



**SOCIAL IMPACT  
COMMONS**

# The Economics of Justice

*Balancing Cost and Economic Sustainability with Equity and Social Justice*

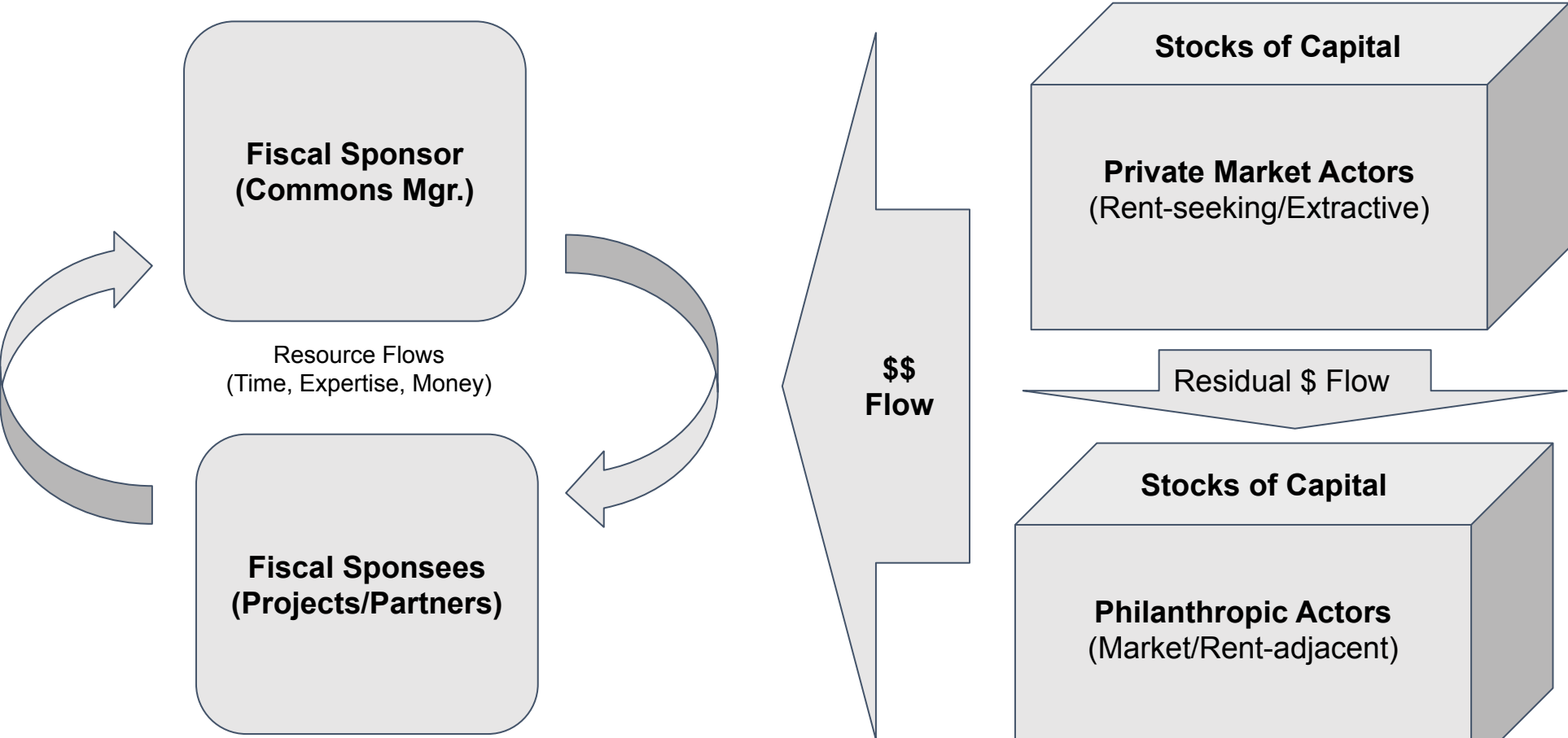


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# Virtuous Cycle of Solidarity: Fiscal Sponsor as Co-op



# Fiscal Sponsorship Resource Models

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High to 100%  
Subsidized

Minimal cost  
recovery from  
sponsees



Moderately  
Subsidized

Some portion of  
whole cost is  
recovered from  
sponsees



100% Whole Cost  
Recovery

All fiscal  
sponsorship costs  
are recovered  
from sponsees



More akin to  
conventional  
nonprofit model

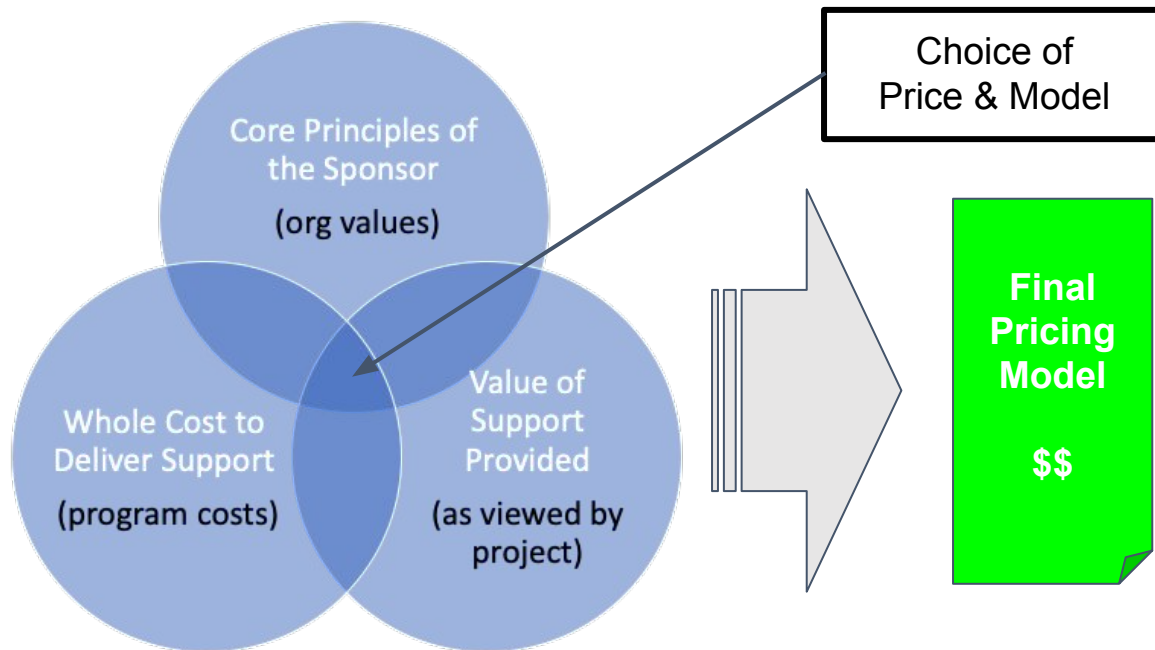
More potential to  
operate like a  
co-op



# The Intersection of Equity & Economics

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Regardless of resource model, there is a relationship between **cost to deliver**, **value to projects**, and **principles\*** that informs a set of economic choices for fiscal sponsors and, by extension, basic assumptions about “business model”.

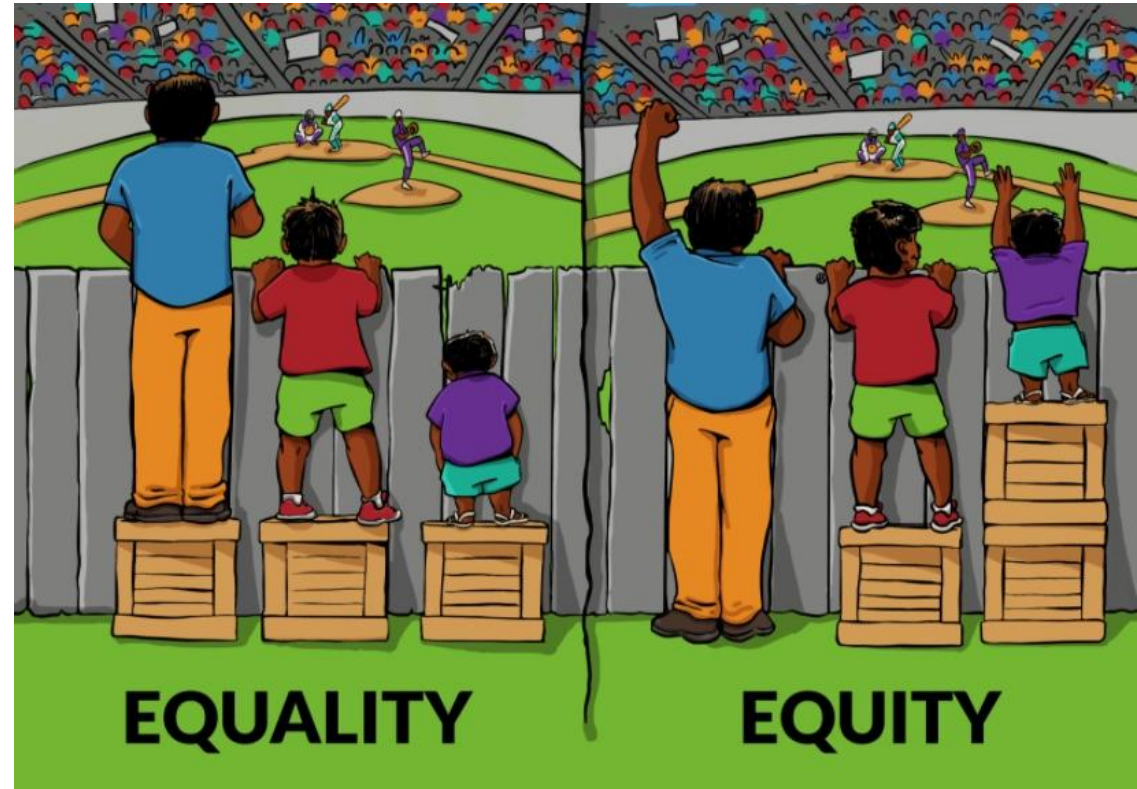


(\*) Here we are substituting the term “principles” for what many organizations call “core values” in order to differentiate from the use of “value” to denote the value of service exchange.

***NOTE! Equity practices are not just about money. Cultural competency, process design, power structures, and other considerations are just as vital to centering equity.***

# Equity & (In)equality

Practicing according to principles of **equity** and **social justice** often entails providing intentionally **unequal access** and/or **unequal resource allocation** in the interest of compensation for present and historic barriers to access, disenfranchisement, and disinvestment.



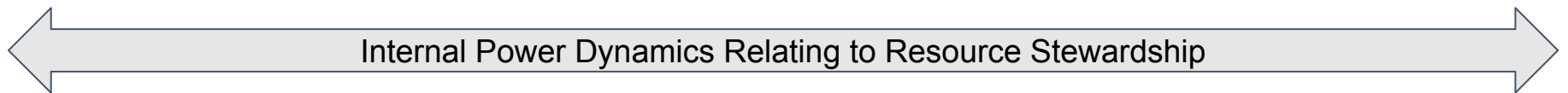
Source: [Interactioninstitute.org](http://Interactioninstitute.org)



# Justice Economics - Context Matters

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In decisions concerning the relationship between economics and social justice and equity, it matters **who's in control\*** and **who's being supported**. Taking race identity as a the most significant, but not sole, social justice consideration...



More potential for colonialist and white supremacist dynamics.

(\*) "Led" and "leadership" refers here to *both* management and governance.

More potential for culturally sovereign stewardship.



# Justice Economics - Strategies

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These three strategies are not the only approaches to fostering equity and justice, but figure prominently, and are not just matters of economics. Considerations of organizational structure, formation, process, decision making, etc. also factor.

**Lowering/Removing Barriers** - The process through which economic, procedural, knowledge, physical and other barriers are removed for people for whom such barriers are and have been historically presented.

**Reparations** - The making of amends for a wrong that has been done by paying money to or otherwise helping those who have been wronged.

**Cultural Sovereignty/Competency** - Providing a working environment that centers the language, values, customs, practices, and knowledge of a particular cultural group or social/political organization.



# Justice Economics - Units

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>>> Any consideration of pricing and equity/social justice requires that you as fiscal sponsor **know** (have determined) what your **whole cost to deliver** is for any period of operations.

There are three basic approaches to price/cost *unitization* in the fiscal sponsorship field:

- **Proportionate to Activity (Percent):** Assessed against financial activity, either revenue or expense.
- **Lump Sum (Cost Per Unit):** An all-inclusive flat fee, usually assessed for a time period (e.g., monthly).
- **Time & Materials (Level of Effort):** Time and materials are separated and assessed as consumed.





# Justice Economics - Models

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These models all are reckoned against an understanding of ***whole cost to deliver***, which itself *could* be considered a “price” (you could simply pass on the whole cost to clients, excluding “profit”).

There are seven basic approaches to structuring the above units into a *pricing model*:

- **Community Determined** - Price determined by a group decision making process with constituents.
- **Pay-What-You-Can** - Buyer-determined pricing based on buyer identity or perception of value.
- **Reconciliation** - Base price is reconciled relative to actual services consumed and/or subsidies received.
- **Sliding Scale/Graduated** - Pricing changes relative to service need, size of organization, identity, etc.
- **Equal (Flat)** - All customers are charged the same unitization (percent or lump sum).
- **Industry Standard** - Price determined by consensus of a field of practice or “industry”.
- **Loyalty/Incentive** - Incentives, either in the form of added services and/or discounted costs, are offered to motivate longevity of relationship and/or encourage growth of budget.



# Justice Economics - Considerations

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***Subsidized or contributed services entail a dynamic of “philanthropic indenture” (an unequal power dynamic and tacit exchange), akin to the historical notion of “debt slavery”.***

**How do you think about the intersection of economics (cost), equity, and social justice?**

- When is offering services for “free”/low cost more just/less just/equitable?
- When is assessing full cost more (or less) just/equitable?
- Are proportionate (percent) pricing models more just than fixed/flat pricing models?
- To what extent does overall sustainability of the sponsor become a matter of social justice?
- Is it possible that equitable treatment of individual projects can undermine the sustainability of the whole sponsor, and thereby pose a threat to justice overall?
- What is the relationship between *value* and *affordability*?





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