AFN ASSET FUNDERS NETWORK

REALIZING ECONOMIC JUSTICE

Confronting Racial Bias in Asset Building Philanthropy

# ON THE ROAD TO RACIAL AND ECONOMIC JUSTICE

Essential Questions for Addressing Racial Bias in Asset-Building Philanthropy

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# ON THE ROAD TO RACIAL AND ECONOMIC JUSTICE

## Essential Questions for Addressing Racial Bias in Asset-Building Philanthropy

AFN developed the *On the Road to Racial and Economic Justice* funder primer to help asset-building funders navigate and to expand our commitments toward realizing racial and economic justice. We do this together as part of a learning community working toward mission fulfillment. This primer is meant to support you, wherever you are, on your own journey toward achieving racial and economic justice through deep reflection and focused intention. We hope you use this primer to support level setting, shared analysis, and a framework for reflection as the first step toward action within your asset-building-focused grantmaking.

# Introduction

## MOVING FROM SOLIDARITY TO SYSTEMS CHANGE

There is no perfect way to begin a journey toward realizing racial and economic justice in grantmaking.

Amid a pandemic and racial justice uprisings, many leaders in philanthropy made statements of solidarity with people of color and pivoted funding to be more responsive and accessible to the most impacted communities, which meant investing millions of dollars in pandemic relief grants to Black, Indigenous, Latinx, Asian and Pacific Islander, and Southwest Asian and North African people. Some in philanthropy have begun to transform these statements of solidarity and emergency relief grants into sustained action toward racial and economic justice.

Moreover, the urgency for sustained transformation in 2022 and beyond is apparent as we respond to an insurrection that exhumed the racial hatred still deeply rooted in our nation's politics and reckon with recent high court rulings that threaten to widen racial and gender wealth gaps. This transformation toward a more racially and economically just society demands that we intentionally invest in work led by people of color to build resiliency, and more radically, to address the root causes of racial and economic inequity through systems change. We also acknowledge that, as a sector, philanthropy has been complicit in the systemic accumulation and concentration of wealth in the hands of a few. It is our duty to correct this in our grantmaking if we want to realize economic justice fully and authentically.

Racial justice requires economic justice; economic justice requires racial justice, and a catalyst to realizing both is asset-building-focused philanthropy.


Building upon racial equity grantmaking best practices and recommendations from our sector, as well as AFN's corpus of work related to race-conscious asset-building philanthropy, AFN developed the *On the Road to Racial and Economic Justice* funder primer to empower our network to deepen our reflective practice and spur action toward achieving racial and economic justice.

**This primer is meant to support you, wherever you are, on a journey toward achieving racial and economic justice with clear and deep intention.**

It is absolutely intended to instigate action, so the reflection questions offered at the end of each section are not rhetorical but are meant to be used and adapted into your organizational strategy sessions, weekly team meeting agendas, and conversations with grantees and partners in philanthropy. We define terms in our shared language document to support level setting across your organization and the ecosystem.

### THE CONTENT OF THIS PRIMER INCLUDES THREE SECTIONS:

#### MAKING THE CASE: HOW RACISM CONTRIBUTES TO ECONOMIC INJUSTICE

As asset funders who care about our collective economic prosperity, we must do our part to secure economic justice for and with people of color who have been systematically excluded from wealth building.

#### WHAT IS RACIAL BIAS IN PHILANTHROPY?

Many common philanthropic practices perpetuate bias within our sector and disadvantage initiatives led by people of color. There is no perfect way to begin a journey toward realizing racial and economic justice within our organizations and sector. It will be messy; it will be uncomfortable; it will be rewarding; and it will require courage and vulnerability.

#### 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 that is where our resources could have the greatest impact.

We recognize that grantmaking practices focused on racial and economic justice vary, depending on philanthropic focus, geography, populations served, and emergent events, so this primer does not seek to provide universal actions or plans for achieving racial and economic justice through grantmaking. **We instead offer reflective prompts with the goals of supporting our network in level setting and actualizing individual organizational frameworks for reflection, change, and action.**

We recommend using this primer alongside our brief, *From Relief to Resilience: Reimagining Reinvestments*, which provides concrete asset-building policies, strategies, and actions that support Black, Latinx, Indigenous, and Asian and Pacific Islander people who suffer because of historically and systemically entrenched financial disparities. Our forthcoming publication, *Learning in Action: Advancing Racial Equity in Asset-Building Philanthropy*, presents a series of case stories featuring how five different AFN members are incorporating economic justice and equity into grantmaking, policies, and operations. The case stories' five themes focus on how funders are tackling the issue of economic justice and the areas in which racial equity intersects with the grantmaking process and internal practices.

This primer complements additional resources on AFN's *Realizing Economic Justice (REJ)* platform. REJ is a series of activities, educational offerings and programming to present funding strategies and philanthropic practices members can use to confront and address racial bias in economic security and asset-building philanthropy. Because we believe that learning and action can take place simultaneously, we also want to highlight AFN's Equity Amplifier Directory as a resource to connect grantmakers with diverse organizations and communities in their region. This searchable directory leverages the connections of the AFN network to expressly highlight AFN member grantees focused on building economic security and asset building by, for, and with communities of color.

We aim to support our members, our sector, and ourselves, in looking inward to question how we define our priorities and whom we support through funding. By adopting this reflective framework, we seek to surface the questions we must continuously ask to fulfill our missions of becoming anti-racist asset-building grantmakers who understand that we must take action to champion race-conscious policies at the individual, institutional, and structural levels.

There is no perfect way to begin a journey toward realizing racial and economic justice. Learning and doing can, and should, happen simultaneously. Let's act from where we are today, so that tomorrow, race will no longer determine life outcomes for anyone.

INTRODUCTION

# Reflection Questions

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

## SEEKING RACIAL ECONOMIC JUSTICE

**What does racial justice mean to us, and how is it informing our work?**

- What becomes possible when racial justice is a priority within our philanthropic strategies?

**What does economic justice mean to us, and how is it informing our work?**

- What becomes possible when economic justice is a priority within our philanthropic strategies?
- Do you think of economic justice as the same, adjacent or parallel to, or intersectional with racial justice, and why? Is that the same or different from your peers?

**What do we know about:**

- How the qualities of and conditions for racial justice and economic justice inform and impact each other?
- How we can advance strategies that take advantage of this bidirectional relationship?

## FROM WORDS TO ACTION

**Have we translated our organizational statement of solidarity with people of color into action through funding?**

**If we have:**

- Name and describe the organizational policies that advance racial justice.
- Name and describe the organizational policies that advance economic justice.
- How can we more intentionally connect the policies that advance racial justice and economic justice?
- What will we do to hold ourselves accountable?

**If we have not:**

- What's holding us back from advancing policies and systemic change that advance racial and economic justice?
- What actions will we take to change this, and what is our timeline?
- What will we do to hold ourselves accountable?

**Are we simultaneously acting and learning by immediately allocating resources to racial and economic justice grantmaking? Is our approach to social investments effectively focused on racial and economic justice?**

**How will we create and share our commitment to realizing racial and economic justice honestly and transparently with our stakeholders — board, staff, grantees, the community at large?**

## POWER AND ACCOUNTABILITY

**How are we reimagining and redefining power and accountability to achieve racial equity and justice?**

- How are we explicitly and intentionally including and empowering people of color in the design of our policies and strategies to close the racial wealth gap?
- How has accountability historically been evidenced within our organization?
- To whom have we been accountable in the past? Currently?
- How might accountability shift or become more inclusive when we prioritize racial and economic justice?
- When we shift or expand to whom we are accountable, what will change about the ways in which we select grantees or how we evaluate changes?

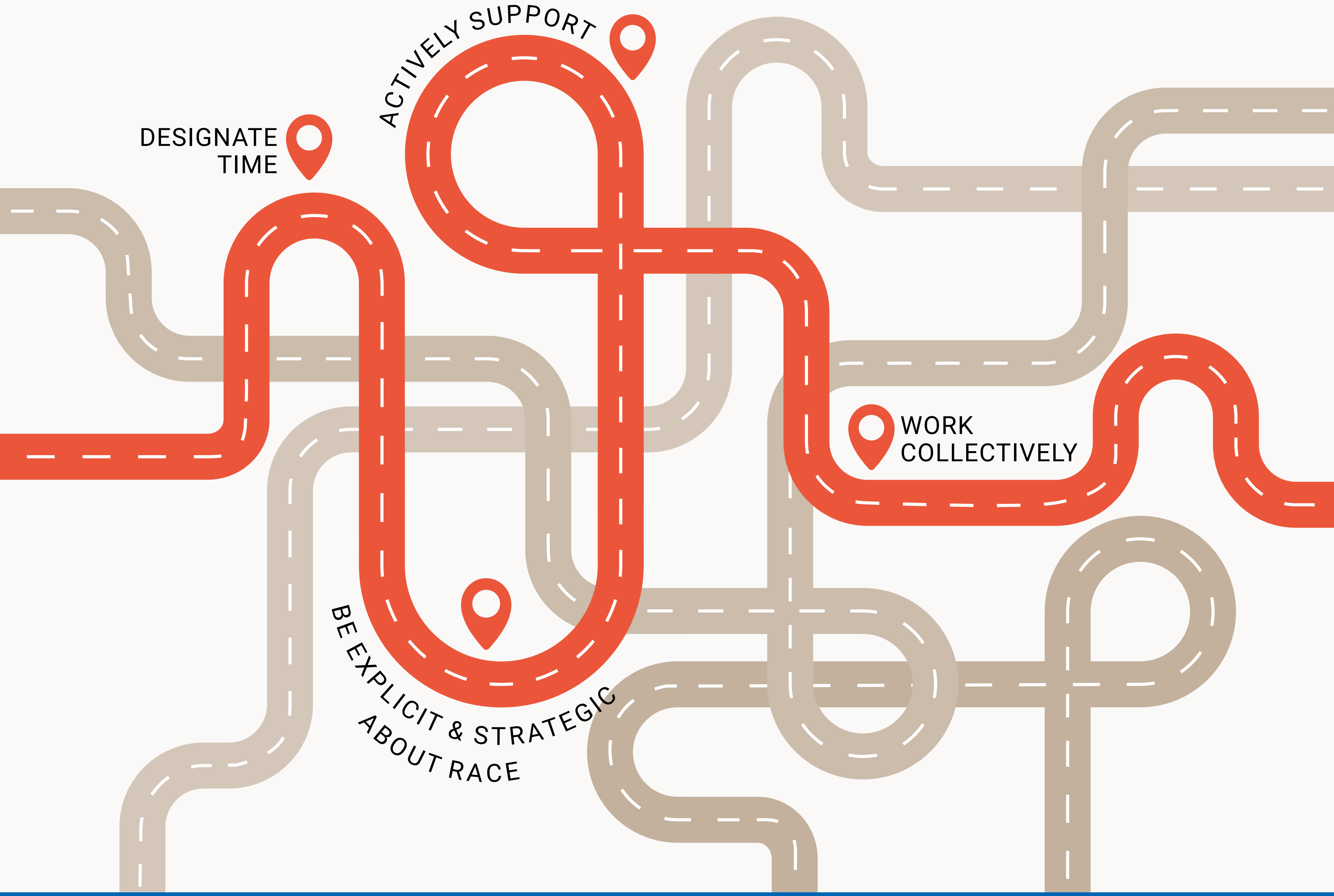
## SUSTAINING THE WORK

**To sustain this work, we must regularly ask:**

- How are we incorporating anti-racist grantmaking practices into every level of our work as an ongoing commitment?
- How are we prioritizing racial justice in our philanthropic investments to address asset building and systems change? What can I actively do to sustain these efforts?
- What will it take to adopt organizational processes that will hold us accountable for advancing racial and economic justice?

# Making the Case: How Racism Contributes to Economic Injustice

The collective prosperity of America depends on guaranteeing dignity, health, and economic security to all. This principle is inextricably linked to the economic well-being of those members of multifaceted communities of color who compose the growing majority of our nation. While people of color will soon become the majority of our population,[1] they do not share equitably in our nation's financial wealth.



Equitable wealth building requires both opportunity or access and the disposable income to build assets through savings, homeownership, business ownership, retirement, and more. Additionally, equitable wealth building requires that everyone has the opportunity to achieve financial well-being wherein they can fully meet current and ongoing financial obligations, feel secure in their financial future, and be able to make choices that allow them to enjoy life.[2] Increased wealth reflects economic security and the flexibility to respond to bumps or unexpected challenges, even without an economic crisis.

The comparative wealth data, often referred to as wealth gaps, make clear that for persons of color, economic security and opportunity are not attainable because of systemic inequality. Currently, Black and Latinx adults are almost twice as likely as White adults to struggle to pay regular household expenses, much less to save, invest, and build wealth.[3] For Asian and Pacific Islander individuals, the aggregate wealth data (comparable to White households) belie the racial economic inequities actually experienced by many,[4] and, at about 9% of national average, Indigenous persons have one of the highest asset poverty rates, which offers little opportunity to grow wealth.[5]

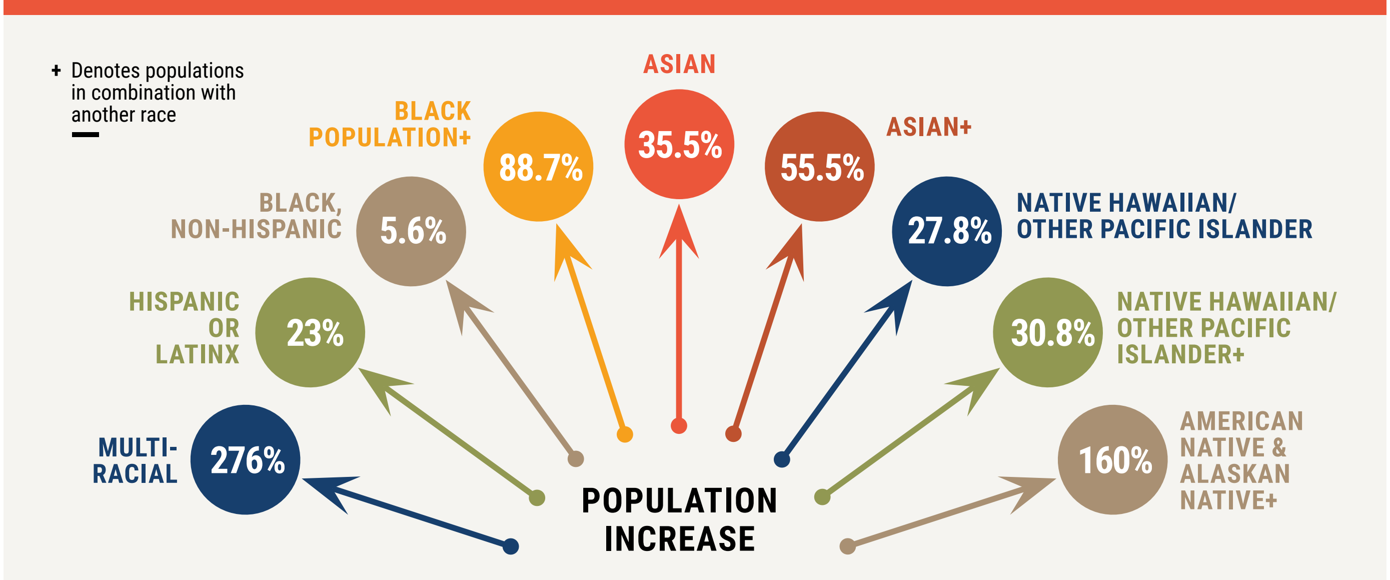
As asset funders who care about our collective prosperity, we must do our part to secure economic justice for and with people of color who have been systematically excluded from wealth building. We do this by explicitly and strategically increasing the amount of philanthropic resources directed at closing the racial wealth gap and work collectively to move the systemic and social drivers that build stability and wealth for people of color.

### THE RACIAL WEALTH GAPS ARE IMMENSE AND WILL CONTINUE TO EXPAND

People of color are quickly becoming the majority of the nation's population; their families include most of the children who will ultimately compose America's workers, consumers, savers, taxpayers, contributors to Social Security, and potential homeowners. That being the case, the collective economic prosperity of all Americans, including White Americans, depends on the economic security and prosperity afforded to all people of color.

2020 Census data[6] showed that although the White, non-Hispanic population remained the largest racial group in the U.S, with 204.3 million people, it had declined by 8.6% since 2010.

**The 2020 Census reported these populations increased between 2010 and 2020**



While people of color counted together are quickly becoming the majority of our population, the racial wealth[8] gap across the groups continues to grow.

**By 2050, the White population is projected to be less than 50% of the total population, with a majority of White people being over the age of 65.[7]**

In 2019, the U.S. led the world in the growth of financial assets, with per capita wealth growing more than 13% to $245,000.[9] However, the distribution of wealth in the U.S. was more unequal than in any other country.[10]

U.S. national wealth does not reach all people equally, especially when disaggregated by race and ethnicity. According to the Federal Reserve's 2019 Survey of Consumer Finances (SCF), White families had the highest average of family wealth at $983,400. Black families' average wealth was $142,500, meaning that Black families had 12 cents of wealth for every dollar owned by the average White American household. Latinx families' average wealth was $165,500, meaning that Latinx families had 19 cents of wealth for every dollar owned by the average White American household.

For other communities of color, quantifying the racial wealth gap is more complex and often is invisible. The Federal Reserve Board's 2019 SCF aggregated all the remaining non-White people — including Asian, Native American, Alaska Native, Native Hawaiian, Pacific Islander, other races, and all respondents reporting more than one racial identification — into "other or multiple races." This diverse group, although economically diverse and holding greater wealth than Black and Latinx families, still had collectively lower wealth than White families.[11] In effect, by combining all other people of color, distinct groups become invisible to analysis or investments to change the economic injustice.

Additionally, because the U.S. Census Bureau characterizes all Southwest Asian-North Africans as White, researchers and organizations do not have data for these racial identities, thus rendering invisible how the racial wealth gap manifests within these ethnic subpopulations and making it more difficult to understand and address the needs of these people and their communities.

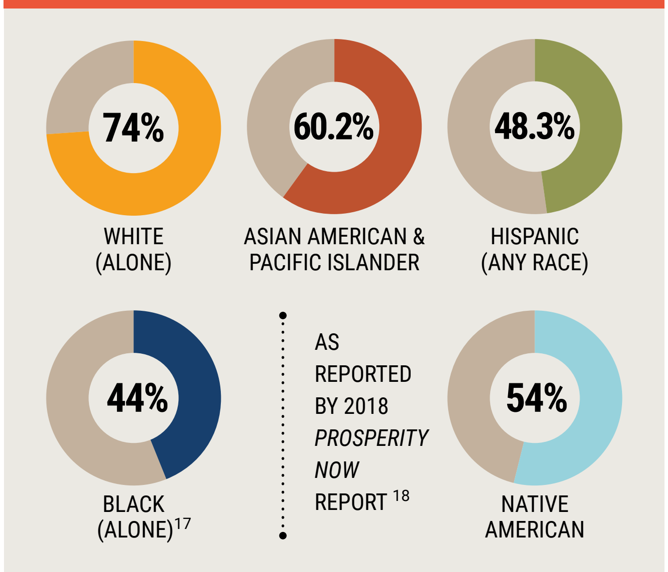
Limited and outdated data also hinder our ability to see and then address underinvestment in Native American people and communities. The most recent household wealth data for the typical Native American household from 2000, however, show that they had approximately 8 cents of wealth for every dollar owned by the average White American household.[12]

Additionally, quantifying the racial wealth gap for Native Americans is complex because of how wealth is defined by some Native people. Unlike mainstream White economists and institutions, Native people are more likely to identify education and family as assets and also to identify communal assets such as natural resources, environment, land — with land being communally owned and, more accurately, stewarded.[13] Understanding the differences among the Native American people, tribes, and nations and their approach to wealth and its distribution among members, the economic circumstances of each nation, and the economic position of those not in recognized tribes or Native nations makes addressing the wealth gap not readily reflected in the bleak wealth data.

In regard to the Asian American population, there is tremendous cultural, ethnic, and class diversity lost in how we aggregate data. Asian American people are the most economically divided racial group in the U.S. While, in comparison to White people, segments of the Asian American and Pacific Islander populations have accumulated a large amount of wealth, some segments of Asian Americans have little or no wealth.[14] Aggregated Census data among Asian Americans and Pacific Islanders make it difficult to understand the long-term financial security and wealth of specific Asian American and Pacific Islander populations.[15] Additionally, economic circumstances vary widely among Asian immigrants — some arrive in the U.S. as refugees or asylum seekers, others to seek economic opportunity, and still others are recruited for technology or other high-pay and/or high-skill positions. Aggregated data reporting masks the needs of the Asian Americans and Pacific Islander populations most impacted by systemic inequality and poverty.[16]

Racial wealth disparity extends to all aspects of wealth, with the homeownership gap being one of the largest drivers of wealth inequality.

**CENSUS BUREAU REPORTED HOMEOWNERSHIP RATES FOR THE 3RD QUARTER OF 2021**




Moreover, the wealth gap extends into the area of retirement savings. In 2019, the Federal Reserve's Survey of Consumer Finances found that only 35% of those in Black households and 26% of Latinx households owned retirement accounts, compared to 57% of White households.[19]

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**People of color are an essential part of our future as a prosperous nation, so it is imperative that we change social drivers and systemic barriers that contribute to these thoroughly documented racial wealth gaps.**

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## RACIAL JUSTICE DEMANDS ECONOMIC JUSTICE

Our nation's profound wealth was extracted from "the creation of a 'racial hierarchy' justifying the theft of Indigenous land, the enslavement of African and Indigenous people."[20] This manufactured racial inequality has been preserved over the decades by explicit laws, policies, intentional exclusions, racial violence and economic exploitation, and public and private wealth stripping. Philanthropic investments are needed to address root causes of inequality and upend the status quo whereby public and private policy continue to determine who struggles to survive and who thrives in the U.S.

In our 2021 brief, *From Relief to Resilience: Reimagining Reinvestments*, we outlined how people of color, both historically and currently, have been and are being disadvantaged and harmed by intentional race-based practices and racist policies, including colonization, slavery, legal and de facto segregation, redlining, employment and housing discrimination, and wealth stripping. Black people have endured slavery, Jim Crow laws, peonage law abuse, federal redlining, and anti-Blackness and overt discrimination across all sectors. Indigenous people have contended with land theft, government-ordered dislocation, family separation, denial of culture, and genocide. Latinx populations have been exploited through low-income but essential work without rights, exclusion from education, housing, and other opportunities by language or status. Indigenous people, and many Latinx and Asian people, have undergone forced migration and assimilation enforced by U.S. foreign and domestic policies. In contrast, White people have been given ample opportunities to build wealth through policies such as the Homestead Acts, the Homeowners' Loan Corporation, employer-provided pensions, and the GI Bill.[21] Those advantages continue to be preserved in land size acquired, businesses that were supported, tax policy, professional and employment networks, lending risk assessment, Social Security benefit computations, and a host of other supposedly "race-neutral" factors.

Most recently, COVID-19 has thrown these deep inequities into stark relief. The many essential workers forced to the front lines belong to the service sector, which employs one in four workers and is predominantly composed of women and Black, Latinx, and Asian people. Between low pay, high risk, and often inadequate or unavailable employer-provided health benefits, the COVID-19 pandemic has made urgent and irrefutable the fact that women, immigrants, and Black, Indigenous, Latinx, Asian and Pacific Islander, and Southwest Asian and North African people suffer disproportionately as a result of systemic inequity while also being essential to making our country run and thrive.

Those who are engaged with philanthropy have the opportunity to step up and intentionally uproot past and present systemic injustices, to change the narrative, invest in systemic change, test new tools, and increase opportunity equity.

### WHEN PEOPLE OF COLOR WIN, WE ALL WIN

Over the last two decades, the national economy would have been $16 trillion greater had it not been constrained by racialized systemic exclusions of the economic capacity of Black people alone. If the Black racial inequality gaps — which include the wage gap, access to housing credit, higher education, and fair lending — were corrected today, $5 trillion would be added to the economy over the next five years.[22]

We must recognize that a commitment to racial justice is not a winner-take-all scenario in which people of color win and White people lose. The policy framework of scarcity does not need to guide our actions and investments to continue to deprive us of an equitable economy; instead, we need to actively support and realize the potential of growth. We, as a sector, can lead and work from a place of abundance by understanding that the economy is not fixed, but grows. Moreover, we must realize that solidarity across race results in better lives for everyone, since replacing a "zero-sum" formula with one of "cross-racial solidarity" unlocks a "Solidarity Dividend," from higher wages to cleaner air, through collective action.[23]

Addressing the results and damage of the systemic barriers to equity, whether the result of racism, implicit bias, or legacy effects of history, will also be necessary, but it alone is not sufficient.

Philanthropy can begin the long work of dismantling inequitable internal and external policies, creating strength-based systems and tools, embracing culturally responsive approaches, creating opportunity through capital, challenging seemingly neutral risk assessments, and reinventing how economic security and assets are built.

MAKING THE CASE

## Reflection Questions

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

- **What becomes possible when we make collective prosperity central to our grantmaking?**
- **What will it take to designate ample time in our internal meetings for racial and economic justice-focused strategies, goal setting, and reflection?**
- **What will it take to explicitly and intentionally fund work that seeks to dismantle systems that perpetuate racial and economic injustice?**
- **What will it take to explicitly and intentionally fund work that seeks to dismantle systems that cause the racial wealth gap?**
- **What will it take to fund systems that sustain opportunities for people of color to build wealth?**

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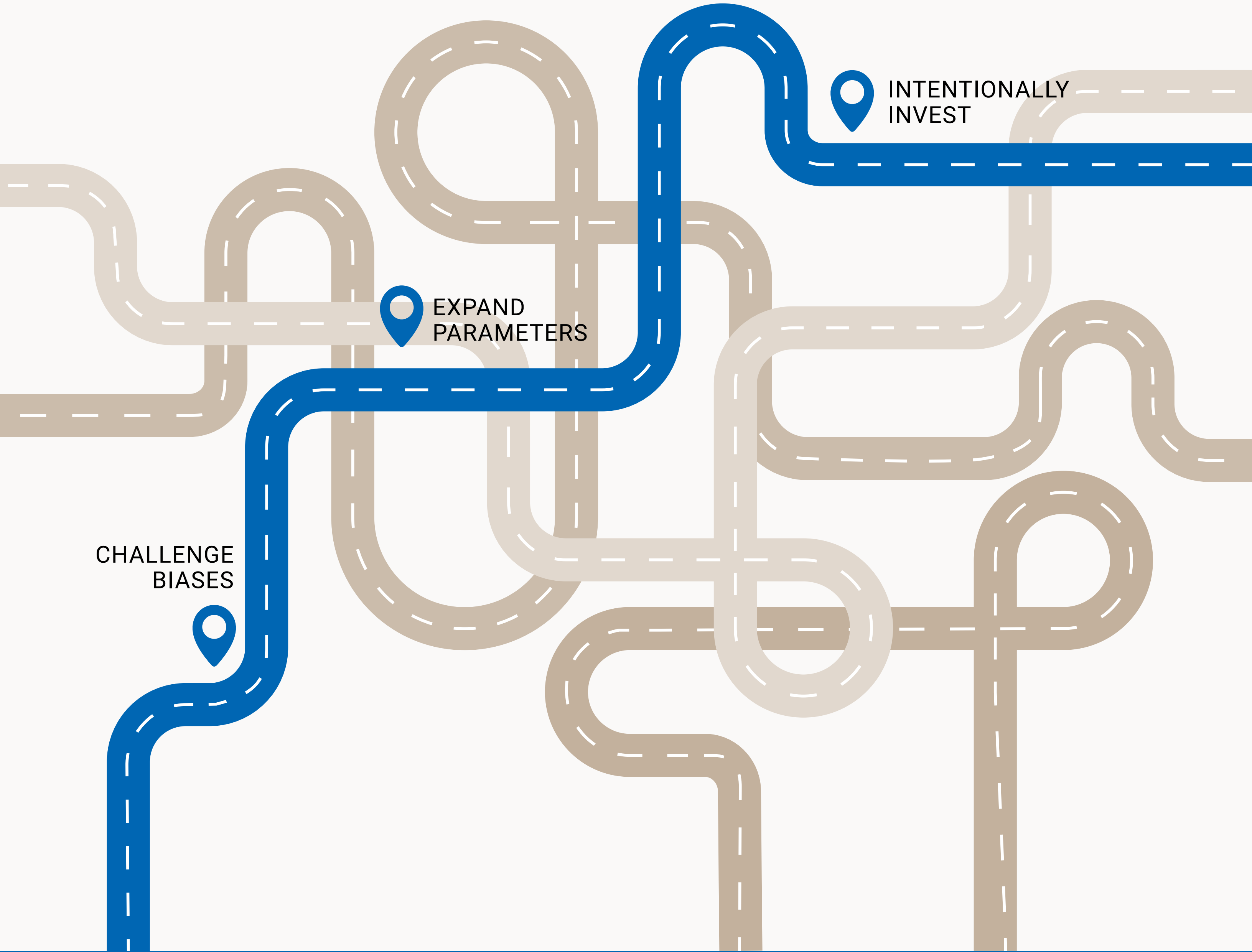
# What is Racial Bias in Philanthropy?

Unquestioned philanthropic beliefs and practices unintentionally perpetuate bias and racist policy within our sector, which disadvantages work led by people of color.



A lack of understanding of culturally responsive solutions to systemic problems, White-centric views of strategic priorities, or rules requiring pre-existing capacity before investment all hinder innovation and reduce risk tolerance.

Moreover, standard philanthropic evaluation practices in the United States "value Whiteness, patriarchy, simplicity, and capitalism." These values impact what we believe is valid, what we seek as evidence that will allow us to assess the impact of the work, and what we continue to fund. By not naming and challenging the implicit, we rely on evaluations that unintentionally reinforce racism by generalizing findings and ignoring unique contexts, root causes, historical disadvantages, and structural drivers of inequality.[24] Evaluations that empower people of color are designed to be culturally relevant and measure the effect a strategy has on combating specific and nuanced systemic drivers of inequity, i.e., how history and cultural context are enmeshed in structural conditions and the change initiative itself and how the strategy does or does not work to unravel that.[25]

Additionally, leaders of color often have less access to networks of funders than their White peers and experience mistrust and microaggressions from funders and colleagues that result in burden and burnout. They also face unnecessarily arduous grant application processes, given that they are underresourced and without funder networks, which delays or jeopardizes their work.[26] Failing to incorporate explicitly anti-racist approaches into philanthropic strategy sustains the underresourcing of work led by and serving people of color, thus perpetuating the racial wealth gap. Prioritizing work led by people of color is essential to ethical grantmaking and equitable outcomes. We correct past injustices within our sector while also deepening our strategic efforts toward realizing economic justice by integrating racial equity into all aspects of philanthropic investment.

The assumptions, expectations, and norms of white supremacy culture affect us all in everyday interactions. When we adopt anti-racist and culturally responsive practices, we dismantle racist policies within our organizations — the most subtle of which are disguised as race neutral, evaluation based, or sector standard. We lead in seeking justice by significantly, sustainably, and explicitly funding programs and initiatives that center the dignity and self-determination of communities of color to reduce the racial wealth gap and create systemic change.

The last, and possibly most challenging, inequity that we must change in order to realize economic justice requires us to question the foundational systems, institutions, economic models, power, and conditions that make extreme wealth, and therefore philanthropy itself, possible and that in turn constrain efforts to reinvent economic systems.

The convergence of changing U.S. demographics and growing racial disparities make it essential for philanthropy to accept our moral, economic, and practical imperative to confront systemic racism. We must challenge the status quo by prioritizing equity and funding organizations and initiatives led by Black, Indigenous, Latinx, Asian American and Pacific Islander, and Southwest Asian and North African people.

Racialized disadvantage has created a set of wide wealth gaps that require reparative and racially focused investments from philanthropy. Eliminating racial bias in who and how we fund and evaluate are the first steps toward realizing economic justice through asset-building philanthropy. Next steps involve asking thoughtful questions to more deeply and authentically support the specific communities of color we serve.

# WHY IT MATTERS:

## How Racial Bias Impacts Asset-Building Philanthropy

As asset-building funders, we are uniquely positioned to lead in the process of addressing the wealth gap and nurturing racial equity at its roots. We do this by funding programs and policy changes that ensure:

- ☑ quality education from cradle to career
- ☑ affordable and accessible healthcare
- ☑ good jobs and fair wages
- ☑ homeownership and affordable loan products
- ☑ small business and co-op opportunities
- ☑ freedom from fines and fees
- ☑ access to public goods and social safety nets

Moreover, asset-building funders can expeditiously work toward racial equity by supporting tax policies[27] and advocating for social spending that will increase a household's disposable income and wealth. The outcomes of these efforts will contribute to advancing equity in racial income and wealth distribution.

We must also understand how equity is practiced within organizations, including those led by people of color, by recognizing how they listen and are accountable to the communities of color they serve. As partners with other funders and the organizations we support, we challenge the bias that preserves racial advantage based on skin color or ethnicity. We seek to redesign evaluation to be more inclusive, intentionally invest in systemic change, and expand our risk-taking parameters so that we can advance racial and economic justice.

RACIAL BIAS IN PHILANTHROPY

# Reflection Questions

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

## LOOKING INWARD

- **What will it take to identify and address racial bias within our organizational practices?**
  - Where have we made progress confronting racial bias?
  - Where have we not made progress?
  - Where is there opportunity to deepen our efforts?
- **What will it take to commit time and resources to professional development, training, coaching, consultation, and evaluation from racial justice experts who can help operationalize change and implement policy?**
- **Have we established a shared language and a committed organization approach?**
  - What additional terms, ideas, issues, and populations do we need to define?
  - What will it take to ensure that everyone, at every level of our work, has a shared understanding and contributing role to advance the organization's commitment to racial and economic justice?

## UNDERSTANDING GRANTEES

- **How do we define what makes an organization an "organization led by people of color"?**
- **Who are all the communities of color who live in the region(s) in which we invest?**
  - What are the nuanced identities and experiences of North African and Southwest Asian people in our region?
  - What are the nuanced identities and experiences of Asian Americans and Pacific Islanders in our region?
  - What are the nuanced identities and experiences of Black people and African Americans in our region?
  - What are the nuanced identities and experiences of Latinx and Latina/o people in our region?
  - What are the nuanced identities and experiences of Native American and Indigenous people in our regions?
  - Who are we missing?
- **For each of the above populations, ask the following three questions:**
  - What organizations, nonprofits, or initiatives are led by and serve this population?
  - What wealth-building activities are part of their programs?
  - What steps will we take to make an investment in their wealth-building work, and when will we do so?

- **What are we and our grantee partners learning as we collect and disaggregate data by race and ethnicity?**
  - What opportunities and shared impact do we see?
  - How will data analysis shape our organizational practices to advance racial and economic justice?
- **What do we know about how different populations are impacted differently by the systems that perpetuate racial and economic injustice?**
  - Where do we see opportunities to support more leaders of color?
- **What organizational rules or standards will we change to more fully demonstrate equitable funding practices?**
- **What organizational protocols are accepted as neutral, colorblind, or sector standard but might uphold White supremacy culture, particularly as we assess "risk," "readiness," and "return on investment"?**
  - Where have we made progress, and where do we feel stuck?
- **How can we build a shared understanding of asset-building approaches from direct services and programs (immediate relief) to systems change (systemic equity) and how these approaches are mutually reinforcing across the organization?[28]**
- **Where do our asset-building funding priorities and race equity intersect?**

### Consider asking this within the context of your grantmaking and these asset-building strategies:

**Do we point to systems rather than people's choices when calling out inequities that are caused by racism?**

- Education
- Employment and income
- Financial health
- Health
- Housing
- Small business, co-op, and microenterprise ownership
- The wealth gap (racial, ethnic, gender, generational)

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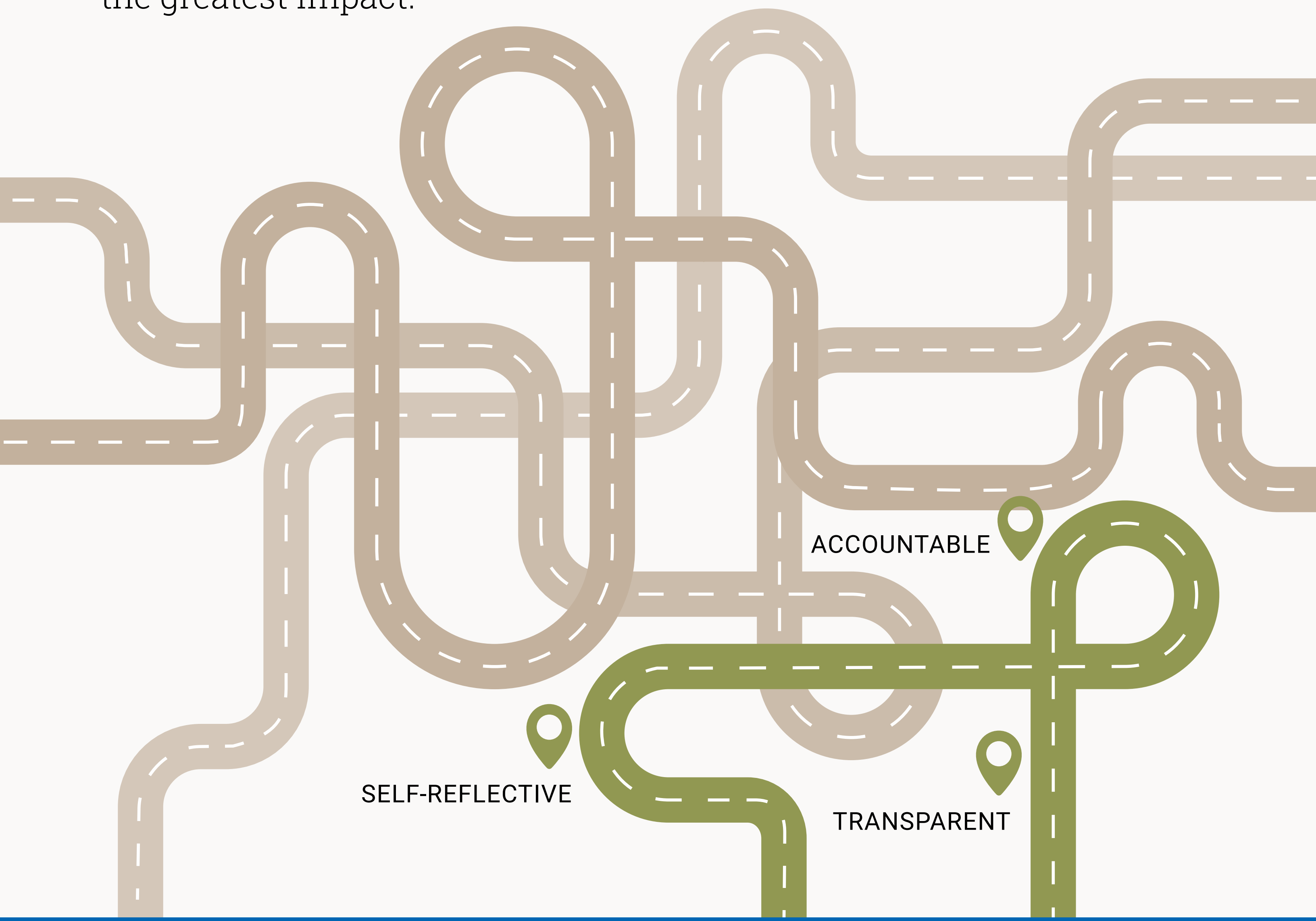
# The Racial Wealth Gap and the Racial Funding Gap are Inextricably Connected

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.

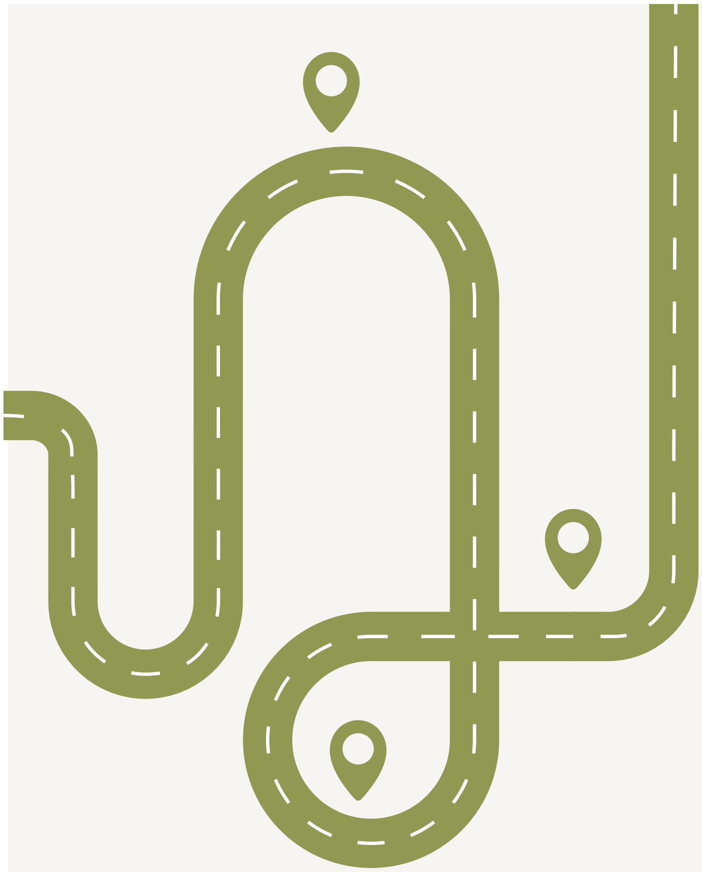
The racial gaps in personal wealth and income in America result in the wealthiest donors, many of them White, and foundations, with majority White boards of directors, leadership, and program officers, being more likely to fund people who look and think like them, thus maintaining the status quo.

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.[29] 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.[30]

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.[31] 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.[32]

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[33] 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.[34] 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.[35]

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 that sometimes replicate the work 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 this 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.

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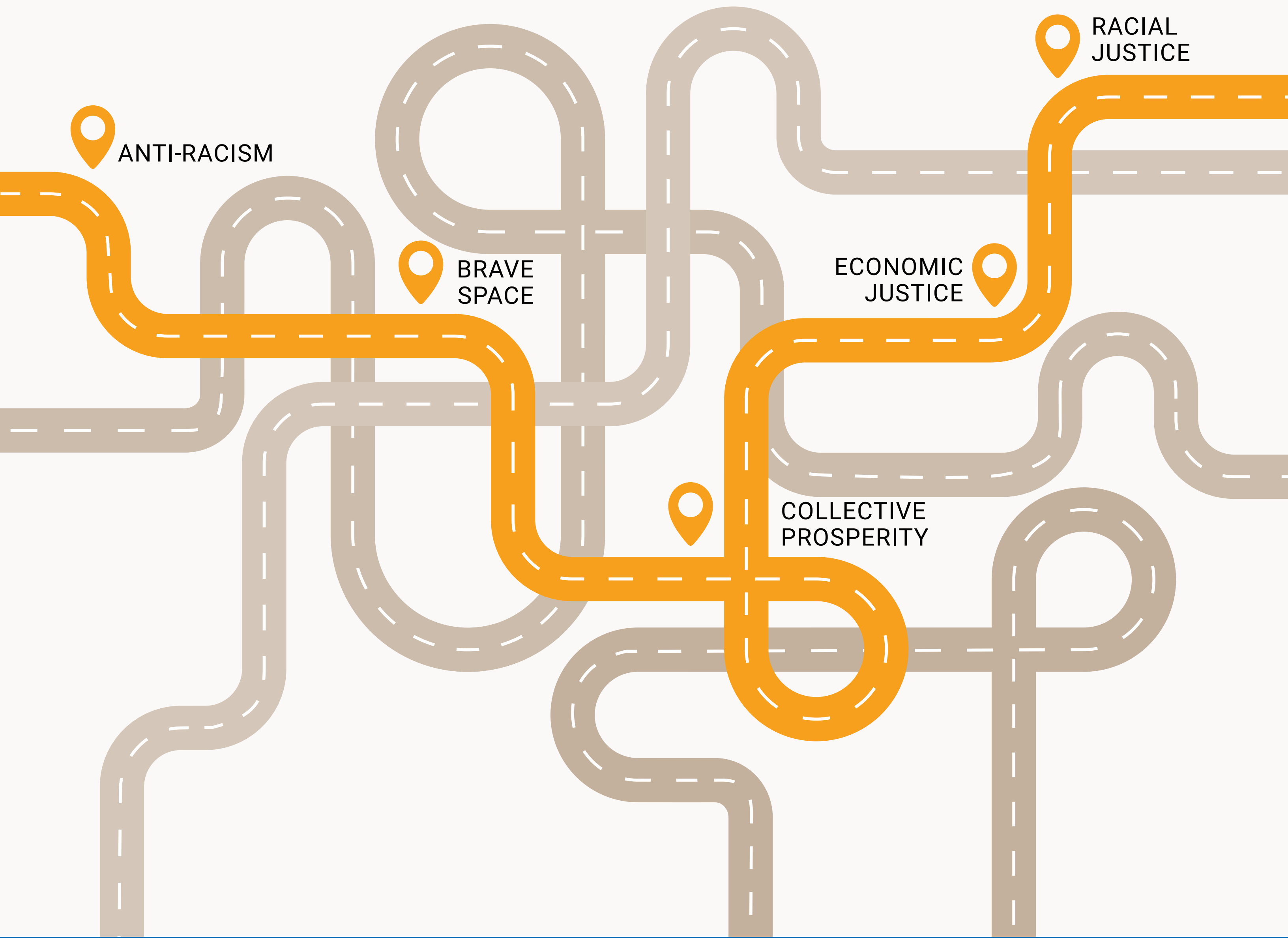
# Shared Language

Shared language is intended to support level setting across your team, organization, or working groups.



# Shared Language

**Anti-Blackness** is a bias, implicit or explicit, that dehumanizes Black people in order to maintain White supremacy. Anti-Blackness may be expressed in the behaviors and attitudes of individuals and the practices and policies of institutions. Anti-Blackness is not limited to White people and institutions but also manifests among other non-Black communities of color and can be internalized by Black communities in the form of colorism, the elevation of White culture, or attempts to separate oneself from Black cultural norms.[36]

**Anti-racism** is the deliberate practice of dismantling historically unequal systems and policies that are built on racial exclusion and bias. Anti-racism confronts the roots of racial inequality in policy, policymakers, and power and recognizes that the only way to undo racism is to name it, describe it, and actively eliminate it.[37] Anti-racism is rooted in taking action to eliminate the results of racism at individual, institutional, and structural levels.

**Asian and Pacific Islanders** are people descended from more than 40 Asian countries or Pacific islands. The category includes multiple and distinct ethnicities that defy borders, such as the Hmong, who are an ethnic group in southern China, Laos, Vietnam, Thailand, and Myanmar. Asian and Pacific Islander peoples economic circumstances of arrival into the U.S. varies widely, ranging from some gaining entry as refugees or asylum seekers to others seeking economic opportunity or who are recruited for technological and other high-pay and high-skill positions. The result is wide economic variation.

**Black** or **African American** is the racial classification used in the U.S. for people with African ancestry, including Black immigrants, Brazilians, and those from Caribbean countries. The word "Black" represents a spectrum of skin pigmentation, from the darkest through to the very lightest skin colors. The Black population of the U.S. is diverse. Many are descendants of enslaved African people; some are immigrants or descended from immigrants from the Caribbean, African countries, or Latin America.[38] Black Americans whose ancestors were enslaved have a reparations claim to justice related to economic exploitation from both slavery and Jim Crow segregation. Black populations who are more recently immigrated or descendants of never enslaved persons have still been subjected to economic injustices, including redlining and a range of economic exclusions imposed because of the color of their skin and related systemic racism.[39]

**Brave space** is an environment intentionally designed to include five elements: 1) *controversy with civility*, meaning that varying opinions are heard and accepted; 2) *owning intention and impact*, meaning that individuals acknowledge and discuss how dialogue affects others; 3) *challenge by choice*, meaning that everyone has the option to be a part of or to step away from difficult conversations; 4) *respect*, meaning that everyone shows respect for everyone else's personhood; and 5) *no attacks*, meaning that everyone agrees not to intentionally inflict harm on another person. Brave spaces should be facilitated by someone who understands and practices anti-oppression work and should not allow for false equivalencies of experiences between oppressed or marginalized people and those who benefit from privilege, power, and authority within the group and society at large.[40]

**Collective prosperity** acknowledges that everyone has a stake in ending White supremacy and systemic racism, and everyone must work in solidarity to undo oppression within ourselves, our communities, and our institutions to achieve a just, free, and prosperous world. It requires that those who have been most marginalized have access to resources, power, and self-determination.[41]

**Color-blind** or **race-neutral grantmaking** either misidentifies symptoms of inequity as causes of inequity or ignores the role that race plays in causing, reinforcing, and perpetuating inequities, by not identifying systemic racism as the root cause of inequity and poor outcomes among people of color.[42] On the other hand, race-conscious grantmaking considers the racialized experiences of communities of color and acknowledges that, due to racism, race is a predictor of life outcomes.[43]

**Economic justice** is the moral principle that every person has the right to establish a sufficient material foundation upon which to have a dignified, productive, and creative life. This principle acknowledges that economic institutions play an outsized role in determining whether an individual has the opportunity to establish such a foundation and challenges those institutions to guarantee an equal opportunity.

**Equity** is the condition in which neither race, ethnicity, or gender predict life opportunities or outcomes. Within the context of philanthropy, that means that the communities most affected by systemic injustice get the most money to lead in the fight to address that injustice.

**Implicit biases**, also known as unconscious or hidden biases, are negative associations held and expressed without awareness. Implicit biases affect individuals' attitudes and actions, thus creating real-world implications, even though individuals may not be aware that these biases exist.

**Indigenous people of North America** or **Native Americans, American Indians,** and **First Americans** are the peoples of North America whose ancestors were present in North America before the arrival of European colonizers. For purposes of this paper, we use these terms to refer to the Indigenous people whose ancestors hailed from the geographical area that currently constitutes the U.S., including Alaska, Hawaii, and Puerto Rico. According to the U.S. Census Bureau, the current total population of Native Americans in the United States is 6.79 million, which is about 2.09% of the entire population. There are 574 federally recognized tribes or nations within the U.S., about half of which are associated with Indian reservations.[44] Additionally, tribes and nations hold political status as sovereign governments and have nation-to-nation relationships with the U.S.,[45] giving them access to resources such as federal funds. However, in 2012, the Government Accountability Office counted around 400 unrecognized tribes and nations in the U.S.[46] Colonization, genocide, centuries of systematic oppression, forced assimilation, and extreme poverty have resulted in social, environmental, psychological, physical, economic, and spiritual harm for generations of Native Americans.[47]

**Indigenous sovereignty and self-determination** are elements of the moral principle that Native Americans are the experts on their own lived experiences and therefore know the best ways to achieve their missions and visions, and can develop solutions relevant to their communities and territories. Within the context of philanthropy, this means relinquishing decision-making power to Indigenous leadership when giving money to Indigenous-led funds.[48]

**Latinx** and **Latina/o people**[49] are people descended from the White, Indigenous, and African populations of Central and South America, the Spanish-speaking Caribbean Islands, and people of Latinx heritage who are native to the land we now call the United States (e.g., descendants of original peoples of California, Nevada, Utah, New Mexico, most of Arizona and Colorado, and parts of Oklahoma, Kansas, and Wyoming — land acquired through the Treaty of Guadalupe of 1848). They may self-identify as mixed race, Black Latinx, Indigenous Latinx, White Latinx, or Spanish Latinx or Hispanic. Latinx people reflect diverse immigration histories usually related to U.S. foreign policy and interventions,[50] cultures, citizenship related to generation, and racial categories. Latinx communities can have an array of experience within the U.S. immigration system or no experience at all; the status of those communities ranges from undocumented to documented but temporary, documented and on a pathway to permanent protection, refugee/asylee, lawful permanent resident, or naturalized citizen.[51]

A **microaggression** is a subtle verbal or nonverbal behavior, committed consciously or not, that is directed at a member of a marginalized group that has a harmful, derogatory effect.

**People of color** are those who are racialized outside of Whiteness. This broad designation includes Black, Indigenous, Latinx, Asian and Pacific Islander, and Southwest Asian and North African people. Systemic racial inequality impacts racial categories of people of color differently. People of color experience different levels of privilege or harm related to their proximity to the status quo, or Whiteness. In the guide, we use the term "people of color" to point at the structural roots of racial disparities and the role White supremacy plays in generating these disparities; when relevant, we disaggregate by race and refer to specific groups.

**Race** is a social construct used to describe and categorize people based on characteristics like skin color, physical features, ancestral homelands, language, and genetic heredity that gives or denies privileges to people based on those characteristics. The idea of race underpins racist policies and systems, and White supremacy culture in the United States.

**Racial justice** is characterized by systematically fair treatment of people of all races that results in equitable opportunities so that every person is able to achieve their full potential, regardless of race or ethnicity.

The **racial wealth gap** refers to the lower levels of opportunities to own businesses and financial assets held by people of color compared to their White counterparts as a result of discriminatory race-based laws, policies, and practices that contributed to or sustain inequitable access to capital and wealth-building tools.

**Racial economic inequity** indicates the sum of economic inequalities solely attributable to racial categories. Racial economic inequity directly contributes to the racial wealth gap across multiple policies and systems, including the economy, housing, healthcare, education, and legal and immigration systems. Systemic racism contributes to race-based gaps that manifest in many different economic indicators, such as the measurement of household wealth. Racial economic inequity reflects centuries of racist policies that unfairly encumber people of color in their search to achieve economic security.[52]

A **safe space** is an environment in which a person can feel confident that they will not be exposed to discrimination, criticism, harassment, or any other emotional or physical harm. A safe space explicitly increases the safety and visibility of marginalized or oppressed community members.[53]

**Southwest Asian and North African** describes people descended from the Middle East and North Africa. As with Latinx, Asian American and Pacific Islander (API) populations, the Census classification of White for persons from this region obscures the nuanced identities of these people of color, i.e., they are racially diverse even within the countries from which they identify. Countries of origin and ancestry include Lebanon, Syria, Egypt, Iraq, Jordan, Palestine, Morocco, Algeria, Bahrain, Djibouti, Kuwait, Libya, Oman, Qatar, Saudi Arabia, Tunisia, the United Arab Emirates, and Yemen. To not identify this population as one of color makes them invisible, neglecting the needs of these people and communities.

**White fragility** is the discomfort and defensiveness expressed by a White person confronted by information about racial inequality and injustice. Acknowledging that White fragility is a common experience of White people who are committed to racial justice and that it is their responsibility to work through it without the labor of people of color can help build trust and more quickly achieve racial justice goals among diverse stakeholders.

**White supremacy culture** is the systemic and institutionalized privileging of Whiteness, either explicitly or implicitly. White supremacy culture discriminates against non-Western and non-White standards. As the pervasive and historically dominant norm in the U.S., the White supremacy culture is easily disguised as the status quo and “race-neutral” practices and policies.[54]

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