FPLG: BLOG

"Rage Giving": Once Again, All the Rage

10.05.21 | Linda J. Rosenthal, JD

"Nonprofits are usually happy to receive a contribution," observed one reporter recently, "but 'rage giving' has its drawbacks." See *How the Supreme Court Texas abortion ruling could spur a wave of 'rage giving'* (September 4, 2021) Charles Passy, *marketwatch.com*.

"The phenomenon of donating money out of sudden anger or concern is becoming increasingly common — to the point that fundraising experts have adopted a term for it: rage giving."

It's been a few years since we've written about this double-edged-sword phenomenon, but headlines in the past several weeks bring it again to the front burner. For instance, the Texas Equal Access Fund, providing financial support to low-income women seeking an abortion, raised some $200,000 just in the day and a half following news of the Supreme Court's (non)-action on Texas's SB 8. This organization also received a deluge of volunteer offers.

Not a New Development

"The idea of giving to charity in response to a news event isn't necessarily a recent development," according to Nick Black, cofounder of social-fundraising platform, GoodUnited. It's been used successfully for decades by disaster-relief and humanitarian organizations.

Experts say that this "charity as a form of protest" is "growing in popularity in an era when people's passions and feelings, especially in connection with political or social issues, can be supercharged by social media. In turn, nonprofit groups are using social media as a way to quickly raise money when the news may prompt such giving."

In the early days of the former Administration, this type of impromptu fundraising happened quite frequently. We discussed it in *Rage Giving: What's The Formula For Success?* (August 21, 2018), highlighting the American Civil Liberties Union as an example of a group that not only coped relatively well dealing with the skies opening up and raining down money but also that managed to turn these new donors into more permanent supporters.

There were several elements to the ACLU's success in dealing with the rage donations. First, it was a 100-year-old organization "with an institutional tradition and memory of change and flexibility over the decades. When times and circumstances changed, activities and tactics were reevaluated."

Second, leadership was extraordinarily prescient and proactive in the months ahead of the 2016 election in planning for a contingency considered "unlikely but still possible." Third, because of factors one and two, they "did a good job of scaling upward quickly and efficiently."

In *Rage Giving: The RAICES Example* (January 31, 2019), we discussed another – much smaller and relatively newer – nonprofit organization that found itself suddenly center stage in the maelstrom of the controversial Administration border policy. The Refugee and Immigrant Center for Education and Legal Services, based in San Antonio, was a "formerly obscure Texas legal charity" that "struck the jackpot."

A family named Willner was among the many Americans outraged at the spectacle of families being torn apart at the border. They created a Facebook page for the purpose of "bonding out" one specific refugee family. But the original goal of $1,500 was far surpassed when, within six days, they had raised some $15 million and climbing.

RAICES proved adept at coping with the extreme change of circumstances, although there were initial glitches including a crashed website. They immediately hired more staff to keep up with "… so much money [they didn't] even know how much money it [was]." They also made "headlines more deliberately," calling a "press conference in Washington to ask the Trump administration to accept a $20 million bond check to free thousands of immigrant mothers, rather than requiring individuals to be bailed out one at a time."

RAICES also used some of the donations to create a database of separated children and a hotline to help in the child-parent reunification process. As of the date of our post in early 2019, we could report that "the RAICES story" was an example of success. But – as in the case of the ACLU – a key factor was that the Texas group "did not suddenly spring up out of nowhere…." For the prior 30 years or so, RAICES has been "the "leading expert" on "reuniting families." Family separation at the border had been "just something that nobody really talked about" but it was quite common for families to get lost in the immigration system.

Scaling-Up Challenges

These success stories may be the exception rather than the rule. "Money falling out of the sky does not always come free of charge; there are predictable pitfalls and complications." In particular, the need to quickly increase staff is often fraught with difficulties.

One such example from 2020, the Minnesota Freedom Fund, was the subject of an analysis published earlier this year in conjunction with the Master of Nonprofit Administration program at the University of San Francisco School of Management. See *Minnesota Freedom Fund Case Analysis* and *Minnesota Freedom Fund Case Presentation*.

Researchers Ted Kuster and Anastasia Cabrera studied this "nonprofit that provides bail funding to get people who can't afford bail released from pre-trial detention." In response to the "unrest following the killing of George Floyd," this organization "received an unexpected flood of donations…." But questions quickly arose concerning "… the honesty and transparency of the organization's disbursement of the funds."

"This is a story," explain Mr. Kuster and Ms. Cabrera, "about an organization whose efforts around criminal justice reform were put at risk by the perception of unethical practices."

This organization ordinarily raises about $110,000 a year from donors. But in 2020, the Minnesota Freedom Fund's donations spiked suddenly to over $35 million. Donors "sought to help bail out protesters who'd been arrested, and to express solidarity with the aims of the protests." But – of course, the MFF "was not set up to handle that influx of money. By May they had only expended about $200,000, and had started telling people to donate to other organizations."

Word got out that some of the donations had been "spent on long-term legal costs and for bonds for immigrants detained by Immigration and Customs Enforcement (ICE), instead of directly going to "bail payments." Certain donors who were "feeling scammed," turned to social media platforms to "… accuse MFF of 'stealing' and 'hoarding', and to demand transparency…."

The piling on was exacerbated by political figures, including the former President, who stirred up emotional, anti-MFF sentiment. And, "as the MFF funding appeal went viral on social media, some unscrupulous people set up Venmo accounts falsely suggesting connections to the organization, and some donors complained that they had been taken in."

The USF researchers concluded that a "variety of factors contributed to the perception that the MFF was playing fast and loose with money that had been donated in response to the George Floyd killing." First and foremost, it was a tiny group in operation for just four years when this donation downpour hit. It "only ever had a single full-time staffer, plus two part-time workers at different times. It's often not possible for a small group with minimal staff to immediately deploy millions of dollars."

In addition, many of these first-time donors didn't know much about the MFF's regular mission or the particulars of how bail-fund organizations must operate. For instance, "sharing information on someone's specific case would break confidentiality" and there are necessarily bureaucratic delays that can slow the process. "Workers have to research the names of people being held, then walk the cash over to the relevant jail, making sure they have the exact amount of money that is due."

More particularly, "bail funds can only be expended at the rate that they are assessed by courts." So, vast sums of money cannot possibly be disbursed as quickly as the funds pour in.

The researchers detailed the many steps taken by the Minnesota Freedom Fund in the wake of this firestorm of criticism to "remedy the damage to its reputation and its future ability to raise funds for its mission."

They also set out a series of open questions including, most notably: "What would MFF have had to do to be fully prepared for the unexpected influx of funding and public attention that took place in 2020?"

Conclusion

As crowdfunding and – more specifically -"rage giving" continue to be a prominent part of the charity-fundraising landscape, there will likely continue to be foreseeable and widespread problems with "scaling up quickly and smartly to deal with the emergency event as well as the sudden flow of resources."

— Linda J. Rosenthal, J.D., FPLG Information & Research Director