

HISTORY OF AUSTIN'S BLACK-LED NONPROFITS

Austin Community Foundation: Austin Black Fund | November 2022

1600

EARLY BLACK PHILANTHROPY



During and after slavery, Black mutual aid societies used communal funds to care for the sick, bury the dead and provide financial support for members. These associations laid the groundwork for prominent organizations during the Civil Rights Movement many of which continue to operate today. Additionally, Black churches acted as primary institutions for charitable giving and support within Black communities. In 1986 a Gallup Poll found that 76% of Black philanthropy dollars were still being funneled through religious institutions. (1)

1900

AUSTIN NONPROFITS

Black nonprofits proliferated in Greater Austin during the 1900s, such as the Austin Ethnic History Association, founded in 1974. (8). The period also saw an increase in affluent Black philanthropists, accelerating with the expansion of the Black middle and upper classes. Today's Black philanthropists include wealthy Black entrepreneurs like Austin resident Robert Smith (9). Over the past decade, the nonprofit sector has seen an increase in diversity and inclusion initiatives in nonprofit workplaces. However, people of color continue to have limited access to mentorship and role models (11).



1917

FUNDING INEQUITY

In 1917 Congress instituted individual income tax deductions for charitable donations and in 1935 extended these to corporations (2). As a result, large-scale philanthropic donations rapidly expanded, with the 1935 changes primarily benefiting wealthy white donors. With substantial barriers to wealth-building due to segregation and other racist policies, Black philanthropic organizations were mostly left out of the funding boom (3). Inequities in access to funding remain pervasive today, with a 2019 report finding that fewer leaders of color have access to individual donors, access to foundations or have board members who raise money (7).



1928

MASTER PLAN AND REDLINING IN AUSTIN

Home Owner Loan Corporation (HOLC), established in 1933 for the purpose of stabilizing the mortgage lending system in the nation, excluded Black neighborhoods from government-insured loans. Those neighborhoods were deemed "hazardous" and colored in with red on maps, a practice that came to be known as "redlining." Redlining perpetuated segregation and contributed to income disparities, poor health outcomes, and higher rates of both violent crime and police violence due to the concentrated, systemic lack of resources. (4, 6) Under Austin's 1928 Master Plan, city services were denied to Black and Hispanic people outside of the segregated "Negro District". Unable to secure mortgages outside of this segregated zone, this forced relocation stripped Black and Hispanic families of wealth as well as barring access to healthcare facilities outside of this area. (5)

1980

INEQUITY IN THE TAX CODE

In the 1980s Congress eliminated the tax deduction for charitable donations on non-itemized returns. At the same time, they increased the number of people eligible for that type of return. This change effectively made charitable donations more expensive for those with lower incomes. This change was particularly harmful for Black donors who give a larger share of their income to charity (10).



2020

REDEFINING PHILANTHROPY BEYOND THE TAX CODE



The 1969 Tax Reform Act created Section 501(c)(3), defining a legal status for charities. Organizations that are able to navigate this process have access to tax exemption for charitable donations, are eligible for more funding grants and have limited liability for operators. However, this process can be prohibitive due to fees and required knowledge of qualifications (11). Many Black-led community groups are involved in providing charitable services to their communities, but are unable to access many of the resources available through 501(c)(3). However, these Black-led groups continue to provide valuable services to Black neighborhoods and further a legacy of Black philanthropy beyond what is defined in the tax code (10).

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