for workforce development. CLASP encourages the US Departments of Education and Labor and other federal agencies to maximize opportunities for system alignment and cross-system continuous improvement processes to better serve youth and adults with barriers to employment.²³³

Grantmakers in the United States can look at proposals made at an international scale and apply these proposals to our national context. As the United Nations' International Labor Organization (ILO) reports, cooperatives, their organizations, and Solidarity Economy enterprises and their networks are calling for the following during COVID-19:²³⁴

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- Calling on governments to include cooperatives, mutual associations and social enterprises in relief packages (Social Enterprise Sector Alliance in Australia, Co-operatives UK, Italian Cooperative Alliance,

NCBA in the US). Asking to be represented in the emergency task forces and committees established at the local and national levels (National Rural Electric Cooperative Association in the US, the Spanish Confederation of Social Economy Enterprises in Spain).

- Calling for the establishment of specific relief funds that would allow cooperatives and other Social and Solidarity Economy organizations to mitigate the negative effects of the crises and to be more effective partners in delivery of services especially for the most vulnerable (Euclid network, COOP Europe, the Spanish Confederation of Social Economy Enterprises in Spain, the European Network of Social Integration Enterprises in Europe, Forum Nazionale Terzo Settore in Italy Social Economy Europe, ACEVO in the UK).
- Advocating with the government for measures such as income support for their

members (Doc Servizi in Italy, SEWA Cooperative Federation in India).

- What is needed is a wide range of policies that create a supportive environment and that covers social, fiscal, credit, investment, industrial, procurement, and training policies. For example, the ILO reports that since 2000, the following policies have created an enabling environment for the Solidarity Economy:
 - Creation of Solidarity Economy related ministries or departments in Colombia and Luxemburg.
 - Comprehensive policy support in Brazil and Ecuador.

Cross-country learning via policy dialogue needs to take place to generate and disseminate knowledge of policies conducive to Solidarity Economy and the institutional and political contexts that facilitate effective policy design and implementation.²³⁵ Collaborative

relationships can be encouraged by supporting existing networks and coalitions such as the US Federation of Worker Cooperatives and the New Economy Coalition to discuss cultural policies as a peer group.²³⁶

The economic system culture-bearers and artists want is not only possible—it already exists. By transforming organizational practices to center power accountability and power sharing, expanding grantmaking guidelines to provide multi-year and early stage funding for Solidarity Economy institutions and networks, supporting SE entities in collaboration and cooperative study, and advocating for policies that support Solidarity Economy infrastructure, grantmakers can work to strengthen and cultivate that system, following the lead of Black, Indigenous, People of Color, disabled, queer, trans, and working class creatives who who are innovating models for self-determination and community wealth.



Learn More: Top 10 Resources

Power-Sharing in Grantmaking

- [Trust Based Philanthropy](#)
- [Leeway Foundation's transition from family-control to community-control \(video\)](#)
See the list of people interviewed for this report and consider hiring them for individual consultations.

Solidarity Economy Education and Workshops for Grantmakers

- [Justice Funders](#)
- [Chordata Capital](#)
- [Kataly Foundation / Nwamaka Agbo](#)
- [Farhad Ebrahimi](#)
- [Weavers' Fellowship Donor Programming](#)
- [Center for Popular Economics](#)

Solidarity Economy Terms Explained

- [New Economy Coalition](#)

- [US Solidarity Economy Network](#)
- [The Next System Project](#)

United Nations International Solidarity Economy Reports

- [The Contribution of SSE and Social Finance to the Future of Work](#)

Solidarity Economy Legal Questions and Workshops

- [Sustainable Economies Law Center \(SELC\): \(co-op, land trust, barter, community currency legal support\)](#)
- [SELC Webinar on Worker Self-Directed Nonprofits](#)

Recommendations for Giving and Endowment Action

- [The Case for an Emergency Charity Stimulus](#)

- [Guiding a Giving Response to Anti-Black Injustice](#)
- [WEBINAR: Leveraging Investments in Support of Social Justice](#)

7. Reports about Inequity in Funding

- [Pocket Change](#)
- [Not Just Money](#)
- [Media Reparations](#)

8. Books about the History of the Solidarity Economy

- [Collective Courage: A History of African American Cooperative Economic Thought and Practice](#)
- [The New Systems Reader](#)
- [On Common Ground: International Perspectives on the Community Land Trust](#)
- [Building for Us: Stories of Homesteading and Cooperative Housing](#)

- [The Color of Money](#)

9. Shows and Podcasts

- [Interdependence.FM Podcast](#)
- [The Laura Flanders Show](#)
- [Economic Update by Democracy @Work](#)
- [Upstream Podcast](#)
- [The Rebel Beat](#)

10. Conferences

- [New Economy Coalition's Common](#)
- [Bound conference](#)
- [Justice Funders](#)
- [Allied Media Conference](#)
- [People's Movement Assemblies](#)
- [CoCap](#)

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Endnotes

¹⁸⁵ Dayna Sherman, Jamie Hand, and Chelsea Bruck, *Building Community Wealth: The Role of Arts and Culture in Equitable Economic Development* (ArtPlace America, December 2020): 5, https://creativeplacemakingresearch.org/wp-content/uploads/2020/12/2020-12_ArtPlace-Field-Scan_Economic-Development_Sherman.pdf.

¹⁸⁶ “Executive Summary,” The Solidarity Economy Initiative (SEI) report 2017, accessed January 24, 2021, <https://www.solidaritymass.com/executive-summary>.

¹⁸⁷ “Solidarity Economy in the South,” Highlander Research and Education Center, accessed February 7, 2021, <https://highlandercenter.org/our-impact/solidarity-economy-in-the-south/>.

¹⁸⁸ “Executive Summary,” The Solidarity Economy Initiative (SEI) report 2017, accessed January 24, 2021, <https://www.solidaritymass.com/executive-summary>.

¹⁸⁹ It Takes Roots, accessed February 7, 2021, <https://ittakes-roots.org/>.

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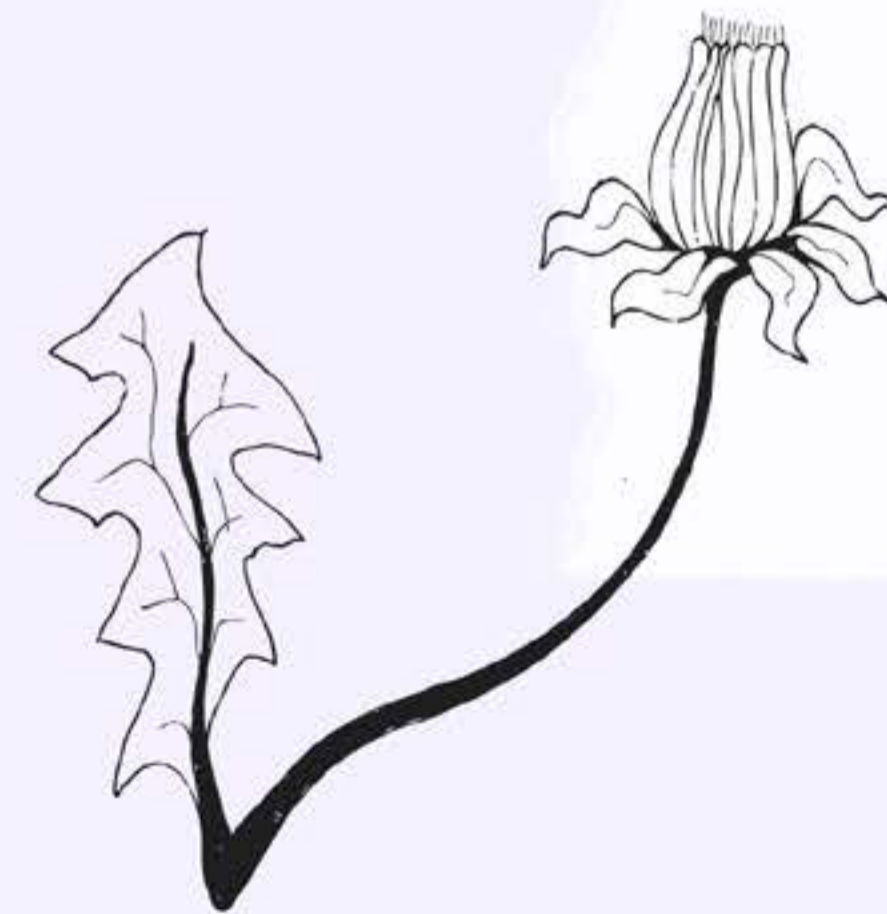
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Appendices

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APPENDIX A: Transformation

	MARKET-BASED PARADIGM	COMMONS-BASED PARADIGM
Social Dynamic	Competition; I prevail at the expense of others.	Collaboration; together we rise.
Power Tendency	Centralization and monopoly	Decentralization and collaboration
Leadership	Individual	Shared, rotating, co-leaders
Racial Imaginary	White-led and White-culture organizations can serve everyone and deserve to receive the majority of programmatic, financial, and informational resources	Culturally-grounded and community-based organizations serve their people and receive an equitable distribution of programmatic, financial, and informational resources
Strategy	Five-year strategic plans	Emergent, principled, responsive
Org Form	Hierarchical firm, nonprofit, 501c3	Collective, cooperative, worker-managed nonprofit, guild, mutual association, LLC, 501c4, unincorporated
Creative Agents	Individual artists, charismatic leaders	Culture-bearers, collectives, rotating co-leaders, culturally-grounded orgs
Grantmaking Culture	Polite, avoid conflict	"Messy," rupture and repair
Role of Foundations	Charity, "we know what is best for you," proud convener of artists	Solidarity, reparations, "we follow your lead," humble attendee of artist-led gatherings
Leadership Skill Sets	Written word, delegation, strategic planning, research, measurement, analysis	Storytelling, power analysis, conflict transformation, facilitation, organizing
Tools of Support	Grants	Grants, peer lending, mutual aid, community currency, non-extractive finance

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APPENDIX A: Transformation

	MARKET-BASED PARADIGM	COMMONS-BASED PARADIGM
Outputs	Short-term projects	Daily practices, member gatherings, trusting relationships, long-term infrastructure
Timeframe for Support	1 year or less, restricted	5–20 years, unrestricted
Application	Written	Conversations
Decision Makers	Program officer, panel-review	Grassroots advisory board, participatory assembly, ripple granting
Review / Reporting	Written	Conversations, artwork, video
Geographic Focus	Urban spaces dominate	Emphasis on regional, rural, and virtual support
Main Gathering Structure	Meetings, conferences	Assembly, encuentro, ritual, deep dive, unconference
Surplus	Maximize return on investment	Redistribute for community wellbeing
Use-rights	Granted by the owner (or not). Focus on: individual property and assets	Co-decided by co-producing users. Focus on: equity, access
Pay	Wages	Shared livelihood
Political Economy	Neoliberal, capitalist	Post-capitalist: Solidarity Economy, socialism, or social democracy

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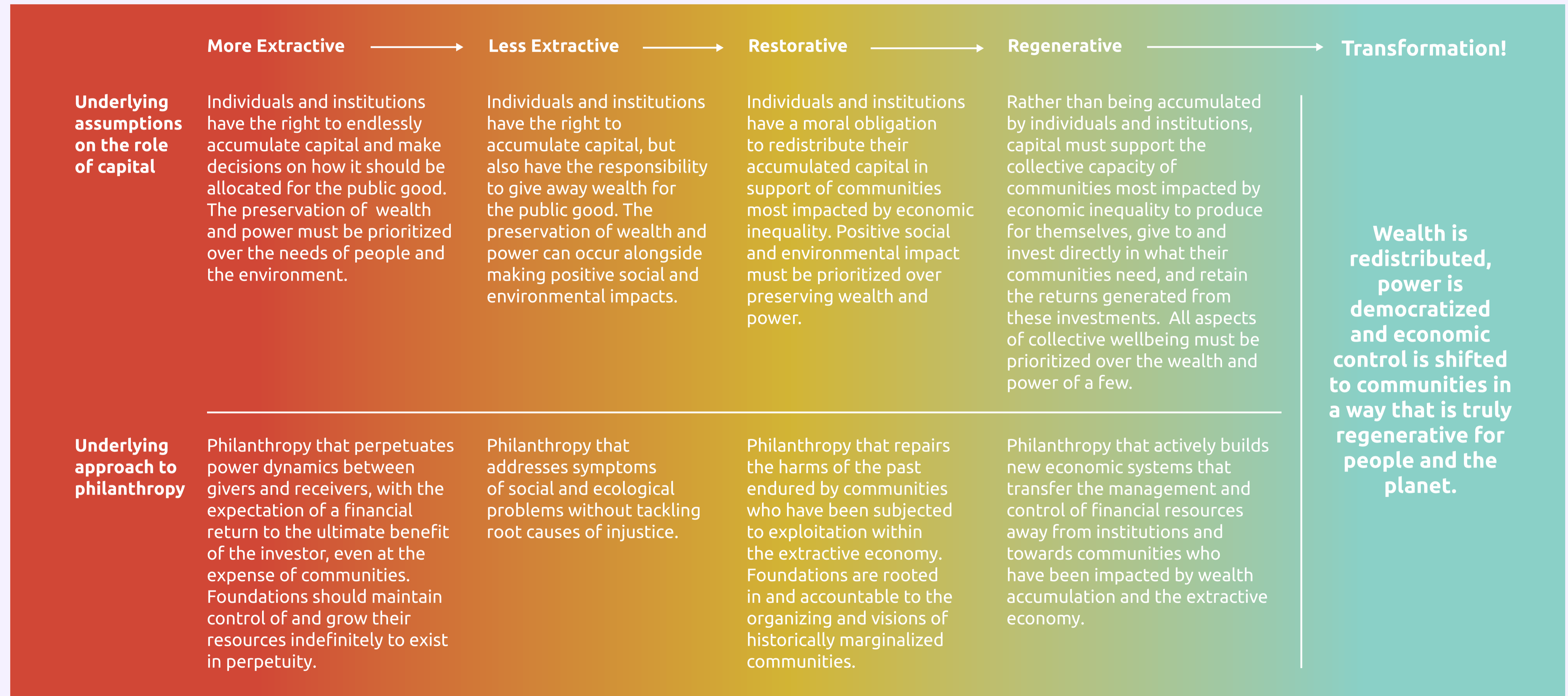
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The first two lines were created by Future Architects and modified from David Bollier and Silke Helfrich, *The Wealth of the Commons* (Levellers Press, 2012). The rest are based upon interviews and Justice Funders' "Guiding Principles & Values," Justice Funders, accessed January 17, 2021, <http://justicefunders.org/resonance/guiding-values-principles/>; and *Just Transition for Philanthropy* (Justice Funders), accessed January 17, 2021, http://justicefunders.org/wp-content/uploads/2019/01/Spectrum_Final_12.6.pdf.

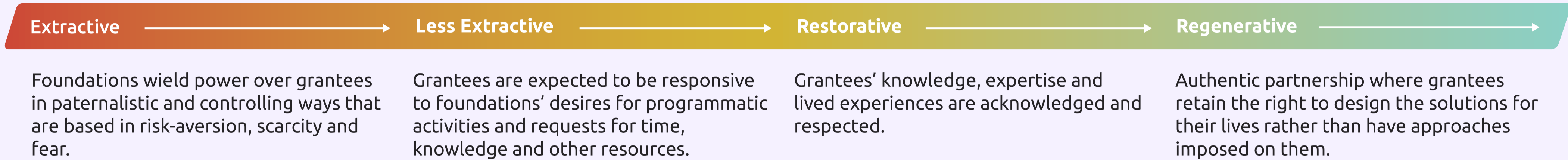
APPENDIX B: Just Transition Spectrum



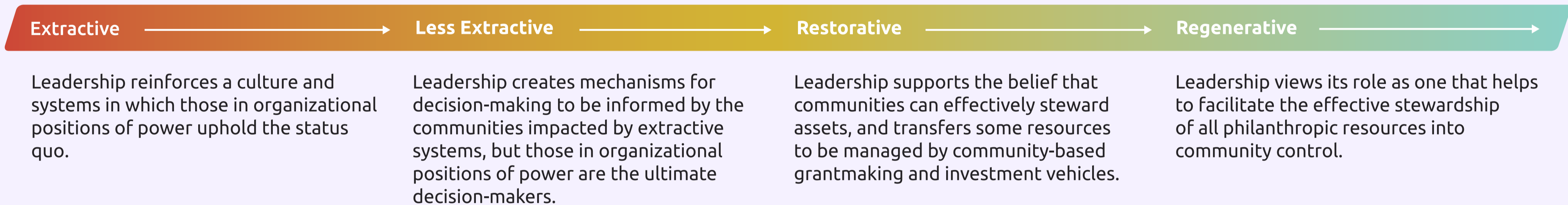
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APPENDIX B: Just Transition Spectrum

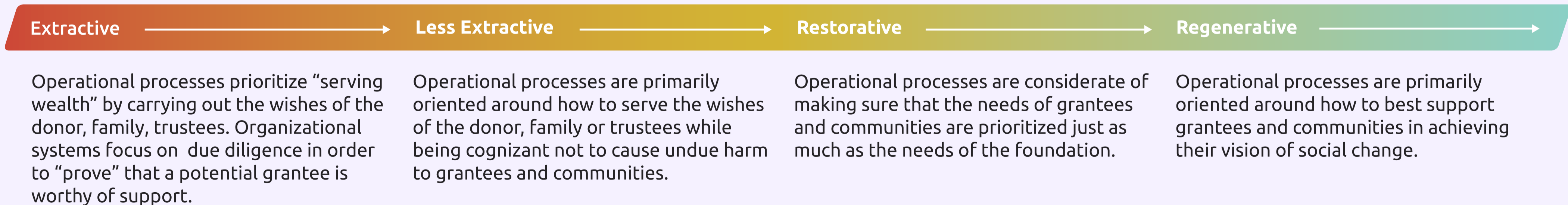
RELATIONSHIP TO GRANTEES & COMMUNITIES



LEADERSHIP



OPERATIONS



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APPENDIX B: Just Transition Spectrum

ENDOWMENT



Endowments are invested in for-profit companies that cause social, economic and environmental devastation to communities around the world in order to maximize financial returns for the foundation.

5% payout rule for grantmaking is the standard.

Endowments are invested in companies, organizations, and funds that generate positive social or environmental impact, but maximizing financial returns for the foundation is prioritized over community benefit.

Payout rates are increased depending on what the foundation deems necessary to make the impact it seeks. 5% payout rule for grantmaking is considered the floor, not the ceiling.

Endowments are invested in companies, organizations, and funds that generate positive social or environmental impact, while prioritizing community benefit as much as financial returns for the foundation.

Grantmaking payout is set to a rate at which the foundation no longer continues to accumulate additional wealth (i.e. holds steady).

Endowments are invested in local and regional efforts that replenish community wealth and build community assets -- like worker cooperatives and community land trusts -- in ways that emphasize transformative impact while rejecting the need to maximize financial returns for the foundation.

Grantmaking payout is set to a rate at which the foundation actively reduces its accumulated wealth (i.e. spends down).

GRANTMAKING STRATEGY



Foundations have their own unique grantmaking strategies according to donor interests rather than addressing community needs or causes of systemic injustice. Grants are siloed into program or issue areas.

Grantmaking strategy takes community needs into consideration as well as current social, political and economic conditions, but is ultimately decided by the foundation's leadership.

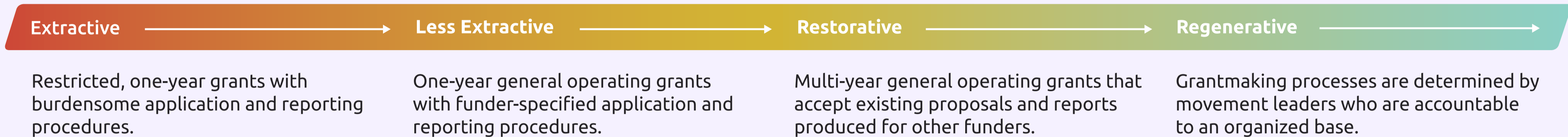
Grantmaking strategies are deeply informed by community needs and movement priorities, and are developed in collaboration with other grantmakers to create a shared strategy.

Grantmaking strategies are developed by movement leaders who are accountable to an organizing base (i.e. residents and community members).

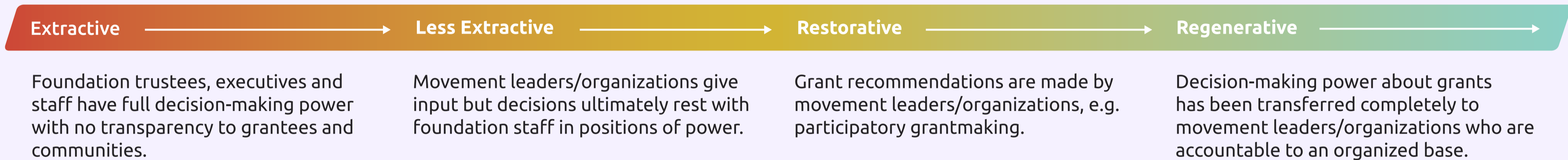
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APPENDIX B: Just Transition Spectrum

GRANTMAKING PROCESS



GRANTMAKING DECISION



JUSTICE FUNDERS

Powering Philanthropic Transformation

This vision for a Just Transition for philanthropy is excerpted from *Resonance: A Framework for Philanthropic Transformation*. For the full framework, visit justicefunders.org. This work is licensed under a Creative Commons Attribution-NonCommercial-NoDerivatives 4.0 International License.

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APPENDIX C: The Solidarity Economy Ecosystem

A number of organizations that support the Solidarity Economy in the United States have emerged in the past decade, and in recent years, there has been a significant increase in the number and diversity of entities providing support to Solidarity Economy organizations. However, although artists and culture-bearers participate in many of these as workers and beneficiaries, few of these entities place an emphasis on art and culture.

The main types of Solidarity Economy support organizations in the United States include:

- Incubators, accelerators, and workspaces focusing on development of SE social enterprises
- Financial, funding, and impact investment services organizations
- Education and research institutions

- Forums and networks
- Advisory and policy organizations

The main services these organizations provide include:

- Support to develop business plans and social impact plans
- Access to finance
- Seed capital financing/funding
- Social impact investment/funding
- Operations financing/funding
- Scale-up financing/funding
- Educational services
- Market facilitation
- Policy-making
- Support for the inclusion of vulnerable members

- Sustainable development support

The main types of Solidarity Economy support organizations that exist in other countries that are missing or underdeveloped in the United States include:

- Chambers of commerce, industry associations, and business advisory bodies
- Government and local authority support structures
- Federations of place-based networks/organizations
- Formal Schools and Universities that specialize in Solidarity Economies
- Access to patient capital
- Small Business Administrations that champion the Solidarity Economy as it intersects with arts and culture

Key Social and Solidarity Economy Organizations and Networks

International Solidarity Economy Networks and Task Forces

- The UN Inter-Agency Task Force on Social and Solidarity Economy (TFSSE) aims to raise the visibility of Social and Solidarity Economy (SSE) within the UN system and beyond. The members and observers of the Task Force have committed to undertake collaborative activities to: enhance the recognition of the role of SSE enterprises and organizations in sustainable development; promote knowledge of SSE and consolidate SSE networks; and support the establishment of an enabling institutional and policy environment for SSE.



APPENDIX C: The Solidarity Economy Ecosystem

- Global Social Economy Forum is an international association of local governments and civil society networks engaged in the promotion of the Social and Solidarity Economy (SSE) as a means to achieve an inclusive and sustainable local development. As of May 2020, GSEF brings together 75 members on the 5 continents coming from 36 countries, including 26 local governments and 35 SSE networks.
- International Centre of Research and Information on the Public, Social and Cooperative Economy (CIRIEC) is a network of companies, organizations, and experts interested in economic activity oriented towards collective support.
- Research Network for Social Enterprise (EMES) is a research network of established university research centers and individual researchers whose goal has been so far to gradually build up an international corpus of theoretical and empirical knowledge,

pluralistic in disciplines and methodologies, around SE concepts: social enterprise, social entrepreneurship, social economy, solidarity economy, and social innovation.

- Community Economies Research Network (CERN) is an international network of researchers, activists, artists, and others who are interested in ways of enacting new visions of the economy.
- RIPESS North America / US Solidarity Economy Network (national), RIPESS is a global network of continental networks committed to the promotion of Social Solidarity Economy. The member networks themselves (Latin America and the Caribbean, North America, Europe, Africa, Asia, and Oceania) bring together national and sectoral networks, thus ensuring strong territorial anchoring.

National Networks / Coalitions

- SeedCommons
- New Economy Coalition
- CommonFuture
- US Solidarity Economy Network

Examples of Sector-Based Networks:

- Center for Cultural Innovation's *AmbitioUS* program (artists and cultural organizers)
- The US Federation of Worker Cooperatives (worker co-ops),
- The Participatory Budgeting Project,
- The Free Press (media)
- Geo.coop (media)
- Grounded Solutions (housing)
- Foundation for Intentional Community (housing)

- Right to the City (tenants organizing)
- The Allied Media Conference (media)
- HowlRound Theater Commons (performing artists)
- Community Economies Research Network (academics)
- Justice Funders (donor organizing)

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APPENDIX D: Co-Ops and Community Land Trusts Defined

Coops and Other Businesses compared ²⁰⁹	Cooperative	Corporation (C or S)	Indv Prop(r)/ Partnership	Nonprofit
Who are the owners?	Members who are also patrons (users)	One or more shareholders; # is limited in an S corp	Individual(s)	No ownership
What is the business purpose?	To meet members' needs for goods, or services	To earn a financial return on owners' investment	To provide income for the owner(s) and a return on owner(s) investment	Provide charitable or educational services for the public
Who governs it?	Board of Directors elected by member-owners	Board of Directors selected by shareholders	Individual or partners	Board of Directors selected by member/ donors or existing board members
Who manages it?	Hired General Manager or CEO or other (e.g. team) structure selected	CEO	Individual owner(s) or hired management	Executive Director selected by the Board
How is the business financed?	Member shares; retained earnings; sometimes preferred shares; debt	Sale of stock; retained earnings; debt	Owner(s) investment; retained earnings; debt	Grants; individual contributions; fee for services
Who receives profit?	Members in proportion to use (patronage); preferred shareholders in proportion to investment, up to 8% return	Shareholders in proportion to investment, no limit on return	Owner(s) in proportion to investment or agreement in the case of partnership	Not applicable. All net income is retained.
Who pays taxes on profit?	Members when they receive patronage rebate; co-op on retained earnings	C corporation on earnings before dividends; shareholders on dividends and gain on sale	Owner(s) at individual rate	Not applicable
What is the owner's legal liability?	Limited to members' investment	Limited to shareholders' investment	Unlimited, except in some cases of LLPs	Limited to assets of the organization

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²⁰⁹ See page 5 in "Working with Small Business Cooperatives: A Guide for Public Sector, Private Sector, and Nonprofit Allies," Democracy at Work Institute, December 8, 2020, <https://institute.coop/resources/working-small-business-cooperatives-guide-public-sector-private-sector-and-nonprofit>.

7 Reasons to Love Community Land Trusts ²⁴⁵

1. Community land trusts (CLTs) help neighborhoods resist gentrification.

When CLTs place land in control of communities, they are also taking land and housing out of the speculative market. That means that CLT housing remains affordable even when gentrification pressures mount, which protects families from displacement.

2. Community land trusts give more families the opportunity to own homes and co-ops.

Fewer and fewer working families can afford to buy a home in the five boroughs. CLTs create opportunities for families to buy homes at affordable prices. When they decide to sell, they will keep a portion of the appreciation but will sell at a below-market price, making the home affordable to another family of limited means. Keeping the home affordable, from family to family, will benefit generations of New Yorkers rather than one lucky household.

3. Community land trusts give community members a meaningful voice in development decisions.

Community members and CLT renters and homeowners are always involved in the governance of community land trusts. This helps direct the CLT toward development that is in the interest of its community and that reflects the values of its residents.

4. Community land trusts enable lower-income households to build wealth.

A family that owns a house or co-op on a CLT benefits by steadily gaining equity in their home. The family can then use this equity as a downpayment on a market-priced home. In this way, CLTs act as a stepping stone for low-income families to go from renting to building wealth—which they can pass on to their children.

5. Community land trusts prevent foreclosures.

CLTs take an active role in preventing foreclosure. They work with homeowners to make mortgages affordable and sustainable, and provide financial literacy education. They can also assist with major home repairs and intervene early when a homeowner is at risk of falling behind on his or her mortgage. As a result, CLTs typically experience low foreclosure rates. At the height of the foreclosure crisis, homeowners living in CLTs were 10 times less likely to be in foreclosure than homeowners in the conventional market.

6. Community land trusts make taxpayer dollars for affordable housing go further.

Every affordable apartment or house is funded with significant government investment and when affordability restrictions expire—often in as little as 15 years time—the owner of the apartment gets to cash out. In the CLT model, tax dollars that are applied to the initial home construction

are preserved for subsequent homeowners. This means public investments have a longer and larger impact in a CLT.

7. Community land trusts promote civic engagement.

There are many examples throughout the country that indicate that residents who took leadership roles in their CLTs also became leaders in their local communities. Engagement on CLTs boards, committees, and sponsored activities can translate into residents acting to spearhead positive change within their communities.

²⁴⁵ “7 reasons why we love community land trusts,” Center for NYC Neighborhoods, March 13, 2017, <https://cnycn.org/7-reasons-love-community-land-trusts/>.



Community Land Trusts

How does a community land trust work?

Various sources of public and philanthropic capital...



- Private donors
- Federal housing subsidies
- City-owned property
- Community foundations
- Anchor institutions



...are used by community land trusts...

CLT



...to acquire homes in a geographic focus area.



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"Community Land Trusts," Democracy Collaborative, accessed February 9, 2021, <https://community-wealth.org/sites/clone.community-wealth.org/files/clt-infographic.png>.

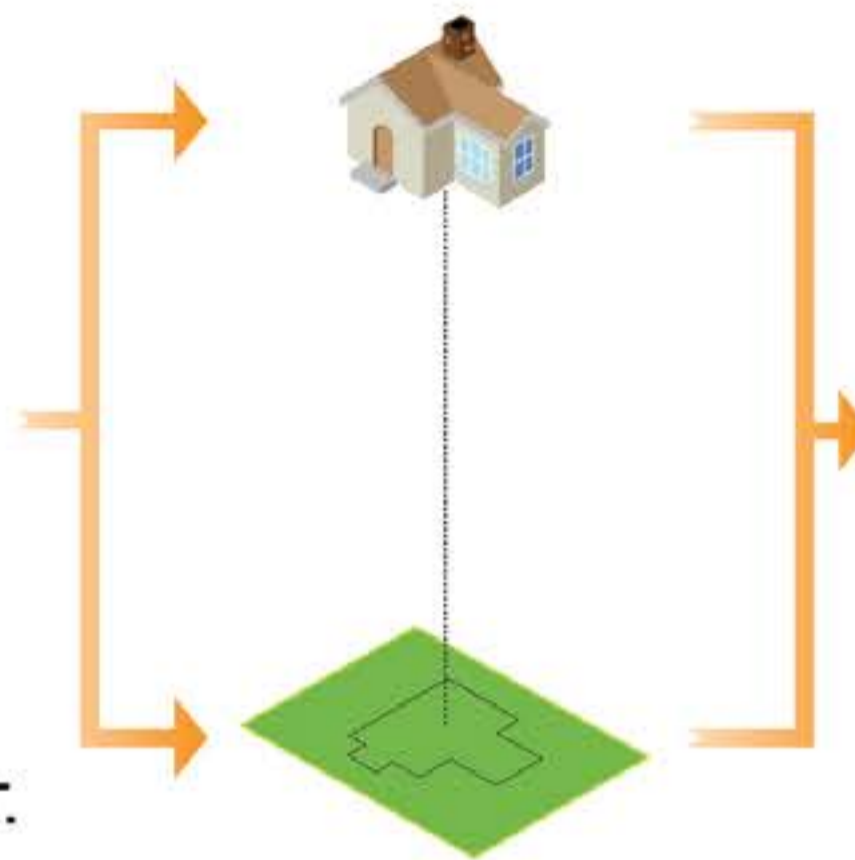
APPENDIX D: Co-Ops and Community Land Trusts Defined

Community land trusts tweak the normal process of homebuying...

A new resident buys their house outright...



...but leases the land underneath from the CLT.



They pay an annual fee to the CLT to support its operations...

CLT

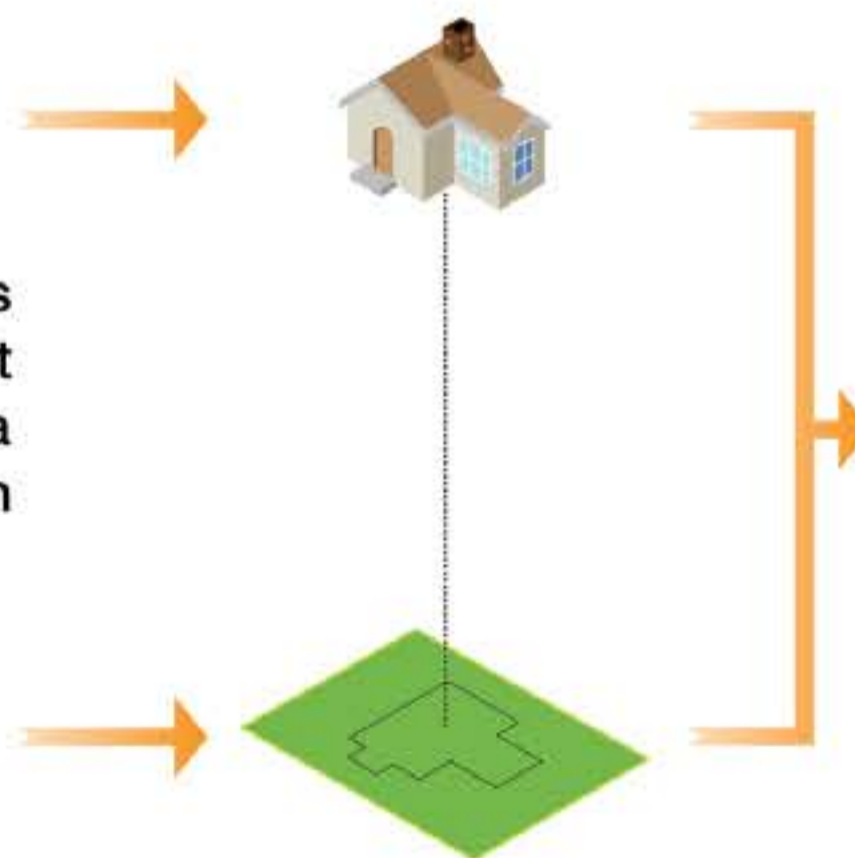
...and the CLT retains permanent ownership of the land.

...to make housing permanently affordable.

Current resident sells their house at a price set by the CLT, earning a portion of the increase in value of their home...



CLT
...while the CLT retains the land.



A new resident buys the house at a price that's been kept affordable...



...and agrees to the same requirements around resale.

Why CLTs Matter

Although the first community land trust in the US was started in rural Georgia in 1970 by civil rights leaders to help poor black farmers, today, the majority of the country's nearly 250 community land trusts are today located in urban areas.

CLTs create affordable housing while still allowing low-income residents to build equity as homeowners. Moreover, because the CLT retains ownership of the underlying land, this housing remains permanently affordable, even as the original beneficiaries of an affordable home price sell and move on. This long-term, continuing benefit makes CLTs an especially efficient use of affordable housing subsidies.

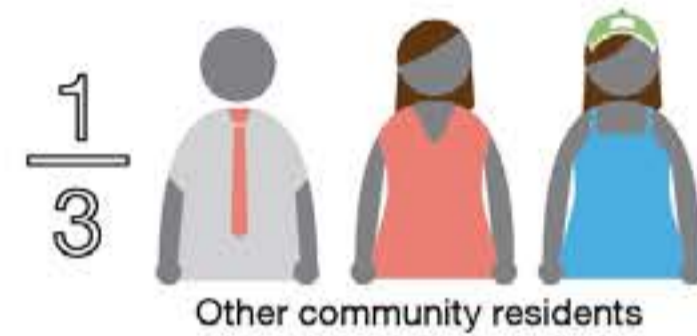
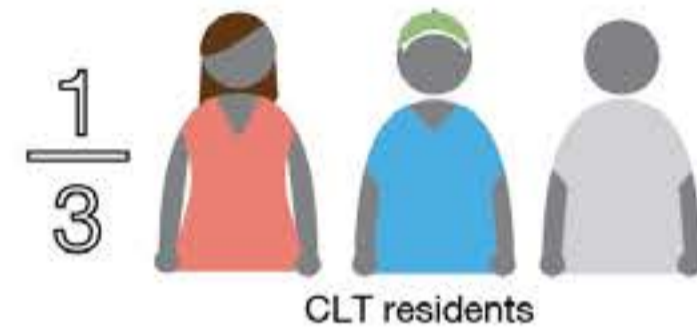
By locking in permanent access to affordable housing, CLTs can play an important role in countering the market-driven displacement associated with gentrification. And by stewarding neighborhood land for the public good, not speculative profit, CLTs have played an equally important role in stabilizing communities by preventing unnecessary foreclosures.



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APPENDIX D: Co-Ops and Community Land Trusts Defined

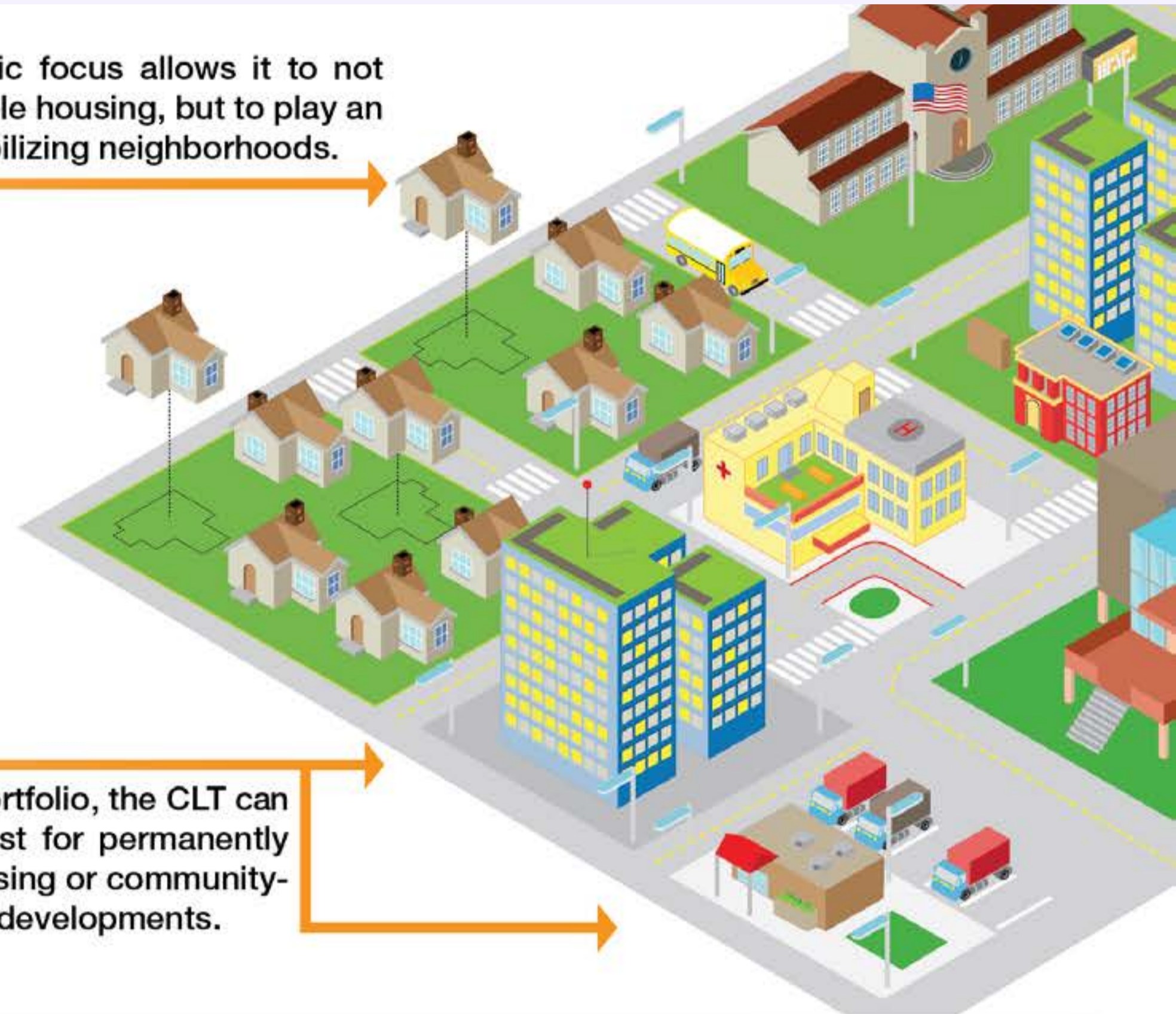
CLTs are typically governed by:



CLT

The CLT's geographic focus allows it to not only provide affordable housing, but to play an important role in stabilizing neighborhoods.

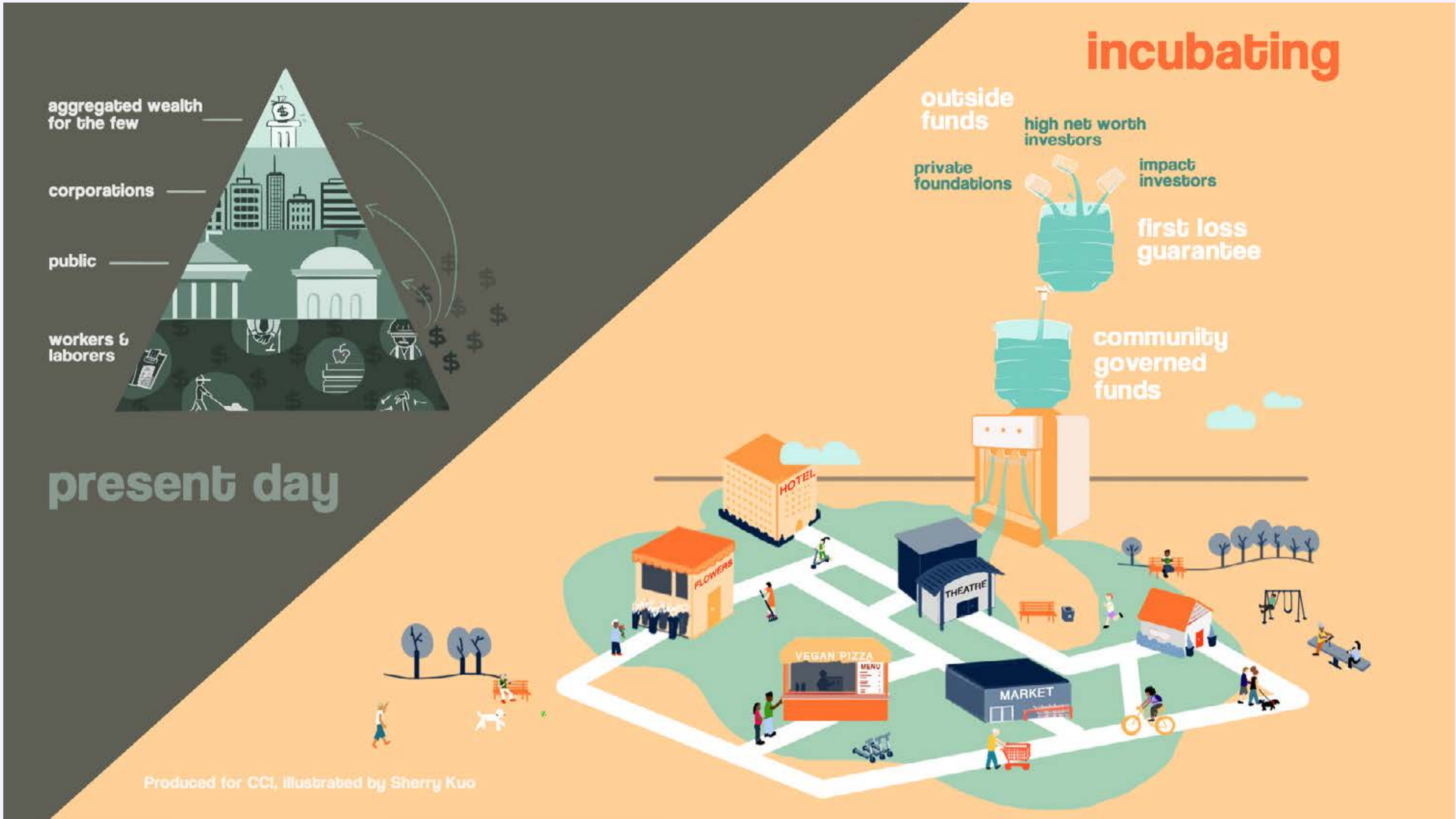
As it diversifies its portfolio, the CLT can also own land in trust for permanently affordable rental housing or community-focused commercial developments.



For more information on Community Land Trusts, see: community-wealth.org/clts
Designed by Benzamin Yi



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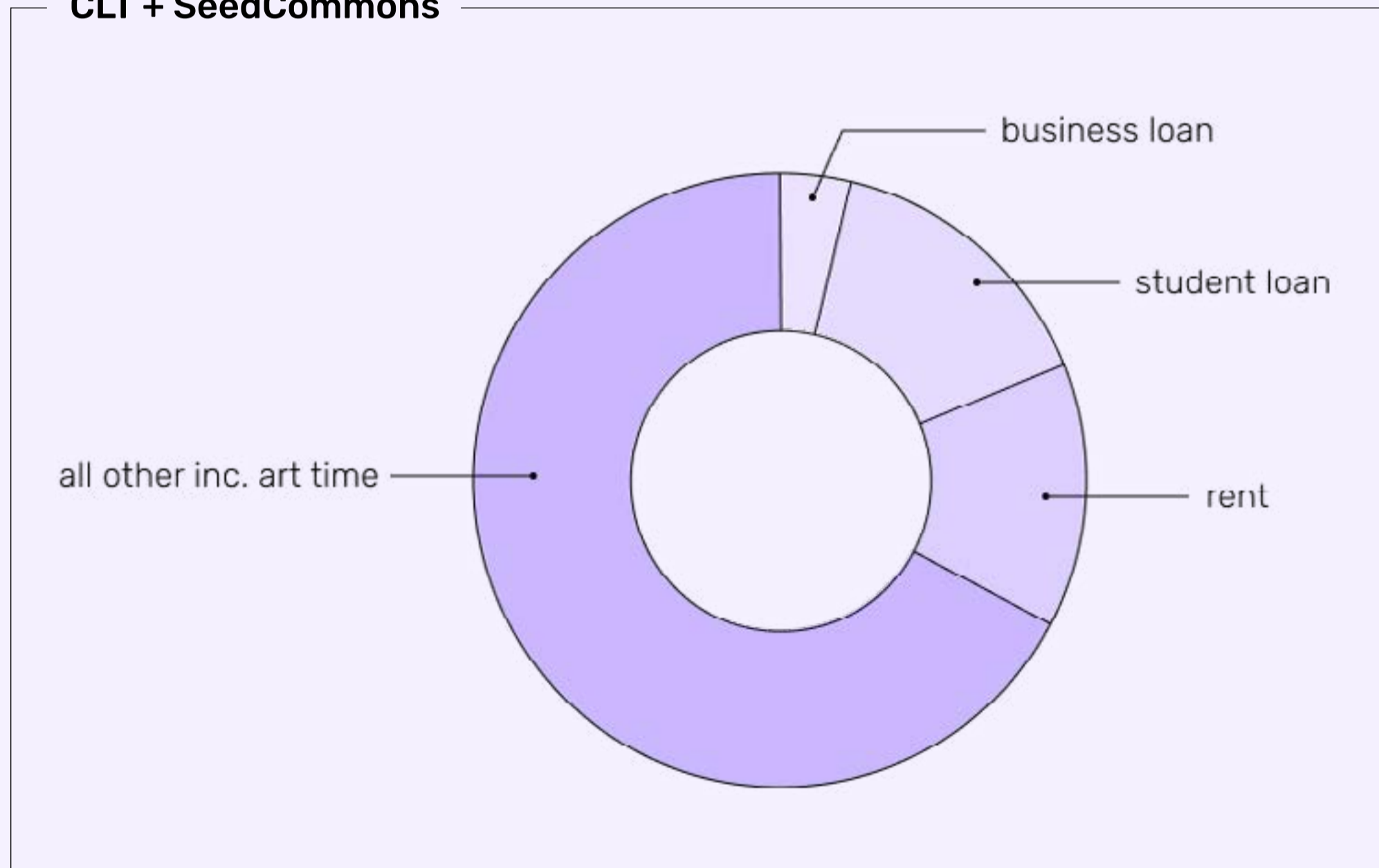
"Community Land Trusts," Democracy Collaborative, accessed February 9, 2021, <https://community-wealth.org/sites/clone.community-wealth.org/files/clt-infographic.png>.

APPENDIX E: Impact on Average Hypothetical Artist

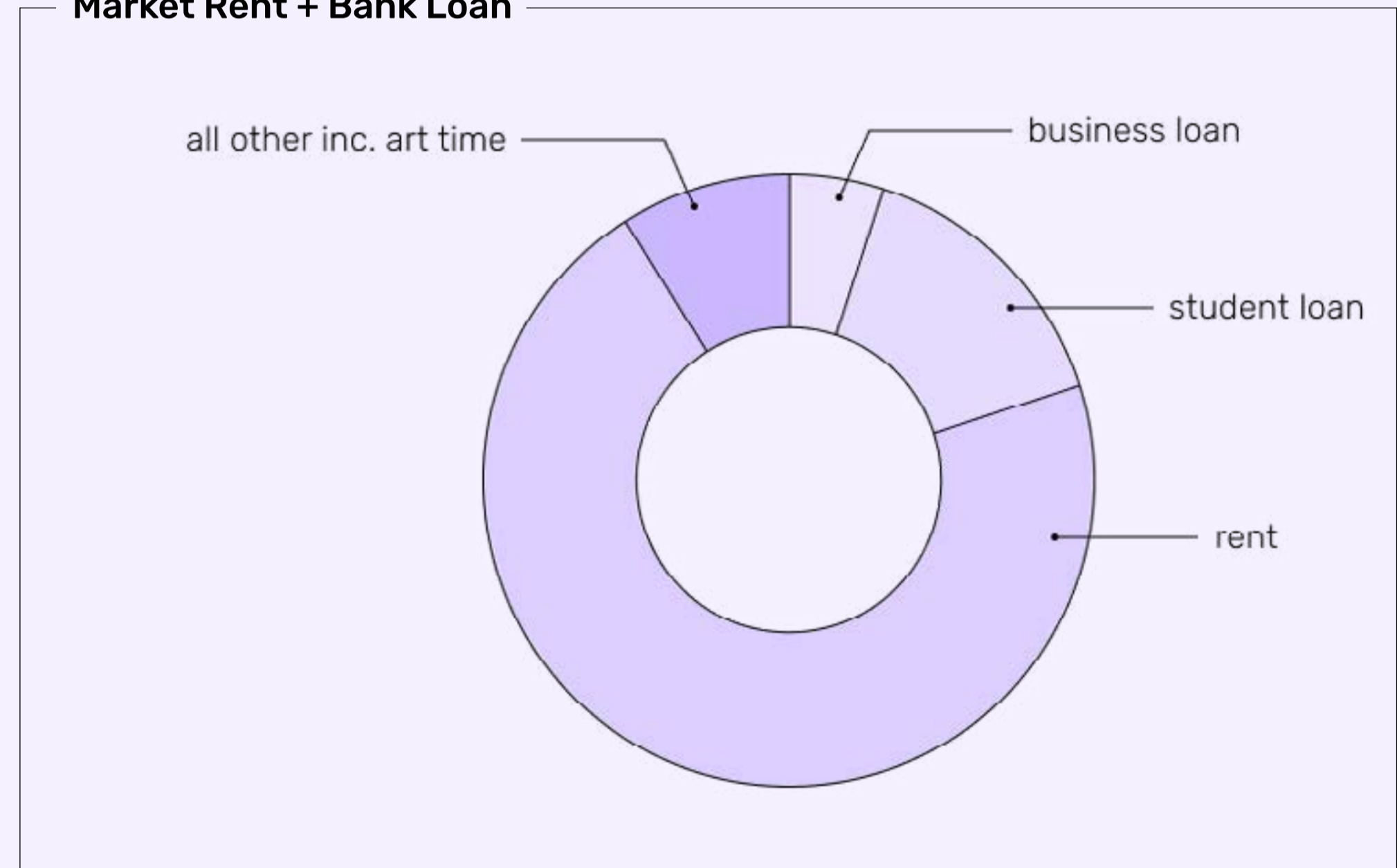
Weekly Hours Needed to Cover Expenses

	CLT + SeedCommons	Market Rent + Bank Loan
business loan	4%	5%
student loan	15%	15%
rent	14%	71%
all other inc. art time	67%	9%

CLT + SeedCommons



Market Rent + Bank Loan



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APPENDIX E: Impact on Average Hypothetical Artist

Arts Grantee: dancer/choreographer

Created by authors with Amy Whitaker.

Housing Assumptions		Student Debt		Salary Assumptions		Small Business Loan	
Cooper Square Community Land Trust	360	average student debt	30,000	hourly wage based on \$15/hour 40 weeks per year (~\$20 per hour, \$15 post tax) – pretax hourly pay is \$19.95	15	average arts small business loan–SeedCommons rate 3% (see below for more)	10,000
market-priced housing	4660	monthly payment	393	hours per week	40	average arts small business loan–market rate / FinTech rate 9% (see below for more)	10,000
realistic Fourth St Artist avg monthly rent (sharing apts, doubling up)	1850			weeks working per year	52		
				weeks working per year–Covid	25		

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APPENDIX E: Impact on Average Hypothetical Artist

Arts Grantee: dancer/choreographer

Created by authors with Amy Whitaker.

	CLT + SeedCommons	Rent in LES (Fourth Arts Block) + FinTech / Market loan	Assumptions / Notes
salary pre-covid	31200	31200	based on dancer/choreographer salary, which becomes \$15/hour 40 weeks per year (~\$20 per hour, \$15 post tax)—pretax hourly pay is \$19.95, \$2675 monthly takehome pay— National Endowment for the Arts, Artists and Other Cultural Workers: A Statistical Portrait (NEA, April 2019) .
salary post-covid	15000	15000	
amount of performing arts small business loan	10000	10000	same loan amount
monthly loan payment	96.56	126.68	at 3% for SeedCommons and at 9% for Rent + FinTech / Market Loan
monthly rent	360	1850	
monthly student loan payments	393	393	
hourly wage (post tax / take-home)	15	15	
number of hours to cover biz loan payment per month	6	8	
number of hours to cover biz loan payment per week	1	2	
number of hours to cover student loan payment per month	26	26	

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APPENDIX E: Impact on Average Hypothetical Artist

Arts Grantee: dancer/choreographer

Created by authors with Amy Whitaker.

	CLT + SeedCommons	Rent in LES (Fourth Arts Block) + FinTech / Market loan	ASSUMPTIONS / NOTES
number of hours to cover student loan payment per week	6	6	
number of hours to cover rent payment per month	24	123	
number of hours to cover rent payment per week	6	28	
number of hours per month to cover debt and rent per week	13	36	
number of hours per week left to work on art and cover other expenses	27	4	still need to cover other expenses (food, childcare, phone, utilities, computer, equipment, etc.)
annual salary required to pay artist's rent (40x rule)	14,400	74,000	
annual salary required to pay \$4660 average area rent		186,400	

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Sentences to report from this spreadsheet:

To qualify to pay the \$4660 average rent in this area, a person would need an \$186,400 annual salary.

CLTs are important. They are the difference between covering rent and debt in 13 hours a week and 36 hours per week. An artist paying \$1850 in rent would have to work more than full-time to meet basic expenses and pay taxes, before she had any time to make art.

Student debt and other debt makes a huge difference. An artist paying \$1850 in rent can cover that in 28 hours per week. That still leaves groceries, utilities, and other necessities. But it is far more sustainable. The debt is what pushes the edge to impossible.

For a SeedCommons loan of \$10,000, a monthly payment on 2-3% interest over a ten year term is \$100 (\$96.56 to \$101.25). For a bank loan, for the same amount and loan term, the monthly payment could be as low as \$125 (\$126.68) at a 9% rate or as high as \$580 (\$583.98) with a 70% rate. Crucially, the SeedCommons loan becomes a grant if the borrower cannot repay it. An amount of \$100 each month could be the marginal utility bill. In the worst case of the \$500 bank loan, if the borrower could not pay for a year, they would have amassed \$7,000 of debt. It would only take 17 months for the missed payments to reach the full \$10,000 initially borrowed.

Notes on tax rate:

Monthly of \$31,200 is \$2675;
173.3 hours per month;
hourly rate to yield \$15 post tax pay is \$19.95.

APPENDIX E: Impact on Average Hypothetical Artist

Arts Grantee: dancer/choreographer

Created by authors with Amy Whitaker.

Loan Amount = \$10,000

Loan Term = 10 years

Interest Rate

Monthly Payment

monthly payment	2%	92.01
monthly payment	3%	96.56
monthly payment	4%	101.25
monthly payment	5%	106.07
monthly payment	6%	111.02
monthly payment	7%	116.11
monthly payment	8%	121.33
monthly payment	9%	126.68
monthly payment	10%	132.15
monthly payment
monthly payment	20%	193.26
monthly payment	30%	263.62
monthly payment	70%	583.98

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APPENDIX E: Impact on Average Hypothetical Artist

Arts Grantee: dancer/choreographer

Created by authors with Amy Whitaker.

Weekly Time	CLT + SeedCommons	% Time Per Week	Market Rent + FinTech	% Time Per Week
work hours per week	40		40	
hourly wage (post tax / take-home)	15		15	
number of hours to cover biz loan payments per week	1	3.71%	2	4.87%
number of hours to cover student loan payments per week	6	15.12%	6	15.12%
number of hours to cover rent payments per week	6	13.85%	28	71.15%
number of hours per week left to work on art / support other expenses	27	67.32%	4	8.86%

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APPENDIX F: The Legal Future of Solidarity Economy Grantmaking

by Sustainable Economies Law Center

Since 2016, the 501(c)(3) Sustainable Economies Law Center has raised dozens of grants that we've used to fund several cooperatives. We began doing this because we saw a glaring gap: A growing number of funders had taken an interest in supporting cooperatives, but practically none were willing to make direct gifts to cooperatives. Often, foundations cited their lawyers, who are prone to encouraging the well-worn path of funding 501(c)(3)s. The Law Center funds cooperatives because they are essential to the economic transformation needed to—in the IRS wording of charitable purpose—“relieve the poor, distressed, and underprivileged” and “combat community deterioration,” among other things.

tion, thereby advancing charitable purposes.

At the Law Center, we've taken extra care to understand the boundaries and possibilities of 501(c)(3) and foundation law, and will share a few takeaways below. The next section, on How Funders Can “Due Diligence” Solidarity Economy Groups, offers additional guidance on determining what groups to fund.

The boundaries of “charitable purpose” have expanded

In the past decade, the boundaries of “charitable purpose” have shifted in ways that are somewhat invisible to foundations and to the public. The shift can mainly be observed in the activities for which the IRS does and does not grant tax exemption. The Law Center has been in a unique position to observe this, having provided legal support to dozens of

organizations that have pushed the boundaries. We've seen many activities receive tax exemption even when the IRS might previously have considered them too commercial in nature or too oriented toward private benefit. Now, the IRS is seeing that charitable purposes can effectively be advanced in circumstances where communities organize to meet their own material needs through cooperation and mutual aid. In their applications to the IRS, nonprofits pointed to evidence of their community's economic challenges and feelings of disempowerment, then cited the growing body of literature indicating that self-organizing and community-led solutions may be the most effective at addressing such problems.

This shift has opened doors for private foundations and public charities to play an expanding role in funding cooperatives with grants and PRIs.

The boundaries of “educational purpose” have expanded

Previously, the IRS was prone to recognizing activities as educational only if they carried some hallmarks of institutional education, such as classroom instruction, credentialed instructors, organized presentation of a curriculum, and administration of testing. Today, we have evidence to show that such instructional methods are less effective than hands-on, practical, social, and experiential modes of learning. We also know that people everywhere need spaces where they can experience and practice democratic participation and new economic structures, because it is only through such experience that people can gain confidence to shift away from the disempowering and extractive structures of the dominant system. With conscious structuring, cooperatives and mutual aid groups may be the most effective training grounds

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We believe it's essential that more foundations cultivate the knowledge necessary to identify and fund those cooperatives that are engaging in economic and social transforma-

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APPENDIX F: The Legal Future of Solidarity Economy Grantmaking

by Sustainable Economies Law Center

for the solidarity economy and can thereby broaden the scope of activities viewed as “educational.” This, too, expands the space in which foundations can fund cooperatives.

“Expenditure responsibility” can be joyful and educational

When granting to non-501(c)(3)s, private foundations have more legal compliance responsibilities than public charity foundations do. Private foundations must do “expenditure responsibility” and oversee the grantee and its use of funds. Some foundation staff have expressed that this is a thing to be avoided, due to added administrative burden. We suggest a different approach: View expenditure responsibility as an opportunity to get to know the inner workings of grantees, to deepen learnings about solidarity economy work, and to share learnings with the public. From this perspective, expenditure responsibility could be enlivening! It is not neces-

sary to spell out a prescriptive use of funds in a grant agreement; rather, it is important to spell out a process of communication between the foundation and grantee, so the foundation can have an ongoing window into the decisions, activities, and expenditures arising from the grant, to give assurances that the grant is advancing charitable purposes. The documentation and reporting requirements of expenditure responsibility need not be viewed as a bureaucratic burden, but could instead be treated as an opportunity to document transformative work and share stories with the public.

Shifting from “mission-related” to “program-related” investing

The legal terms of endowments vary widely, and staff of foundations may misunderstand the options available for managing, investing, and granting such funds. It’s important to inquire and test any assumptions that a foun-

dation’s assets must or should be held in perpetuity and managed in ways that generate financial return. First, some foundations refer to the bulk of their assets as “endowments” even when the use of such assets is, in fact, unrestricted. Other assets may be restricted, but it’s critical to look at the exact nature of these restrictions. Has a restriction expired? Can the restriction be altered on the basis of unforeseen circumstances (such as severe threats to communities from climate change, inequality, or White supremacy)? Can the restriction be altered by a board decision, staff decision, or donor decision?

In recognizing the great potential for social and economic transformation now, it is not necessary that every foundation adopt a spend-down approach. At the very least, foundations should free assets from the confines of rules governing “prudent” fund management for assets that need not be restricted in this way. This allows foundations to shift

from making mission-related investments to making program-related investments for deeper impact. These two phrases can create confusion, but their differences are pivotal. “Mission-related” is a colloquial phrase referring to investments made with consideration of the relationship of the investment to the foundation’s charitable purpose, but which still require the foundation to avoid jeopardizing the foundation’s assets. By contrast, investments made to advance charitable purposes, or “program-related” investments, are not bound by prudent management rules, and can instead be structured to maximize community benefit, rather than to secure a financial return for the foundation.

By shifting to program-related investing, foundations can resource the most transformative work being done by groups that may not meet “underwriting” standards of conventional investments.

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APPENDIX F: The Legal Future of Solidarity Economy Grantmaking

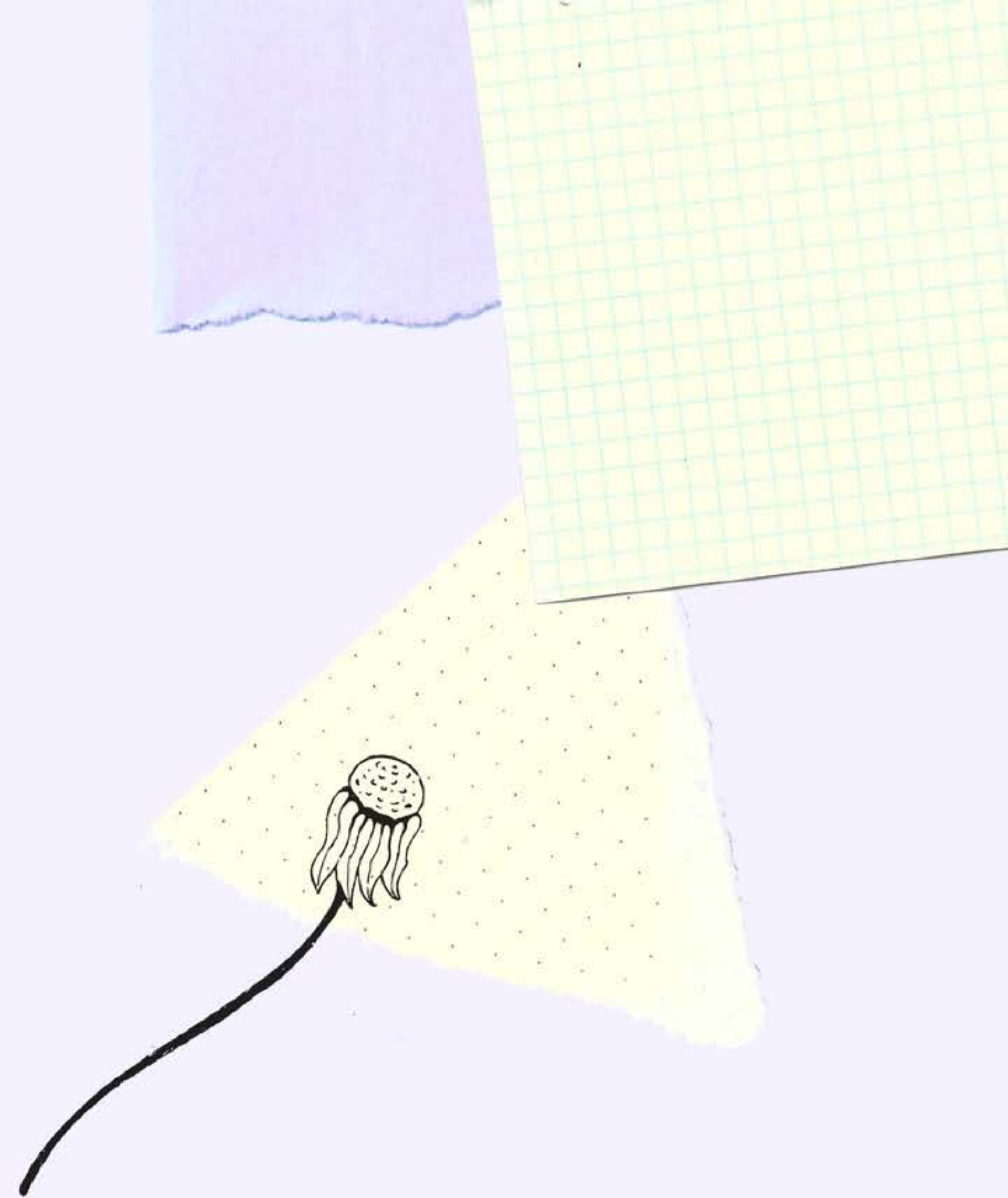
by Sustainable Economies Law Center

Knowledge is power

A little bit of learning about the law can go a long way. Since most lawyers are unfamiliar with the Solidarity Economy and with the possibilities for funding it, we recommend that foundation staff take some time to learn about the shifting terrain of charitable purposes, the requirements of expenditure responsibility, rules governing access the use of the foundation's assets, possibilities for program-related investing, and financial tools to support the solidarity economy. We wish there were more resources to support this learning, so the Sustainable Economies Law Center and friends are piecing together a resource library here. Among other things, you'll find links to cartoon videos on 501(c)(3) law, the prudent investor rule, foundation investing, and more. We're so grateful to the foundation staff who are deepening their knowledge on the Solidarity Economy! We

figured the least we could do is give you cartoons and other tools to make this learning process a joyful one.

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APPENDIX G: How Funders Can “Due Diligence” Solidarity Economy Groups

by Sustainable Economies Law Center

The most important questions to ask about a group are: **Who** are they and **how** do they organize themselves? When funders are overly focused on **what** a group will do, it undermines the very self-determination that makes Solidarity Economy work powerful. Any funding that is conditioned on deliverables and measurable outcomes will tie hands, preventing a group from hand-crafting its work through daily decisions that are responsive, adaptive, diverse, holistic, decentralized, and participatory. The most effective solidarity economy groups are the ones that can—at any moment—draw upon and the ingenuity of diverse group members to inspire and activate the work that is most needed. The work should be collectively determined and intrinsically motivated, not pre-determined by external funding.

When it comes to funding cooperatives and other non-501(c)(3)s, expenditure responsi-

bility may demand more diligence to ensure the group is advancing charitable purposes. But the inquiry can be the same: Who and how? A BIPOC-led group that gives its members power to take action to advance broader community benefit has already transformed one corner of the world, and it is creating the conditions for the spread of transformation. This, alone, is advancing charitable purposes, because it creates the space in which communities can begin to nourish themselves in the long term.

Because the questions of who and how are likely to be quite nuanced and require intimate knowledge of a community’s history and situation, funders may want to consider shifting the work of “due diligence” to communities most embedded in the Solidarity Economy. Peers can give feedback to peers in ways that could democratize the diligence process.

Ask: *Who is doing this work?*

Here are a few thoughts on how to set prioritize the who:

- Do not look for groups with a track record. The organizations with the greatest potential to transform things may be the ones that are just now forming, because they can consciously invent themselves and most easily set aside dominant models and caste systems that can otherwise stagnate in more established groups.
- Do not look for groups with one charismatic leader. Look for leaderful groups where a variety of voices are invited and heard.
- Look for groups that are predominantly BIPOC, because resourcing such groups is critical to avoiding the reproduction of White supremacy in this movement.
- Look for groups where everyday people (not just highly educated “experts”) are making decisions about the everyday work.

A newly formed group of everyday people from marginalized backgrounds has the potential to do transformative work if they have taken special care in deciding **how** to organize themselves.

Ask: *How does this group organize itself?*

Over the years, Sustainable Economies Law Center has developed several lists and sets of principles that could be implemented by Solidarity Economy groups at the levels of legal, financial, and governance structures. Every group we provide legal support to then teaches us something new about the ingredients of participatory democracy and community wealth-building. Our lists and principles have never been static, and we expect they never will be, because we foresee decades of continued learning.

To learn more about how our lists and principles have taken shape and continue to

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APPENDIX G: How Funders Can “Due Diligence” Solidarity Economy Groups

by Sustainable Economies Law Center

evolve, we welcome you to visit our growing toolkit, [Legal Frontiers of Solidarity Philanthropy](#).

As a legal organization, we’ve been prone to focusing on the “hard” ingredients – the ones that groups bake into their bylaws, policies, and operational practices. These are essential ingredients, as they prevent projects from getting swallowed up by dominant forces of wealth and power concentration. But ultimately, it’s the “soft” ingredients that give groups their power – the culture, social practices, rituals, symbols, language, and spirit of a group. These are the ingredients that determine whether people are intrinsically and joyfully motivated to come together, do the work, and build their lives around social transformation in the long term.

a group that has organized itself in transformative ways? We’ll offer a set of questions that might guide such an inquiry, with the reminder that the questions are likely to evolve over time. The questions are: Does this group actively and intentionally 1) spread power, 2) spread wealth, and 3) root that power and wealth in the community in the long-term?

1) How does this group spread power?

If we are to replace a colonialist, white supremacist, dominance-based culture, then people need to live and actively practice something different in all aspects of their lives, which is why we should question any solution or organization that emulates the dominance culture and its hierarchies. The ingredients of participatory democracy must be infused in legal structures, governance structures, everyday practices, and culture of a group. We suggest asking a group how it actively works to prevent the formation of

static hierarchies. Fixed power structures tend to reproduce historic caste systems, result in concentration of power and wealth in the hands of few, make a group less resilient in the face of change, and suppress the infinite potential of a group to apply creative energy toward everyday action. This is not to say that all hierarchies are bad; it is to say that any hierarchies should be consciously designed, not unconsciously assumed, consented to by their participants, and part of larger heterarchical systems that allow power to move in fluid and diverse ways to many parts of a group.

The resurgence of white supremacy, among other things, has led a growing number of groups to question a culture of dominance in all of its manifestations. In the past few years, the Sustainable Economies Law Center has observed a shift: We’ve provided legal support to several hundred groups that are

intuitively adopting collective and non-hierarchical structures. They manifest this on paper – such as through their participatory and deliberative decision-making processes, and by spreading everyday work and decisions through decentralized structures.

Participatory structures must also take shape through culture and practices. We see many groups intentionally fostering belonging and embedding trauma-informed healing into everything, including workplaces, real estate projects, and solar projects. We see groups practicing radical inclusivity, because to not do so could leave any group member in fear of being left out. We see groups weaving ritual and creativity into their togetherness, to bring their full humanness into the work and build commitment. We see groups welcoming and supporting ongoing conversations about power dynamics within the organization. All of this is essential for the trust-building that

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APPENDIX G: How Funders Can “Due Diligence” Solidarity Economy Groups

is necessary to the functioning of collectives. In hierarchical environments, people tend to armor up and act from fear and defensiveness. By fostering belonging, collective groups activate the inexhaustible energy of love and affection that is most powerful in fueling a movement.

Spreading power in this way also leads to integrated and holistic solutions to social problems. When power and problem-solving is spread throughout communities, people bring the perspective of their whole lives and communities. This is why East Bay Permanent Real Estate Cooperative is not just a real estate organization. Because their members and workers bring holistic perspectives to the work, EB PREC also supports members to build community and mutual aid, and they incubate the Black worker cooperatives that will eventually inhabit the commercial spaces owned by the cooperative. This is why it's im-

portant to make unrestricted gifts and grants to a group, rather than to fund specific projects and deliverables.

2) How does this group spread wealth?

How can groups actively spread the wealth, assets, and benefits of their work, and defend against pressures of extraction, wealth concentration, and reproduction of racialized inequalities? There are many facets to this, including choices related to employee compensation, returns paid to investors, and access to the assets and benefits an organization provides. As a general rule, wealth tends to spread more fairly and equitably when decisions about it are democratized. For example, many worker-governed nonprofits we know of gravitate naturally toward adopting equal pay structures or narrow pay ratios, with compensation set after substantial group deliberation. Putting caps on staff pay and setting other guardrails against inequi-

ties is important. Sustainable Economies Law Center recently examined 990 tax returns of local nonprofit affordable housing developers and learned that some of their Executive Directors are making as much as \$700,000 per year. And at the cooperative REI, the CEO makes \$3.2 million per year. This shows that it is not enough to verify that something is structured as a cooperative or nonprofit; due diligence by a funder could include questions about staff pay and how it is determined. It's also important to look to the structure of equity and debt financing. Even nonprofits and cooperatives could accept financing on terms that put undue pressure on the community to channel wealth to lenders or investors, diminishing the wealth that could otherwise be spread to communities.

Wealth can also spread or concentrate depending on the orientation of a group. As a general rule, 501(c)(3)s are oriented toward

public benefit, while cooperatives are designed to operate for the mutual benefit of their members. However, this is a false binary created by our legal system. Quite possibly, the most transformative work is being done by groups that blend mutual and public benefit, activating the intrinsic drive of community members to provide for themselves and others simultaneously. Of course, this is also how most things in natural ecosystems work. In the solidarity economy, we are seeing that most cooperatives are oriented toward broader community benefit. However, this is not always the case. Many cooperatives do exist solely to benefit a defined group of people, without a mission or orientation of broader public benefit. Particularly when conducting due diligence with cooperatives, it's important to ask if and how the cooperative holds itself to values of community benefit.

Another trend we are seeing is that solidar-

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APPENDIX G: How Funders Can “Due Diligence” Solidarity Economy Groups

ity economy groups are focusing on creating community-owned assets, while moving away from individual/household asset-building strategies. Individual wealth-building models tend to reinforce the idea that individuals must fend for themselves, and they fail to activate the full power of communities to provide for each other.

In housing, for example, some groups see it as counter-productive to set up individual equity-building structures, and instead find it more important to put assets in the hands of small collectives of people who can harness their creativity, social ties, and ingenuity to build the greatest wealth and stability for all. As one manifestation of this, East Bay Permanent Real Estate Cooperative owns a house where residents cannot be evicted on the basis of non-payment of rent. Rather, EB PREC residents agree, when there are financial challenges, to be part of collective prob-

lem-solving processes that might convene other cooperative members, staff, and neighbors to collectively generate solutions. In this way, community members come to see their collective wellbeing as intertwined, and this perspective leads people to move wealth to where it is most needed. This is an asset of incalculable value.

3) How does this group root that power and wealth in the community in the long-term?

In the past, many projects that have built wealth and power for communities have, all too easily, been co-opted, sold off, or captured by a group of people serving private interests. The worker-owned New Belgium Brewing was recently purchased by a giant beverage company, which resulted in a generous pay-out for current workers, but without compensation to the future workers and surrounded communities that a work-

er-owned company might have benefited. When committing philanthropic resources to solidarity economy projects, it's important to ask how a group is adopting safeguards that will keep community wealth and power rooted in the long-term. For example, how does a land or housing organization ensure that its real estate will be retained as permanent community assets, and not swallowed up by the speculative market? What will prevent a successful worker-owned cooperative from selling to a large corporation?

The governance and financial provisions baked into a group's structure can help prevent this, but only to the extent that a passionate group of people will take action to enforce them. Looking beyond legal provisions, groups can take measures to build both external and internal resilience. Groups that are nested and networked within broader movements are less likely to sell-out, because they

are likely accountable to and able to gain support from other groups. It will be natural for many groups and projects to come and go, and when groups close down, their assets can be spread around and absorbed by other groups, rather than disappear or be acquired in the speculative market. Groups can take many steps to build internal resilience and reduce likelihood that a group will be taken down by interpersonal conflict, toxic power dynamics, implicit or explicit bias, asset mismanagement, or over-reliance on single leaders or experts. Internal resilience measures may include high levels of transparency, robust conflict engagement systems, systems for spreading responsibility, knowledge and skill among many group members, and training on issues of bias and white dominant culture.

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Endnotes

²³⁷ RIPESS: Intercontinental network for the promotion of Social Solidarity Economy, accessed January 19, 2021, <http://www.riposs.org/continental-networks/north-america/?lang=en>.

²³⁸ Solidarity Economy Map and Directory, accessed January 19, 2021. <https://solidarityeconomy.us/>.

²³⁹ Bénédicte Fonteneau et al, Social and Solidarity Economy: Building a Common Understanding (Italy: ILO, 2010), 61, http://base.socioeco.org/docs/social_and_solidarity_economy_en.pdf.

²⁴⁰ Bénédicte Fonteneau et al, Social and Solidarity Economy: Building a Common Understanding (Italy: ILO, 2010), 61, http://base.socioeco.org/docs/social_and_solidarity_economy_en.pdf.

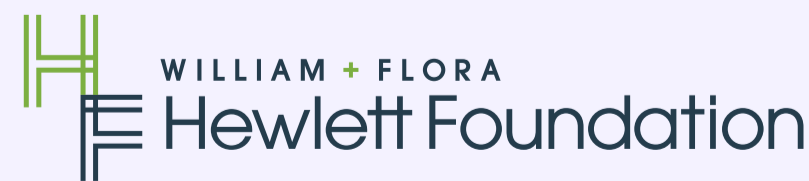
²⁴¹See page 5 in "Working with Small Business Cooperatives: A Guide for Public Sector, Private Sector, and Nonprofit Allies," Democracy at Work Institute, December 8, 2020, <https://institute.coop/resources/working-small-business-cooperatives-guide-public-sector-private-sector-and-nonprofit>.

²⁴²See page 5 in "Working with Small Business Cooperatives: A Guide for Public Sector, Private Sector, and Nonprofit Allies," Democracy at Work Institute, December 8, 2020, <https://institute.coop/resources/working-small-business-cooperatives-guide-public-sector-private-sector-and-nonprofit>.

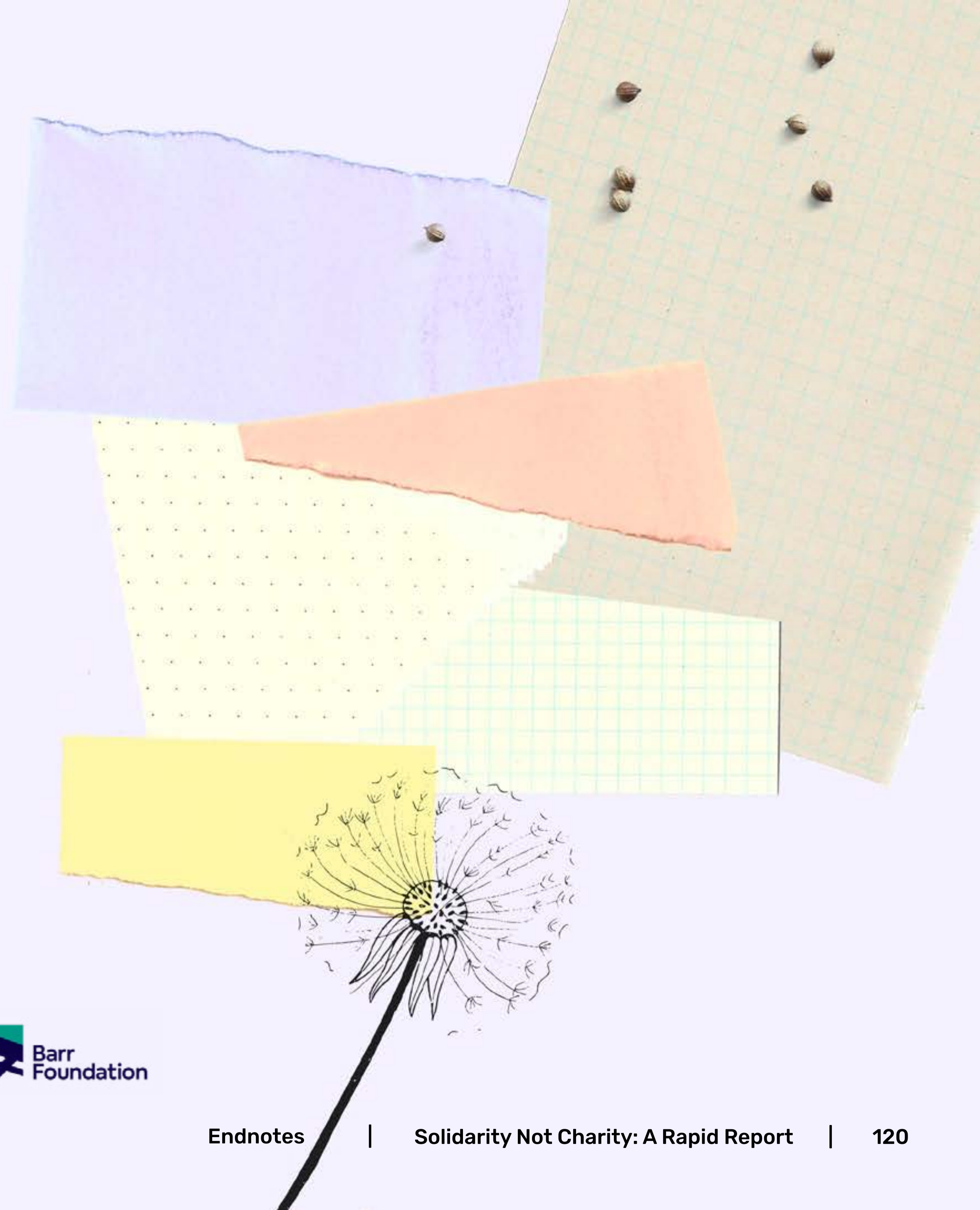
²⁴³"7 reasons why we love community land trusts," Center for NYC Neighborhoods, March 13, 2017, <https://cnycn.org/7-reasons-love-community-land-trusts/>.

²⁴⁴ "Community Land Trusts," Democracy Collaborative, accessed February 9, 2021, <https://community-wealth.org/sites/clone.community-wealth.org/files/clt-infographic.png>.

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Let's keep talking.

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AND RESOURCES VISIT**

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Grantmakers in the Arts
522 Courtlandt Avenue, 1st Floor
Bronx, NY 10451-5008
(929) 452-3740

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