

Racial Equity and Bias in Grantmaking Overview and Recommended Resources

Introduction

Philanthropy has woken up to the fact that it has a race equity problem. Racial disparities in the distribution of opportunities and resources in the nonprofit sector mirror the disparities in social outcomes that many funders seek to address:

- *Relatively few nonprofits are led by people of color:* In 2017, the Building Movement Project reported that less than 20% of nonprofit leaders were people of color.¹
- *Nonprofits led by people of color receive less funding:* In 2020, the Building Movement Project found that 40% of White-led nonprofits had budgets over \$5 million, compared with 22% of organizations where people of color filled a majority of leadership positions.² The Association of Black Foundation Executives recently reported that of the 66 Black-led nonprofits it surveyed, 60% had budgets under \$500,000 and less than one-quarter had reserves of three months or more.³

The failure to fund nonprofits led by people of color does more than perpetuate inequity in the nonprofit sector. It denies resources to organizations that are uniquely positioned to support and empower the communities they serve. According to philanthropist Jeff Raikes, “Philanthropy is overlooking leaders of color who have the most lived experience with and understanding of the problems we are trying to solve. That needs to change.”⁴

Rethinking Grantmaking

Grantmakers have identified numerous funding practices that put organizations led by people of color at a disadvantage, as well as changes funders can implement to promote racial equity. These changes encompass all stages of the grant process, include offering different types of grants, modifying grant criteria, casting a broader net for applicants, streamlining the application process, compensating applicants for their time, collecting demographic data, rethinking metrics, providing unconscious bias training to reviewers, creating more diverse selection panels, including peers and community leaders, simplifying reporting, etc.

Many Hands has not made any formal changes to our grant process this year, but we encourage Focus Area Committee (FAC) members to reflect on the role bias can play in our evaluations of applicants and in particular, on how it may put smaller organizations led by people of color at a disadvantage.

Implicit Bias

Bias often appears as *implicit bias*, which the Kirwan Institute defines as “attitudes or stereotypes that affect our understanding, actions, and decisions in an unconscious manner.”⁵ As a result of implicit bias, nurtured by prior experiences or cultural messages, we may unconsciously judge individuals or organizations by different standards based on a variety of cues. For example, one publisher of scientific journals cautions reviewers that the following biases can all influence how they perceive the quality of a submitted paper:

- Gender bias
- Bias for or against authors from a geographical area
- Language bias, if a paper is translated poorly
- Bias for or against authors from specific institutions
- Bias against researchers at the beginning of their research career⁶

Similarly, we should be aware that when evaluating applicants, our judgments may be unconsciously influenced by such factors as:

- The race, ethnicity, gender, age, appearance, speech, etc. of the Executive Director (ED)
- The community the organization serves, the neighborhoods where they work, or the type of work they do
- Familiarity or lack of familiarity with the applicant
- The age or size of the applicant

Some recommendations for reducing the impact of implicit bias include:

- Be aware of the potential for bias.
- Slow down and focus on facts, not feelings.
- Think of examples that run counter to your suspected bias - deliberately call up images of successful leaders who are young and female, for example, or who followed nontraditional career paths.
- Ask how your evaluation of an organization might change if the ED were of a different race/gender/age, if the organization worked in a different part of the region, etc.

Explicit Bias and Risk

In addition to being affected by implicit bias, we may explicitly apply criteria that have the unintended effect of systematically putting smaller organizations led by people of color at a disadvantage. For example, we may consciously form judgments of organizations based on such factors as:

- the professionalism of their application
- their ability to measure outcomes with quantitative data
- their association with high-profile funders or partners
- the strength of their balance sheet
- the credentials of their ED/board

Often we believe that high marks along these dimensions are signs of a strong organization. And, in fact, the ability to put together a polished application, access to outcomes data, well-known partners and funders, healthy reserves, and leaders who are connected to major institutions can all both contribute to and reflect an organization's success.

However, rather than assume this to be the case, we can consider each of these factors more carefully when evaluating applicants, realizing that:

- A polished application may reflect a well-run organization or an organization with the resources to hire a grantwriter.
- Quantitative data may capture information that is truly meaningful or information that happens to be observable.
- Partnerships with entities known to us may reflect strong performance and/or strong connections.
- Healthy reserves may reflect prudent management and/or greater access to donors.
- Brand-name boards may be well connected to potential funders but less well connected to the community the organization serves.

We can also ask whether organizations that lack traditionally defined assets have different strengths that make them effective:

- Does their ability to speak the language of the community they serve build trust even if it doesn't translate into a polished application?
- Do they have stories that reflect deep knowledge of the community even if they lack the resources to collect quantitative data?
- Do their partnerships bolster their presence in the community even if they are with organizations not known to us?
- Do they have community relationships (with landlords, vendors, donors, etc.) that provide a cushion against short-term financial challenges even if they lack formal reserves?
- Do their leaders have lived experiences that make them more effective in the communities they serve even if their degrees or affiliations are with institutions less familiar to us?

Finally, we can ask ourselves about our approach to risk. When evaluating applicants, do we focus more on finding organizations that are extremely unlikely to fail or organizations that really excite us? What does failure look like and what would its impact be? What level of risk do we want to embrace? And what impact does that decision have on the types of organizations we are likely to fund?

Asking these types of questions will not always result in FACs selecting smaller grassroots organizations or organizations led by people of color, but it will, we hope, help create a more level playing field.

RECOMMENDED RESOURCES

*Starred resources are a good place to start in each section.

Introduction

- Article - Cheryl Dorsey, Jeff Bradach, and Peter Kim argue for incorporating racial equity into philanthropic design in “The Problem with ‘Color-Blind’ Philanthropy,” *Harvard Business Review (HBR)*, June 5, 2020:
<https://hbr.org/2020/06/the-problem-with-color-blind-philanthropy>
- Article - Paul Sullivan summarizes and provides context for the research underlying the *HBR* article in “In Philanthropy, Race Is Still a Factor in Who Gets What, Study Shows,” *The New York Times*, May 1, 2020:
<https://www.nytimes.com/2020/05/01/your-money/philanthropy-race.html>
- *Article - Vanessa Daniels makes the case for the importance of funding grassroots organizations led by women of color and analyzes the barriers they face in “Philanthropists Bench Women of Color, the M.V.P.s of Social Change,” *The New York Times*, November 19, 2019: <https://www.nytimes.com/2019/11/19/opinion/philanthropy-black-women.html>
- Article - More broadly, Dorian O. Burton & Brian C.B. Barnes offer a new framework for philanthropy in “Shifting Philanthropy From Charity to Justice,” *Stanford Social Innovation Review*, January 3, 2017:
https://ssir.org/articles/entry/shifting_philanthropy_from_charity_to_justice

Rethinking Grantmaking

- Article - Nancy Chan and Pamela Fischer, “Eliminating Implicit Bias in Grantmaking Practice,” *Stanford Social Innovation Review*, December 1, 2016:
https://ssir.org/articles/entry/eliminating_implicit_bias_in_grantmaking_practice
- *Checklist - Nancy Chan and Pamela Fischer, “Incorporating Diversity, Equity, and Inclusion in Your Grant-making Process: A Checklist of Potential Actions,” *Arabella Advisors*: <http://www.equityinphilanthropy.org/2016/10/04/dei-grantmaking-checklist/>
- Article - PEAK Grantmaking, “How to Reduce Bias in Decisionmaking and Grant Awards”:
<http://bit.ly/359CHwe>

Implicit Bias

- *Video - Rachel Godsil, co-founder and director of the [Perception Institute](https://www.perceptioninstitute.org/), provides an excellent overview of implicit bias and its impact on decisionmaking and behavior in “Implicit Bias in Grantmaking,” *Emerging Practitioners in Philanthropy* webinar, March 16, 2016, 15:13-26:45 (11.5 minutes): <https://www.youtube.com/watch?v=HRuVITBokOo>
- To learn more about the Implicit Association Test or to take an IAT, visit the Implicit Project at <https://implicit.harvard.edu/implicit/education.html>
- Video - Vernā Myers’s lessons about how to confront our own biases in daily life also have

relevance to grantmaking: “How to overcome our biases? Walk boldly toward them,” TEDxBeaconStreet, November 2014 (18 minutes):

https://www.ted.com/talks/verna_myers_how_to_overcome_our_biases_walk_boldly_toward_them

Explicit Bias and Risk

- Article - Antony Bugg-Levine, CEO of the Nonprofit Finance Fund, argues that “[o]rganizations led by highly skilled people of color, operating without access to the same networks of wealth, could appear less resilient if a grant maker analyzes their financial condition without taking this context into consideration” in “‘Color Blind’ Assessments of Grant Proposals Don’t Work. Here’s a Better Idea,” *The Chronicle of Philanthropy*, October 29, 2019: <https://www.philanthropy.com/article/color-blind-assessments-of-grant-proposals-dont-work-heres-a-better-idea/>
- Chart - Some of the issues Bugg-Levine discusses are included in “Addressing Racially Biased Financial Analysis,” Nonprofit Finance Fund, 2020: <http://bit.ly/3naUlGo>
- *Article - Kheira Issaoui-Mansouri and Melissa Sines discuss the relationship between attitudes to risk and equity in, “Equity in Practice, Part 2: A Closer Look at Risk Management,” PEAK Grantmaking, August 12, 2019: <https://www.peakgrantmaking.org/insights/equity-in-practice-part-2-a-closer-look-at-risk-management/>

[Rev. January 14, 2021]

¹ Cyndi Suarez, “The Nonprofit Racial Leadership Gap: Flipping the Lens,” *The Nonprofit Quarterly*, June 8, 2017: <https://nonprofitquarterly.org/nonprofit-racial-leadership-gap-flipping-lens/>

² White-led nonprofits are defined as organizations where more than 75% of the leadership and board are White. “Race to Lead Revisited: Obstacles and Opportunities in Addressing the Nonprofit Racial Leadership Gap”: https://buildingmovement.org/wp-content/uploads/2020/07/RTL_Revisited_National-Report_Final.pdf

³ Jim Rendon, “Nonprofits Led by People of Color Win Less Grant Money With More Strings (Study),” *The Chronicle of Philanthropy*, May 7, 2020: <https://www.philanthropy.com/article/nonprofits-led-by-people-of-color-win-less-grant-money-with-more-strings-study/>

⁴ Cheryl Dorsey, Jeff Bradach, and Peter Kim, “The Problem with ‘Color-Blind’ Philanthropy,” *Harvard Business Review*, June 5, 2020: <https://hbr.org/2020/06/the-problem-with-color-blind-philanthropy>

⁵ “Defining implicit bias,” Kirwan Institute for the Study of Race and Ethnicity: <http://kirwaninstitute.osu.edu/research/understanding-implicit-bias/>

⁶ “Implicit bias in peer review,” IOPscience: <https://publishingsupport.iopscience.iop.org/questions/implicit-bias/>