


# The Racial Wealth Gap and the Racial Funding Gap are Inextricably Connected

Just as the racial wealth gap persists, so too does the racial funding gap. Structural racism and implicit bias within philanthropy limit the amount of power and resources allocated to the work led by people of color, even though this is where our resources could have the greatest impact.





Anti-racist grant makers understand that race is a driver of societal inequality, as well as a driver of inequality in how we designate philanthropic resources and recognize when we are reproducing racialized harm within philanthropy. We unintentionally reproduce harm when we utilize color-blind strategies in grantmaking or allow implicit bias to dictate who we fund.

We begin where we stand; there is no perfect way to begin a journey toward realizing racial and economic justice. It will be messy; it will be uncomfortable; it will be rewarding; and it will require courage and vulnerability. All of us will make mistakes. We must be brave and ask for forgiveness when we do, and we must be kind and give each other grace when others misstep. We acknowledge that this is an ongoing commitment to action and change; there is no better time or place to start than from where we stand now.

The racial gaps in personal wealth and income in America result in the wealthiest donors, many of them White, and foundations, with majority White boards of directors, leadership, and program officers, being more likely to fund people who look and think like them, thus maintaining the status quo.

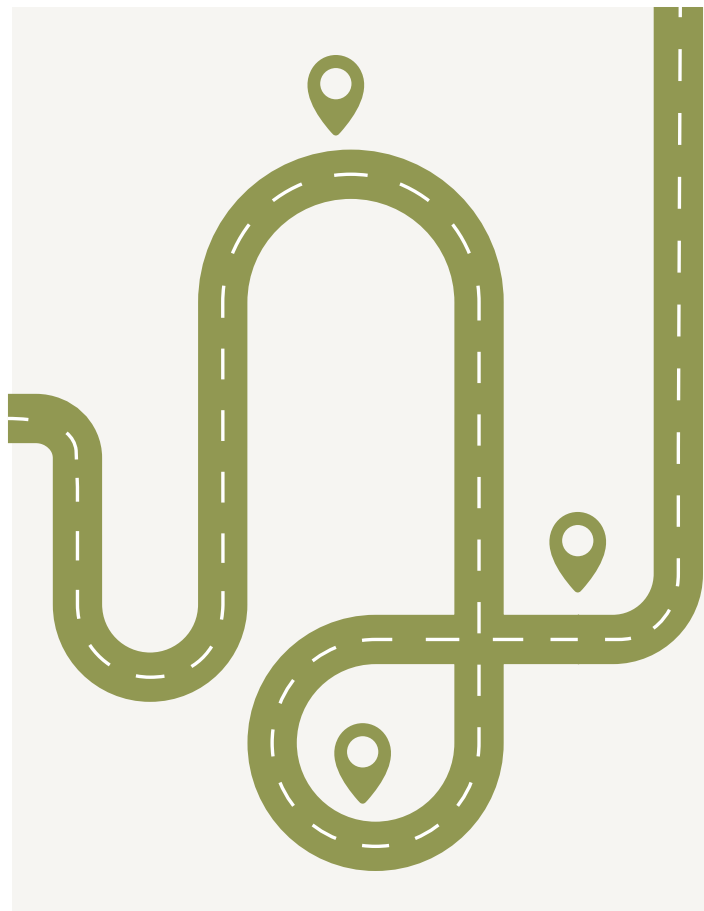
Over the past five years, there has been minimal change in the racial diversity within philanthropy. Even as the number of donors and foundation staff members of color are growing, philanthropy is still largely controlled by middle- to upper-class White people.<sup>29</sup> People of color compose 27.3% of full-time foundation staff, up slightly from 25.8% in 2016, and 10.3% of those in CEO and leadership roles are people of color, which has remained unchanged from 2016.<sup>30</sup>

One consequence is that organizations and initiatives led by people of color do not have access to the same networks of wealth that White-led organizations do, which makes them appear less financially resilient. Because of this, financial stability, an indicator used by many mainstream funders, is an inaccurate measure of the effectiveness of its leadership or potential.<sup>31</sup> This also directly correlates with how implicit bias impacts which potential grantees or initiatives are seen as risky,

credible, or innovative, and gives an edge to work that conforms to sector standards, which are easier for well-funded White organizations to meet. Moreover, mastery of academic English, slick branding and websites, and relationships with prestigious people and institutions increase the likelihood that White-led work will secure and sustain funding.<sup>32</sup>

We must first recognize how we might cause racialized harm within philanthropy through color-blind strategies in grantmaking or by allowing implicit bias to dictate whom we fund; it's only then that we can create new frameworks from which to select and evaluate new grantees. When we work to understand how anti-Blackness and Indigenous invisibility create biases in our grantmaking, we are able to create grantmaking strategies that are pro-Black and that prioritize Indigenous sovereignty. And we strengthen our grantmaking when we work to dismantle White fragility within ourselves and our organizations so that we create safe and brave spaces in which to become organizations that center racial equity at all levels.

The transition from less extractive to more reparative philanthropy centered on people of color requires us to be **transparent, self-reflective, and accountable** to impacted communities in how we approach our work. As we explored in our earlier chapters, this process is a journey.



## THE JOURNEY ASKS US TO:

- Understand how we may have been complicit in the systemic accumulation and concentration of wealth in the hands of a few and to act to correct it.
- Understand and change how we manage and invest our endowments, so that we are not contributing to the growth of the wealth gap.
- Increase how much we spend so that economic justice becomes our North Star.

Although systemic inequities significantly and disproportionately harm people of color across all races, reparative investments are an incommensurately small amount of philanthropic funding. Asset-building funders who commit to racial justice also commit to an understanding that there is no universal solution to systemic racism and racial economic inequality. Scaled transformative solutions will take persistent and focused investment over the long term.

We maximize our impact when we shift more resources toward communities of color so that grantmaking, at minimum, becomes commensurate with population size to advance an equitable economy. **But we must also work toward equitable reparative giving, in which those most impacted by systemic inequity receive philanthropic support, not just proportional to population size, but proportional to the injustice we seek to correct.** In summary, overtly racist policies and individual implicit biases are not alone to blame for funding inequity. Risk aversion, closed networks of White-led foundations and nonprofits, and seemingly

race-neutral or color-blind policies also contribute to historic inequities in funding<sup>33</sup> and actively hurt leaders of color. Color-blind grantmaking ignores structural racism and thereby risks exacerbating existing racial disparities. Moreover, implicit bias can creep in when color-blind or race-neutral grantmaking misidentifies symptoms from root causes by not recognizing systemic racism as the true root cause of inequity and poor outcomes among people of color.<sup>34</sup> We can reframe this perspective by adopting race-conscious grantmaking, which considers the racialized experiences of communities of color and acknowledges that, due to racism, race is a predictor of life outcomes.<sup>35</sup>

When we take action to do the perpetual work of being anti-racist grantmakers who understand that race is a driver of societal inequality, as well as a driver of inequality in how we designate philanthropic resources, we begin the essential work of moving from the status quo toward realizing economic justice.

## THE RACIAL FUNDING GAP

# Reflection Questions






Addressing these questions will help create a baseline for your current context and journey as you move through the primer.



- **How can we coordinate our resources to more robustly fund organizations led by people of color?**
- **Where is there opportunity to expand equitable access to organizations we have not previously funded?**
- **What will it take to earmark significant amounts of money in our upcoming grant cycle to fund wealth-building initiatives led by people of color?**
- **What would it look like for us to be less extractive in our philanthropy?**
- **What structures and support are in place (or needed) for us to be reparative in our philanthropy?**
  - How can we deepen alignment and partnership between our board members, senior leadership, staff, and community to build a regenerative approach to our philanthropy?
  - What can I do within my role to sustain efforts within our organization to prioritize racial and economic justice?
  - Where is there internal alignment between our mission and our aspirations for racial and economic justice that can build synergy with the community, and where is there tension that needs to be addressed?
- **What sector standards do we need to relinquish in order to better support leaders of color?**
  - What will it take to move flexible resources on a large scale to people-of-color-led organizations that are primarily accountable to movements in their communities and capable of redistributing these funds?
  - What steps can we take to “fund at the source” so that we are not perpetuating White supremacy by writing checks to support larger, White-led nonprofits instead of smaller, less well-resourced organizations led by people of color?
- **What will it take to prioritize Indigenous sovereignty and self-determination when working with Indigenous people and communities?**
- **What will it take to understand and dismantle the ways in which anti-Blackness has impacted our grantmaking, organizational practices, and relationship with the community?**
- **How are White supremacy culture and White fragility within our organization impacting progress toward realizing racial and economic justice?**

## Conclusion

As funders, we deepen our impact by threading racial justice throughout the fabric of our organizations – from our theory of change to program design to policy to implementation and evaluation.

-  This work has the most impact when we do it intentionally and on an ongoing basis.
-  We live up to our ideals within our sector when we build a culture of critical self-reflection and take sustained action toward racial equity and transformational philanthropy.
-  By looking inward, we challenge and change racist and race-neutral policies that impact how, who, and what we fund.
-  By questioning our beliefs, we work toward evolving and building a sector committed to redistributing opportunity and wealth, irrespective of race, ethnicity, gender, generation, or a host of other systemic factors.
-  And by pursuing concrete actions, we will work to ensure that economic control and power are shared with communities to achieve economic justice equitably for all people.



## Endnotes

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29. Cheryl Dorsey et al., "Overcoming the Racial Bias in Philanthropic Funding," *Stanford Social Innovation Review* (2020), [https://ssir.org/articles/entry/overcoming\\_the\\_racial\\_bias\\_in\\_philanthropic\\_funding](https://ssir.org/articles/entry/overcoming_the_racial_bias_in_philanthropic_funding).

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32. Cheryl Dorsey et al., "Overcoming

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33. Cheryl Dorsey et al., "The Problem with 'Color-Blind' Philanthropy," *Harvard Business Review*, last modified June 5, 2020, <https://hbr.org/2020/06/the-problem-with-color-blind-philanthropy>.

34. Ibid.

35. Ibid.