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## “Getting Money Into People’s Hands.” The Vetted Direct Giving of L.A.’s The Change Reaction

Wendy Paris | June 16, 2022



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Greg Perlman is on a mission to redistribute his personal wealth, one hardworking Los Angeles resident at a time. Perlman, who made his fortune acquiring and managing affordable housing, and his wife, Jodi, are founders of The Change Reaction. This L.A.-based, three-year-old organization is working to master the art of hyper-local, vetted direct giving.

The Change Reaction locates potential grant recipients through an ever-expanding network of professional helpers — social workers, nurses, doctors, faith leaders, police officers, lawyers, city council members and community-based change agents — and distributes funds through them to individuals in need. These intermediaries fill out brief, online grant requests that explain people’s needs, submit them for approval from The Change Reaction team, then forward the funds or pay the grantees’ bills directly. Through this network, the foundation fields and generally funds about 25 to 30 grant requests a day, often within 24 hours, always within 48 hours.

Rather than funding ongoing financial gaps, The Change Reaction specializes in “preventative giving,” stepping in during a crisis or to support people’s specific efforts to stabilize their families or raise their earning potential. Grant requests are typically for small-ticket items such as the cost of a car repair for a commuter, furnishings for a formerly unhoused family’s first permanent apartment, or PPE and work boots for attendees of a vocational training program. “We really like the future viability to be shown, to be giving to families that look like they’ll be able to stand on their feet after,” says Perlman.

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Vetted direct giving puts Perlman and his staff of six in direct contact with the city's thousands of helping professionals and many of the people they serve. This makes Perlman particularly enthusiastic about this style of giving: Unlike sitting in a boardroom discussing problems at the macro level, it's intimate and personal. Results are tangible, immediate and clear.

On a wall in Perlman's Sherman Oaks office, a collage of thank you notes attests to the life-changing impact of receiving direct cash to address a specific problem. More letters appear on the company website. These notes are hand-written, heartfelt, and often tear-jerking. One reads, “Never in my life has someone been so kind in this way.” Another one, about a rent payment covered, has the line, “We cannot wait for the time in our lives where we can also help someone else in the way you've helped us.”

Perlman says the experience of solving a real person's real crisis, *right now*, makes him feel like he's on the receiving end of a gift. It also helps him address his big-picture goal: supporting the hardworking residents of the incredibly stratified Los Angeles County by helping them meet expenses that could otherwise tip them into a downward spiral toward catastrophe.

### **The life-changing magic of giving a hand up**

Take the case of John (name changed for privacy), a 30-something L.A. resident recently released from prison after a five-year sentence and determined to build a stable, productive life. He took classes through the prisoner reentry and education nonprofit Mass

Liberation. He saved enough money through part-time gigs for a down payment on a car and raised his credit score to secure financing. He landed a full-time job he was excited about, working in the kitchen of a fancy movie theater serving fresh food. John was on his way to self-sufficiency.

Then, as often happens in everyone's life, an obstacle arose.

While at the Department of Motor Vehicles, John discovered a long forgotten, pre-prison fine of about \$400. His careful budgeting didn't include a line item for unexpected expenses. “This happens a lot to guys coming out of prison,” says Joelle Kirtley, CEO and cofounder of Mass Liberation, a small, newish nonprofit that is a partner of The Change Reaction. “They'll have a DUI from the past, or a child support payment. They have to take a class, or rent a breathalyzer to put in their vehicle, or pay a fine.” John was executing everything perfectly, says Kirtley. But that \$400 stood between him and his driver's license, and thus his car and job — between successful reentry and the collapse of all his plans.

But as a partner of The Change Reaction, Kirtley had a solution. She filled out a grant request, explaining the situation. She got the money for the fine and paid off the hold. Within a week, he had cleared his record, obtained his driver's license and begun working. He's still at his job and loving it.

“This model allows us to step in when our clients are in really difficult situations and change their lives,” says Kirtley. “I know that sounds like an exaggeration, but

it's not. There's no way I would be able to do these things without it. We don't have a budget set aside for emergency situations for clients.”

## **Nixing the “want of a nail” problem**

Perlman, 56, is not a newcomer to philanthropy. Through his company, GHC, he started a foundation in 2009 to help low-income residents living in GHC-managed properties. That charity, [All Ways Up](#), has since evolved to focus on helping first-generation and low-income youth get a college degree.

The seeds of The Change Reaction were planted when he was visiting a homeless shelter with his family about eight years ago on a Christmas-present-delivering mission. When they arrived, the place was relatively empty. Perlman learned that most residents were still at work. He was shocked. “I said, ‘What do you mean they're working? I thought this was a homeless shelter.’ It just shook me to my core that these working people were living in a shelter.” That experience began a process of investigation that ultimately led to The Change Reaction.

After that visit, the shelter's then-executive director, Wade Trimmer, reached out to Perlman to get his thoughts about some of the challenges his organization was facing. Trimmer thought Perlman might have some creative solutions. This grew into a monthly lunchtime meeting at the P.F. Chang's below Perlman's Sherman Oaks real estate office. Over lunch, Trimmer shared stories of specific struggles faced by Angelenos, many of which could easily be solved with what, to Perlman, seemed a small amount of cash. For instance,

the situation of a 10-year-old girl named Leilani, who lived with her grandmother.

Leilani was upset, Trimmer told Perlman one day, because her grandmother was in the hospital for chemotherapy and would soon be coming home to a “bed” of newspapers on the floor. She didn’t own a mattress. Perlman, appalled and upset by this fact, decided to buy a bed for Leilani’s grandmother. Next, he began paying to furnish the apartments of shelter residents moving into permanent housing. The thank-you notes began arriving. The obvious value of direct cash was impossible to ignore. These experiences with vetted direct giving eventually led the Perlmans to launch The Change Reaction in 2019. Perlman hired Trimmer to be the president. Together, they began seeking out other professional helpers who knew people in need.

“It’s not even a dream job. It’s a dream,” says Trimmer of the position he holds. “It’s always been about having to raise the money. This is about how to spend the money. The challenge is getting the money into people’s hands.”

### **The challenge of getting money to the people**

Since 2019, The Change Reaction has distributed nearly \$17 million in small grants throughout Los Angeles County. This is mostly Perlman’s own money, but also that of a few relatives and real estate associates-turned-donors. The organization partnered with UCLA Health early on to pay for complications that arise in a family when someone is in the hospital. Today, that has grown into relationships with three

hospitals, and what will be nine by the end of June 2022. Perlman has yet to meet his goal of giving away \$25 million a year.

The Change Reaction distributes money in three ways. About 100 partner organizations have standing “Angel Fund” accounts, each between \$5,000 and \$250,000. Staff at these organizations apply for grants for or with individuals, then draw down on their fund once a grant is approved. Some tried-and-trusted organizations make the call themselves, giving small grants first and documenting them after.

A second group comprises individuals who have debit cards waiting to be loaded. These are community activists, faith leaders, lawyers, police officers and others who interact with people in Los Angeles living just above the federal poverty line. When they learn of a need aligned with The Change Reaction’s mission, they fill out a grant request and The Change Reaction puts the funds on their card. The third way The Change Reaction gives money is through referrals from people outside their network. The Change Reaction sends about 50 checks a week directly to landlords or car repair centers in this way.

This model requires grantee organizations and change agents to hear the stories of every single grant applicant and submit a new application for each one. This sounds like a lot of work for small sums of money, but Mass Liberation’s Joelle Kirtley says the process is streamlined and efficient. “One of the benefits is the ease. Compared to a government grant, it’s far less onerous.”

Chelsea Mottern, associate director of grants at LA Family Housing, says the individual application process worried her at first. Now, she sees the application process as a positive for everyone on the giving chain. A case manager fills out a grant request, hearing the person's story. Mottern reads that application, gets to know something about the client and passes it along. Someone at The Change Reaction learns about the grant requestor, too. “Reading their stories really humanizes the people. It's fun and different from a lot of what we do because of the human element. It also makes me feel good because I get to tell the case manager yes. The case manager feels good because they get to tell the client yes. The client feels like there's someone watching out for them.”

### **Direct giving, vetted**

Change Reaction's model — direct cash to people facing crisis — is part of a growing movement in philanthropy of putting money directly in the hands of those who need it. As we've written before, the direct payment model got a big boost during the [pandemic](#), when ongoing shutdowns left unprecedented numbers of people facing immediate financial ruin that often could be alleviated through relatively small sums given quickly.

GiveDirectly, the leader in the direct cash model, is a decade-old nonprofit that allows donors to give money to people living in poverty in Africa, the Middle East and the U.S. Tyler Hall, the director of communications at GiveDirectly, says, “There is a growing understanding of the importance of direct giving and a growing cache of research showing that

direct cash is really impactful. People spend it on needs.”

There are critiques of the direct cash model, such as that it doesn't address the structural inequities that lead to poverty. A related concern is that it can route money away from institutions and organizations better able to address systemic problems. And, as an [Associated Press article](#) about the Twitter giving of multimillionaire philanthropist Bill Pulte recently put it, no one wants a philanthropy model that pits desperate people against each other in a competing bid to be noticed and funded.

Perlman sees his model as different from direct giving, and better. Working with professional helpers is a way to “crack the code of direct giving,” he says. “There are millions of people who could use the extra thousand dollars. If I put an ad out, I'd have a line from here to Alaska. I wouldn't know if what people were telling me was true. Giving the best people money is a game-changing way to do this business.”

Working with partner organizations also allows The Change Reaction to learn about the needs of professional helpers. At LA Family Housing, for example, The Change Reaction has created a fund to pay professional development costs for staff up to \$750 a year. “It's helped us retain and attract staff,” says Mottern.

Also, private philanthropists can use a different metric for measuring success than the government can, says Perlman — a more realistic one. “Say out of my 15,000 grants, 2,000 don't go right. I would judge myself on

the 13,000 good ones. The government would shut the program down.” Both Perlman and Trimmer see government interventions as often too slow for problems that become more damaging daily if left unaddressed.

Trimmer says that while traditional foundation work is incredibly important, the Request for Proposal application process is outdated, often inefficient, expensive and unnecessarily competitive. “It’s like scratch-it tickets,” he says. “All the time you spent on that proposal came out of your nonprofit’s budget, even if you don’t get the grant. With The Change Reaction, there are no losers in an RFP process. The answer is pretty much always yes.”

Trimmer also thinks traditional philanthropy can be too “sanitized. Having been on the nonprofit side for almost 30 years, I have never seen donors more fulfilled than when they give directly,” he says. “They see the people. There’s not a day that goes by that we’re not in tears.”

The Change Reaction asks the recipients to “pay it forward” in some way. “It’s an ‘out’ for them,” says Perlman, a way that they become part of a larger solution, rather than merely seeing themselves on the receiving end of aid. This could be something simple, like offering a neighbor a ride or planting a garden. The professional intermediaries also benefit from the vetted direct giving model, by virtue of being looped in and lifted up. “We’re turning helpers into heroes,” he says.

## **An upward spiral of possibility**

Consider Veronica Gallegos, a case manager at LA Family Housing. Her official title is “housing stabilizer.” In this role, she helps people find housing and deal with the problems that can cause them to lose it. She knows what they are going through first-hand. In 2005, she was a single mom of a five-year-old, working and going to college at the same time. “I was on welfare and received Section 8. I remember crying, asking, ‘How am I going to pay my rent? Do I owe any money? Should I pay my rent or this light bill?’ If I would have had someone to help guide me or point me to the resources in the community, I think life would have been so much easier. That’s why I love what I do. I have the ability to say, ‘I’m here. This is what I can help you with.’”

On this day, Gallegos has a 3 p.m. meeting with a single mother of three who has been out of work for a few months due to chronic anemia from an as-yet unidentified cause. The mother’s car registration is about to expire, and she doesn’t have the \$200 needed to renew it. Gallegos has the money, thanks to The Change Reaction. “I told her, ‘Bring me your car registration and let me see what I can do. I get so excited, I almost feel like it’s my money. To be in a place today where I can help others in need is the best reward ever.’”

Gallegos says grant recipients don’t expect this kind of help, or even a fair opportunity. “They need to know that they are deserving of this and that there’s help out there. For us to have the Perlman fund is life-changing, for me and for them.”

Hallie Stone is the manager of the clinical social work department at Children’s Hospital Los Angeles. She’s been there 15 years and oversees about 100 people. She started working with The Change Reaction in the fall of 2020. She’ll often submit a grant request for about \$500 or \$600, only to have The Change Reaction team say they’d like to do more. Stone says the value of the gift has a bigger impact than the dollar amount because it alleviates worry. “It is a stress-reliever. Families can breathe for a moment. They don’t have to make those difficult choices. They can focus on their child and on talking to the doctor, rather than having to go back to work that minute to pay rent. They can take a deep breath and support their children.”

Kirtley also says that the emotional pay-off is of real value. “For someone who’s been in prison, having someone say, ‘We’ve got it,’ is incredible. It’s something they’ve never experienced.”

Perlman would like other wealthy people to grasp the glee that comes from changing someone’s life, and seeing the impact first-hand. “Too many people are not recognizing the fun we’re having,” he says. He would like others to follow his model, either by partnering with him or starting their own vetted direct giving foundations. “My goal is for other people with wealth to do this. Let’s start aggregating the dollars so we can start making a difference here in L.A. and be a model for the world.”

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