

Racial Equity and Philanthropy

Disparities in Funding for Leaders of Color Leave Impact on the Table

By Cheryl Dorsey, Jeff Bradach, and Peter Kim

For more than a decade Morgan Dixon and Vanessa Garrison have been working to mobilize Black women to improve their health one step at a time, literally. In 2010 the friends founded GirlTrek with the mission of inspiring fellow Black women to change their lives by walking.

Because Black women often play integral roles in providing for their families and communities, they can have less time to focus on their own well-being. One consequence: they have the highest rates of obesity in the country. Nearly 60 percent are obese, and more than 80 percent are overweight.¹ As a result, Black women die from preventable diseases at higher rates and at younger ages than any other group of women in the United States. Despite the statistics, 10 years ago virtually no approaches to obesity prevention targeted Black women.² In fact when Dixon and Garrison first Googled “healthy Black women and girls,” the search results were dominated by porn.³ It made them wonder if there was a need for a health movement led by Black women, targeted to Black women, and shaped and influenced by the culture of Black women. GirlTrek’s success is a sign that the answer was yes.

GirlTrek now has more than 500,000 walkers who have pledged to walk 30 minutes a day, five days a week (the CDC recommendation).⁴ A walk GirlTrek hosted on the National Mall attracted a crowd of more than 15,000, and its annual walks along the Underground Railroad to celebrate Harriet Tubman have become popular favorites. Historically, traditional public health efforts have often gotten little traction among African Americans, but GirlTrek’s formula of accessible programming bolstered by grassroots organizing and cultural messaging illustrates the power of bringing a racial equity lens to social issue solutions.

Such good work would also not be possible without philanthropic support. Dixon and Garrison received initial backing from Teach for America, went on to win an Echoing Green fellowship, and secured a large grant from The Audacious Project (a funder collaborative housed at TED that The Bridgespan Group advises). The grant will fund GirlTrek’s expansion into the 50 highest-need communities in the United States, making it the largest Black women’s health movement.

GirlTrek is a remarkable success story—the marriage of philanthropic funding for a race-conscious solution for social change with an organization led by two Black women. It is a marriage we do not see enough and wish we would see more often.

Echoing Green and Bridgespan recently teamed up to research the depth of racial inequities in philanthropic funding. As intermediaries in the sector, we work with organizations

1 “Obesity and African Americans,” U.S. Department of Health and Human Services Office of Minority Health, <https://minorityhealth.hhs.gov/omh/browse.aspx?lvl=4&lvlid=25>.

2 David Bornstein, “Walking Together for Health and Spirit,” *The New York Times*, April 5, 2016, https://opinionator.blogs.nytimes.com/2016/04/05/walking-to-build-spirit-as-well-as-health/?_r=1.

3 Ibid.

4 “Take a Walk, Join a Movement,” GirlTrek, <https://www.girltrek.org/>.

that are often at distinctly different points in their development, which gives us a broad combined view of the sector. Echoing Green is devoted to supporting emerging leaders and their early-stage organizations and provides seed funding and leadership development through its annual fellowship program. Bridgespan is a global nonprofit that advises organizations and philanthropists, including extensive work helping philanthropists make large commitments (“big bets”).⁵

Two of the biggest factors holding back philanthropy’s quest for social change

- 1 Understanding the role of race in the problems philanthropists are trying to solve**
- 2 The significance of race in how philanthropists identify leaders and find solutions**

Source: The Bridgespan Group

Based on what we see in our work, two of the biggest factors holding back philanthropy’s efforts to help advance social change are rooted in race. One is understanding the role of race in the problems philanthropists are trying to solve. The second is the significance of race when it comes to how philanthropists identify leaders and find solutions.

In thinking about how they could contribute to improving the lives of young people, philanthropists Jeff and Tricia Raikes grappled with the critical role that race plays in achieving the type of impact that they hope to achieve through their philanthropy. “Tricia and I recognize that we come into this work with blind spots, as did many of our staff,” says Jeff Raikes. “Over the past few years we have challenged ourselves to better understand the ways a race-conscious approach leads to better results for the communities we want to support. There is groundbreaking work happening in organizations led by people of color, but white people’s

“... Philanthropy is overlooking leaders of color who have the most lived experience with and understanding of the problems we are trying to solve.”

JEFF RAIKES, CO-FOUNDER, RAIKES FOUNDATION

5 Bridgespan defines a “big bet” as multimillion-dollar grants or initiatives that can powerfully advance social change. To learn more see: William Foster, Gail Perreault, Alison Powell, and Chris Addy, “Making Big Bets for Social Change,” *Stanford Social Innovation Review*, Winter 2016, https://ssir.org/articles/entry/making_big_bets_for_social_change.

networks are also largely white, so we fund people we know, or who know people we know. It means 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.”

For the Raikes, one of those leaders that their foundation would have missed, if it had not taken the first step of diversifying its staff, was Chris Chatmon, head of the African American Male Achievement (AAMA) initiative of the Oakland Unified School District in Oakland, CA. For more than a decade Chatmon had been doing identity-affirming work to support Black boys that looked very different than the way most white funders think about education reform. Things like daily classes taught by Black men that emphasized social-emotional learning, African and African American history, and mentoring. The Raikes Foundation funded research conducted by Stanford University that helped prove the approach was working.⁶ AAMA significantly reduced the number of Black males who dropped out of high school and had a “spillover” effect for Black girls too who also saw improvement. Raikes funding also enabled Chatmon to launch the nonprofit Kingmakers of Oakland, expanding his team’s critical work beyond Oakland to other school districts across the country. “We followed Chris’ lead and listened to what he and other Black leaders identified as necessary, and the results have been phenomenal,” says Raikes.

Developing Solutions Without a Race-Based Lens Will Bring You the Wrong Answer

We understand that we are in a moment when philanthropy, particularly the influence and power it wields, is under tremendous scrutiny. Although worthy of considerable debate and reflection, we are purposely not tackling those issues here. Rather, our focus is to challenge the ways in which philanthropists work to change the world.

It is also no secret that many philanthropists want to make the world a better place. As it’s been said, today’s audacious donors want to not only fund homeless shelters but also *end* homelessness.⁷ However, what is often missing from philanthropy’s discussions about achieving results is how much successfully changing the world depends on bringing an intentional, explicit, and sustained focus to addressing racial disparities across the problems we are trying to solve.

Race is one of the most reliable predictors of life outcomes across several areas, including life expectancy, academic achievement, income, wealth, physical and mental health, and maternal mortality. Here are just a

“If socioeconomic difference explained these racial inequities, then controlling for socioeconomic status would eliminate them. But it does not.”

DEENA HAYES-GREENE AND BAYARD P. LOVE,
THE GROUNDWATER APPROACH


6 Gisele C. Shorter, “Oakland Unified School District’s African American Male Achievement Program Is a North Star for Equity Education,” Raikes Foundation, November 12, 2019, <https://raikesfoundation.org/blog/posts/oakland-unified-school-district's-african-american-male-achievement-program-north-star>.

7 Susan Wolf Ditkoff and Abe Grindle, “Audacious Philanthropy,” *Harvard Business Review*, September–October 2017, <https://hbr.org/2017/09/audacious-philanthropy>.

RACE: one of the most reliable predictors of life outcomes

5.2 African American business owners are **5.2 times** more likely to be denied a loan 

2.3 African Americans are **2.3 times** more likely to experience infant death 

2.7 African Americans are **2.7 times** more likely to be searched on a traffic stop 

Source: *The Groundwater Approach*, The Racial Equity Institute, 2018

few data points: compared to whites, African American business owners are 5.2 times more likely to be denied a loan. African Americans are 2.3 times more likely to experience infant death. African Americans are 2.7 times more likely to be searched on a traffic stop.⁸ On virtually every issue, holding all other factors constant, one's race predicts outcomes better than anything else. The Racial Equity Institute (REI), a multiracial team that conducts workshops nationwide helping organizations and individuals understand structural racism, points out that these racial inequities look the same across systems—whether it be healthcare, education, or finance.

If socioeconomic difference explained these racial inequities, then controlling for socioeconomic status would eliminate them. But it does not.⁹ Take infant mortality, where racial disparities persist even when comparing Black and white

mothers with the same level of education. In fact, white women with a high school diploma or a GED have lower infant mortality rates than Black women with MAs, JDs, or PhDs.¹⁰ Truth is, many of our most cherished narratives about success in America fall away when we overlay a racial equity lens. Consider that nearly seven out of 10 Black children born into the middle income quintile fall into one of the bottom two quintiles as adults.¹¹

Bridgespan has seen through our own work with social sector leaders and research projects that when donors address our biggest social problems without a racial equity lens they often miss getting at the heart of the issue—and almost always risk not solving the problem for the most marginalized populations. In our recent research on field-based efforts to combat complex social problems, we found that some of the sector's biggest “success” stories when it comes to achieving population-level change—teen smoking, teenage pregnancy, hospice and palliative care—tell quite different stories when you disaggregate the results by race.

For instance, in 2001 only 7 percent of US hospitals with 50 or more beds reported a palliative care team.¹² The field was successful in helping to grow this number to 72 percent

8 Deena Hayes-Greene and Bayard P. Love, *The Groundwater Approach: Building a Practical Understanding of Structural Racism*, The Racial Equity Institute, 2018, <https://www.racialequityinstitute.com/groundwaterapproach>.

9 Ibid.

10 Ibid.

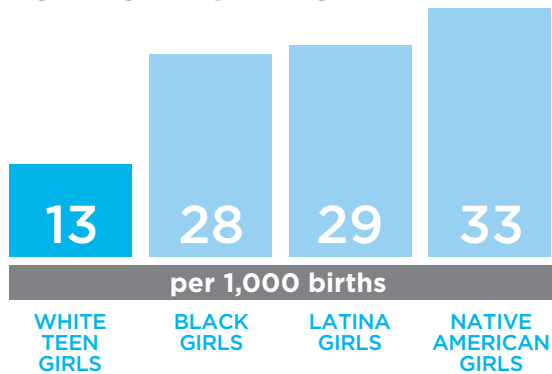
11 Richard V. Reeves and Edward Rodrigue, “Five Bleak Facts on Black Opportunity,” Brookings Institution, January 15, 2015, <https://www.brookings.edu/blog/social-mobility-memos/2015/01/15/five-bleak-facts-on-black-opportunity/>.

12 *America's Care of Serious Illness: A State-by-State Report Card on Access to Palliative Care in Our Nation's Hospitals*, Center to Advance Palliative Care and the National Palliative Care Research Center, September 2019, <https://www.capc.org/documents/download/2/>.

of hospitals as of 2019. However, access and utilization were not equitable across populations. Of the patients using palliative or hospice care in 2013, only 7 percent identified as Hispanic or Latino and 8 percent identified as African American, both significantly lower than their representation in the overall population.¹³

Likewise, the US teen birth rate has seen a dramatic drop of 70 percent since its peak in

Teen birth rate drops, but NOT FOR EVERYONE



Source: "National Data," Power to Decide

1991. Despite the notable progress across all racial groups, there are significant racial disparities in teen birth rates today. While the rate for white teen girls is 13 births per 1,000 girls, teen girls of color have rates more than twice that, with 28 births per 1,000 for Black girls, 29 for Latinas, and 33 for Native American girls.¹⁴ In fact, the pregnancy rates for teenage girls of color today are about equal to the rates of white teenage girls 15 years ago.¹⁵ The reasons for such differences are, no doubt, complicated by issues of race, class, access to health care and contraception, and more. However, blinded by the overall drop in teen pregnancy some funders assume the problem has been solved.¹⁶

And when it comes to teen smoking in the United States, although there have been impressive declines overall (from 36 percent in 1997¹⁷ to 9.2 percent in 2018¹⁸), Native Americans have experienced no significant change and have the highest rates of teen smoking at 19 percent.¹⁹ In addition, although Black teens smoke at much lower rates than white teens, by the time they are adults the rates are about the same,²⁰ because Black smokers tend to start at later ages.²¹ This is significant because the majority of the smoking prevention programs and policy have been targeted to teens—thus missing the adult window when African Americans typically start to smoke. Further, although the rates

13 "Diversity," National Hospice Foundation, <https://www.nationalhospicefoundation.org/program/diversity>.

14 "National Data," Power to Decide, <https://powertodecide.org/what-we-do/information/national-state-data/national>.

15 Lija Farnham, Emma Northmann, Zoe Tamaki and Cora Daniels, *Field Building for Population Level Change*, The Bridgespan Group, March 2020, <https://www.bridgespan.org/insights/library/philanthropy/field-building-for-population-level-change>.

16 Ibid.

17 Campaign for Tobacco-Free Kids, "New Survey Shows U.S. Youth Smoking Rates Fell to Record Low in 2013," Press Release, June 12, 2014 https://www.tobaccofreekids.org/press-releases/2014_06_12_cdc.

18 Centers for Disease Control and Prevention, "Fast Facts and Fact Sheets: Youth and Tobacco Use," https://www.cdc.gov/tobacco/data_statistics/fact_sheets/youth_data/tobacco_use/index.htm.

19 Laura Bach, "American Indian/Alaska Natives & Tobacco Use," Campaign for Tobacco-Free Kids, December 6, 2019, <https://www.tobaccofreekids.org/assets/factsheets/0251.pdf>.

20 "African Americans and Tobacco Use," Centers for Disease Control and Prevention, <https://www.cdc.gov/tobacco/disparities/african-americans/index.htm>.

21 Megan E. Roberts, Suzanne M Colby, Bo Lu, and Amy K. Ferketich, "Understanding Tobacco Use Onset Among African Americans," *Nicotine & Tobacco Research* 18 (April 2016): S49-S56.

of Black and white adult smokers are about the same, African Americans die at much higher rates from illness caused by smoking.²²

The point is, race matters. Faced with the racial disparities of their “success,” each of these fields, and the philanthropists who care about these issues, are now trying to play catch-up. But if solutions had been designed from the beginning with racial equity in mind, then today we may instead be seeing compelling and comparable results across *all* populations.

A good example of how designing for the most vulnerable groups often ends up benefiting everyone can be seen in the use of the curb cut—the small ramp in the sidewalk originally intended to help those in wheelchairs. Pressured by disabled advocates, Berkeley installed its first curb cut in 1972. It wasn’t the nation’s first, but curb cuts were not common back then. However, once Berkeley’s curb cuts were in place, the nation discovered that more than just the disabled benefited. The curb cuts became a favorite of parents pushing strollers, workers pulling heavy carts, business travelers wheeling luggage, anyone suffering joint and knee pain, runners, bikers, and the list goes on.

Angela Glover Blackwell, founder of PolicyLink, has dubbed this the “curb-cut effect” and challenges everyone to use it as a guide to achieve equitable impact.²³ She argues that instead of seeing equity as a zero-sum game—that helping one group hurts another—the curb cut illustrates that when support is given where it is needed most, everyone wins. Likewise, if we do not intentionally address the racial disparities that plague our nation, everyone loses because such disparity drags on the economic growth, prosperity, and well-being of our entire nation.²⁴

Even if an effort starts out successfully serving a diverse and inclusive population, it may not be able to maintain that status as the initiative grows if racial equity is not a deliberate part of the design. The national nonprofit KABOOM!, which works to create safe places to play for all kids, was founded in 1995 in response to a newspaper article about two young children who suffocated in an abandoned car because they had nowhere else to play. KABOOM! started by coordinating volunteers and corporate sponsors to build new community playgrounds. With the help of an internet platform it launched in 2005, KABOOM! increased the total number of playgrounds it could build by a factor of 10 by putting tools online—including training materials and social networking resources—to help communities self-organize and build playgrounds on their own.²⁵ The move helped to build a total of 13,000 playgrounds by 2012.

22 “CDC finds ‘marked disparities’ in youth tobacco use by race and ethnicity,” Truth Initiative, September 24, 2018, <https://truthinitiative.org/research-resources/targeted-communities/cdc-finds-marked-disparities-youth-tobacco-use-race-and>.

23 Angela Glover Blackwell, “The Curb-Cut Effect,” *Stanford Social Innovation Review*, Winter 2017, https://ssir.org/articles/entry/the_curb_cut_effect.

24 Ibid.

25 Heather McLeod Grant and Katherine Fulton, “Breaking New Ground: Using the Internet to Scale - KABOOM!,” Monitor Institute, Spring 2010, https://media.kaboom.org/sites/default/files/Monitor_Institute_KaBOOM_Study_SM.pdf.

KABOOM!'s growth gained national attention and acclaim. Harvard Business School featured it in a case study. However, founder Darrell Hammond candidly admits when KABOOM! “peeled back the onion,” the organization realized that its race-neutral online platform meant that growth had come mostly from playgrounds in middle- and upper-class white communities that had the resources and capacity to take advantage of the model—not the organization’s target audience of children experiencing poverty, who are disproportionately children of color.²⁶

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DARRELL HAMMOND, FOUNDER, KABOOM!

“Being brutally honest, my drive towards data, dashboards, and measurement—because ‘data don’t lie’—was wrong, especially if you’re not asking the right questions, drawing the wrong consultations or insights, or not understanding the nuance of the numbers,” says Hammond noting that internet access/speed were significant barriers for poor communities of color that were overlooked. “Besides data I also needed to add more lived experience both to my inner circle and our broader team because some of these barriers we encountered existed as we were planning and executing the strategy and approach but had huge blind spots around. Until I confronted my own assumptions, the problem was me, and I had to see and hear things differently to ensure we got the impact that all of us so passionately believe in.”

KABOOM! had to pivot if it was going to reach children in low-income urban areas. It changed its focus to partner with municipalities, providing infrastructure grants to create play areas near everyday spaces such as bus stops and laundromats. By 2016 the organization had helped 257 communities with awards of \$6.5 million. KABOOM! eventually ended its online platform, turning away from its original formula to focus on efforts to increase playability in cities.²⁷

From Color Blind to Race Conscious

We understand that the direct and intentional attention to race needed to make progress also can come with personal discomfort and uncertainty. The concept of racial color blindness is somewhat of a societal Rorschach test in itself. Some see color blindness as a noble aspiration made in recognition that society was anything but. With the nation still bearing wounds from the racial hatred and violence witnessed during the civil rights era, the emergence of color blindness was considered by some as something “good” that “good people” hoped for in wanting the world to change for the better. So it can be difficult to now hear people like philanthropist Jeff Raikes and Ford Foundation head

26 Marc Gunther, “KABOOM!: When Doing Good Isn’t Good Enough,” Nonprofit Chronicles, <https://nonprofitchronicles.com/2015/03/29/kaboom-when-doing-good-isnt-good-enough/>.

27 V. Kasturi Rangan and Tricia Gregg, “Zig-Zagging Your Way to Transformative Impact,” Harvard Business School Working Paper, 2018.

Darren Walker call color blindness a “cop-out,” as they did at the Aspen Institute a few years ago during a discussion about race.²⁸

But for some, especially many people of color, the motivations of the color-blind mantra have long been suspect. After all, Martin Luther King Jr.’s famous dream was for a society that did not *judge* people by the color of their skin, not for one that did not see the color of people’s skin. Judging and seeing are not the same. A nation that does not judge people based on color is one where equity can be realized, while not seeing color risks ignoring the race-based inequities that exist.

The critique of philanthropy’s color-blind approach comes from a more nuanced understanding of how systems and structures were built. This was the point that philanthropist Jeff Raikes made at the 2017 Aspen Ideas Festival during the “color-blindness cop-out” discussion: “Failing to address race head-on is counterproductive to making meaningful progress to correct [society’s] startling inequities. While it may be easier to avoid discussing race, it’s impossible to improve the systems that create these disparate outcomes if we don’t first recognize how they disproportionately impact people of color.”²⁹

There are also those who may argue that American meritocracy is the antidote for inequity. The problem there is, as any grade school child will tell you, it is unfair to be hailed the winner of the race if you had a head start. The concept of meritocracy ignores that some people face structural disadvantages while others do not. In fact, Michael Young, the British sociologist, coined the term meritocracy in 1958 as a pejorative in his satire, *The Rise of the Meritocracy*, about a British society of the future in which wealth undermines the effort to rule by the formula “IQ + effort = merit.” In Young’s dystopian world, the belief in the meritocracy prompts people to dangerously accept that they have gotten what they deserve.³⁰ Channeling Young, Chris Hayes examined the *myth* of meritocracy, in his book *Twilight of the Elites*, arguing, “The paradox of meritocracy: It can only truly come to flower in a society that starts out with a relatively high degree of equality. So if you want meritocracy, work for equality.”³¹

The Racial Equity Institute (REI) has come up with a helpful metaphor—the groundwater metaphor—to explain structural racism, in an effort to explain how race and racism are intricately linked to our biggest social problems. REI asks us to imagine that we have a lake in front of our house. If we find one dead fish, most of us would analyze the fish. But if we come to the same lake and half the fish are dead, then it probably makes more sense to analyze the lake. But what if there are five lakes around our house and in every lake half the fish are dead? Now it might be time to consider analyzing the groundwater

28 “When Color Blindness Renders Me Invisible to You,” The Aspen Institute, <https://www.aspeninstitute.org/blog-posts/color-blindness-renders-invisible/>.

29 Jeff Raikes, “Color-Blindness Is a Cop-Out,” The Aspen Institute, June 28, 2017, <https://www.aspeninstitute.org/blog-posts/color-blindness-cop-out/>.

30 Kwame Anthony Appiah, “The myth of meritocracy: who really gets what they deserve?” *The Guardian*, October 19, 2018, <https://www.theguardian.com/news/2018/oct/19/the-myth-of-meritocracy-who-really-gets-what-they-deserve>.

31 Conor Friedersdorf, “The Cult of Smartness: How Meritocracy is Failing America,” *The Atlantic*, June 14, 2012, <https://www.theatlantic.com/politics/archive/2012/06/the-cult-of-smartness-how-meritocracy-is-failing-america/258492/>.

to find out how the water in all the lakes ended up with the same contamination.³² That is what we mean when we argue that every social issue is shaped and determined by race. The point is groundwater problems require groundwater solutions. Donors who care about supporting social change must think more intentionally and proactively about race and racial equity. This is not just diversity in hiring (although that would help). It's re-evaluating what solutions look like and where they come from. That can be a tougher shift—challenging comfort zones. But, ultimately, that is how a successful race-based solution offered by a Black-led organization like GirlTrek is able to attract a big bet.

“As funders, we need to reject the impulse to put grantmaking rather than change making at the center of our worldview. Listening, learning, and lifting up voices who are most proximate and most essential to unlocking solutions is critical to the type of change making that we seek.”

DARREN WALKER, PRESIDENT, FORD FOUNDATION

Ford President Darren Walker has thought deeply about this issue. “As funders, we need to reject the impulse to put grantmaking rather than change making at the center of our worldview,” says Walker. “Listening, learning, and lifting up voices who are most proximate and most essential to unlocking solutions is critical to the type of change making that we seek. This requires examining what gets in the way of trust—deeply rooted cultural norms and structures, including racial, gender, ethnic, class, sexual orientation, and disability biases.”

Perhaps because philanthropy, by definition, is trying to make the world a better place, it becomes easy to believe that it is inherently beyond reproach on this dimension. Unfortunately, when thinking about racial equity strategically, philanthropy, in some aspects, is behind. Consider that the health, education, and business sectors all concretely measure the effect racially diverse management has on outcomes and the bottom line.

Take business. Companies in the top quartile for racial and ethnic diversity are 35 percent more likely to have financial returns above their respective national industry medians.³³ Companies with more diverse management teams have 19 percent higher revenues due to innovation.³⁴ Likewise, in the venture capital world, the success rate of acquisitions and IPOs drops by about 26 percent to just 32 percent for investments by partners who shared the same ethnicity.³⁵

And it goes beyond management team composition. Venture capital firm Kapor Capital has focused for nearly a decade on investing in companies led by people of color.³⁶

32 Hayes-Greene and Love, *The Groundwater Approach: Building a Practical Understanding of Structural Racism*.

33 Vivian Hunt, Dennis Layton, and Sara Prince, “Why Diversity Matters,” McKinsey & Company, January 2015, <https://www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters>.

34 Rocío Lorenzo et al., “How Diverse Leadership Teams Boost Innovation,” Boston Consulting Group, http://image-src.bcg.com/Images/BCG-How-Diverse-Leadership-Teams-Boost-Innovation-Jan-2018_tcm9-207935.pdf.

35 Paul Gompers and Silpa Kovvali, “The Other Diversity Dividend,” *Harvard Business Review*, July–August 2018, <https://hbr.org/2018/07/the-other-diversity-dividend>.

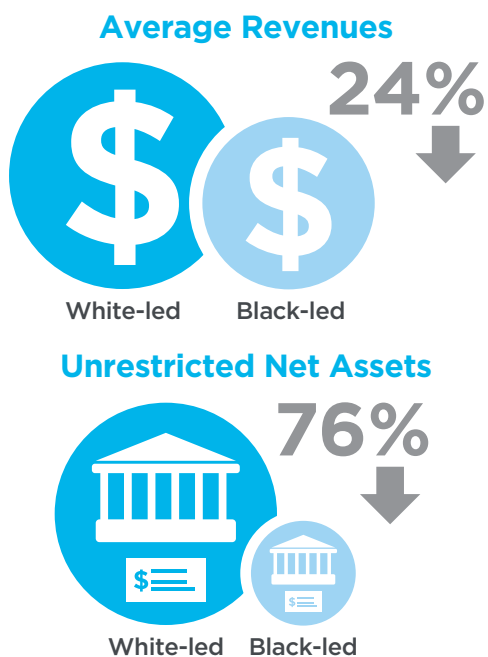
36 “Field Note: Recognizing Social Impact Investment Opportunity 2019,” Reinventure Capital, <https://reinventurecapital.com/wp-content/uploads/2019/10/recognizing-social-impact-investing-opportunity-field-note-191007-1.pdf>.

It recently reported that its impact fund ranks in the top quarter of venture funds of comparable size. Kapur reports an internal rate of return of a little more than 29 percent for its portfolio from 2011 to 2017, outperforming the venture capital industry average of roughly 26 percent for the same period.³⁷

Racial Inequity Is Built into Philanthropic Norms

If we assume—as we have described—that we cannot address society’s greatest challenges without a focus on race, then understanding racial dynamics becomes critical to finding effective solutions and achieving equitable outcomes. Funding leaders of color then becomes a significant piece of this puzzle because these leaders often bring strategies that intimately understand the racialized experiences of communities of color and the issues these communities face.

There are disparities in revenues and unrestricted assets between white-led and Black-led early-stage organizations



Source: Echoing Green Applicant Information, 990 Data from GuideStar, Bridgespan Analysis.

Unfortunately by and large that is not happening today. Take Echoing Green’s applicant pool, a group that is considered among the sector’s most promising early-stage organizations. Looking just at its highest qualified applicants (i.e., those who progressed to its semifinalist stage and beyond), our research found that on average the revenues of the Black-led organizations are 24 percent smaller than the revenues of their white-led counterparts. When it comes to the holy grail of financial support—unrestricted funding—the picture is even bleaker. The unrestricted net assets of the Black-led organizations are 76 percent smaller than their white-led counterparts. The stark disparity in unrestricted assets is particularly startling as such funding often represents a proxy for trust.

Disparities by leader race repeatedly persist even when taking into account factors like issue area and education levels. Among organizations in Echoing Green’s Black Male Achievement fellowship, which focuses on improving the life outcomes of Black men and boys in the United States, the revenues of the Black-led organizations are 45 percent smaller than those of the white-led organizations, and the

unrestricted net assets of the Black-led organizations are a whopping 91 percent smaller than the white-led organizations’—despite focusing on the same work. Similar racial disparities appear between leaders with the same education levels.

³⁷ “Kapur Capital Impact Report,” <https://impact.kapurcapital.com/>.

These racial disparities intersect with gender as well. The Black women leaders in Echoing Green’s portfolio consistently receive less support than either the Black men or white women. An op-ed piece in *The New York Times* this past year called out this pattern under the powerful headline: “Philanthropists Bench Women of Color, the M.V.P.s of Social Change.” Organizations led by women of color have been instrumental in a number of social change victories such as restoring voting rights to people with felony convictions in Virginia and the enactment of domestic worker bill of rights in nine states and Seattle. The success of these organizations, and others led by women of color, comes from building power on the ground that surges up. However, too often these types of efforts struggle to attract funding.

The author of the *Times* piece, Vanessa Daniel, executive director of the Groundswell Fund that supports grassroots organizing by women of color and transgender people of color, dubs this “misdirected philanthropy” or the philanthropy that favors the funding of white-led organizations over those led by people of color. She is concerned about the missed opportunity for impact the disparity creates. Daniel writes: “I’m often asked by donors how they can manage the ‘risk’ of funding grass-roots organizing headed by people of color. I ask them to examine how they are managing the risk of not funding it.”³⁸

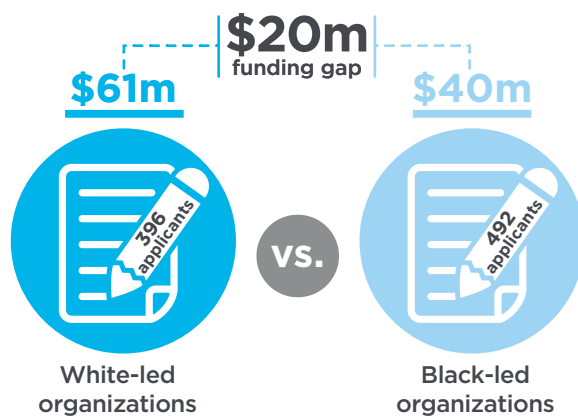


38 Vanessa Daniel, “Philanthropists Bench Women of Color, the M.V.P.s of Social Change,” *The New York Times*, November 19, 2019.

Indeed, to further understand what drives the racial disparities in funding, Echoing Green and Bridgespan spent several months conducting interviews with more than 50 sector leaders, including nonprofit executives of color, philanthropic staff, and leaders working to address this issue. Through these conversations we consistently observed leaders of color hitting barriers across the full arc of fundraising efforts:

- **Getting connected to potential funders:** Leaders of color have inequitable access to social networks that enable connections to the philanthropic community.
- **Building rapport with potential funders:** Interpersonal bias can manifest as mistrust and microaggressions, which inhibit relationship building and emotionally burden leaders of color.
- **Securing support for the organization:** Funders often lack understanding of culturally relevant approaches, leading them to over rely on specific forms of evaluation and strategies with which they are familiar.
- **Sustaining relationships with current funders:** Grant renewal processes can be arduous if mistrust remains, and funding may stop if the funder has a white-centric view of what is a strategic priority and how to measure progress.

A racial funding gap exists between white-led and Black-led early-stage organizations



Source: Echoing Green 2019 applicant pool

The fallout from these barriers is significant. Across Echoing Green’s 2019 applicant pool alone, looking only at applications from the United States, the disparities add up to a \$20 million racial funding gap between Black-led and white-led early-stage organizations.³⁹ The 492 organizations led by Black applicants raised \$40 million overall, compared to \$61 million raised by the 396 organizations led by white applications.

The disparities continue as organizations attempt to grow. According to New Profit, during the mezzanine stage Black and Latinx leaders receive only about 4 percent of funding although they make up approximately 10 percent of nonprofit leaders. And in the later stages the pattern continues. Of the total number

of big bets for social change documented between 2010 and 2014, only 11 percent went to organizations led by people of color. One organization, The Harlem Children’s Zone, accounted for one-third of those bets.⁴⁰

39 “State of Social Entrepreneurship 2019,” Echoing Green, April 10, 2019, <https://echoinggreen.org/news/state-of-social-entrepreneurship-2019/>.

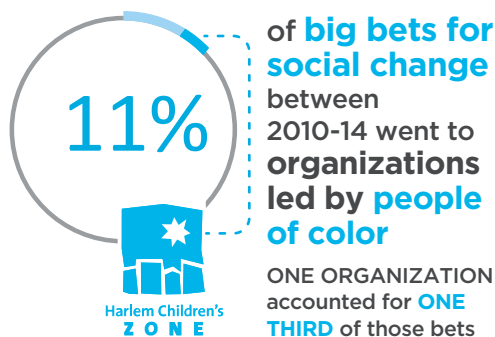
40 William Foster, Gail Perreault, and Bradley Seeman, “Becoming Big Bettable,” *Stanford Social Innovation Review*, Spring 2019, https://ssir.org/articles/entry/becoming_big_bettable.

“If we are going to make progress on persistent, complex social challenges, we need the best ideas from everyone,” says Stacey Childress, CEO of New Schools Venture Fund. “The capital gaps for leaders of color means we are missing out on too many great ideas and too much talent. Closing these gaps will catalyze a broader range of innovative approaches. In the long run, this should lead to more effective and sustainable solutions to tough problems.”

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STACEY CHILDRESS, CEO, NEW SCHOOLS VENTURE FUND

It is impossible for us to address the biggest challenges that face our country as long as this vital segment of leaders continues to be underfunded. We heard repeatedly in our interviews that the inequities in funding have pushed many leaders of color to consider leaving the sector. This is significant not only for the sector’s loss of talent, but also because the turnover leaves their organizations vulnerable.



Source: The Bridgespan Group

One of the key elements to successful leadership transition is strong reserves,⁴¹ but that is something that organizations led by people of color rarely have. It is a classic “chicken and the egg” dilemma: traditionally it has been difficult for organizations with low reserves to attract new funders, but that inability to attract new funders keeps reserves low. For instance, organizations lacking ample reserves might not be able to invest in generating the evidence or conducting the type of evaluation donors want to see to show programming is making a difference. This can also make it difficult for the leaders of color of these

organizations to build the easy-to-define track records that excite donors, compounding the problem going forward. Or consider another marker that funders like to lean on: who are an organization’s other funders? And we are at the beginning of a race that doesn’t seem to end or have a fair start.

Journeys to Embrace Racial Equity in Philanthropy

Bridgespan and Echoing Green cannot expect philanthropy to work honestly to address racial inequities without claiming responsibility for the roles our organizations have played in helping to create the current reality.

41 Jari Tuomala, Donald Yeh, and Katie Smith Milway, “Making Founder Successions Work,” *Stanford Social Innovation Review*, Spring 2018, https://ssir.org/articles/entry/making_founder_successions_work.

For Echoing Green we have wondered about our own responsibilities as an early-stage funder as we continue to enthusiastically help leaders of color get their organizations off the ground even while knowing how difficult it will be for them, given the barriers they face, to continue to maintain support from the funding community as they try to grow. The intersectional nature of both the leaders we support and, more broadly, the work they do that centers justice within the social innovation sphere, has laid bare the institutional and structural inequities they face. We have had the good fortune to travel on this journey together with our Fellows who have shown grace when our missteps led to inequitable processes and opportunities and persistence when structural inequities blatantly disadvantaged them and their efforts.

Although we have long been speaking out on equity issues, we are constantly striving to improve our process for selecting our fellows, to address and confront implicit bias. Over the past five years we have moved to a blind reading of our application pool (removing key demographic information that are often associated with bias), cultivated intentional partnerships with organizations who are truly in-community to recommend and strengthen our applicant pipeline, and implemented in-person implicit bias training for the judges for our fellowship interview panels. On finalist interview panels, alumni fellows serve as the lead judge, to include the perspective of our diverse community of social entrepreneurs.

However, we also know that implicit bias will inevitably creep in no matter what safeguards we put in place. Therefore, we also have trigger points throughout our selection process where we check in on the racial breakdown of the pool. Still, we have had fellows bring equity concerns to our attention, despite our process improvements—reminding us that this is a continuous learning journey for everyone.

For Bridgespan, we have not been on our racial equity journey as long as Echoing Green or other leading voices on racial bias in funding. Our own focus on rigorous measurement has led those we advise to overlook the potential of organizations who don't fit the narrow definition of "good" such measures create. Those definitions can rely too much on looking back on "what worked" (often offered by a predictable few) rather than moving forward by embracing approaches, ideas, and solutions proposed by a wider tent of voices. Bridgespan has also enthusiastically promoted philanthropic big bets, often without acknowledging how such an approach can contribute to and exacerbate racial inequities if not approached with an explicit eye towards equity and inclusion.

Bridgespan has evolved from an organization whose attention to race was limited to our own recruitment of employees of color to one that now understands that race plays an integral role in all the work we do and the change we seek in the world. Specifically, Bridgespan's mission to break cycles of intergenerational poverty is impossible if we do not also include a pursuit of racial equity, given the intersection of issues of race and racism with poverty and justice. In 2016 Bridgespan began the internal work and investment as a firm to increase the ability of all staff to bring a racial equity mindset to their work. Our journey is not over yet—admittedly the work takes time and is not easy. We will continue to do the work, learning, and self-reflection that achieving an equitable world requires.

Likewise, several philanthropists and foundations are starting to use racial equity in their grantmaking to achieve greater results:

- The **Charter School Growth Fund** (CSGF) launched the Emerging CMO Fund in 2013 to significantly expand the impact of charter schools led by people who share the backgrounds of the students and families they serve. It provides charter networks led by people of color with funding, resources, and mentorship as they open more schools. In our interview, CSGF said that its Emerging CMO Fund grantees have outperformed its traditional grantees.
- Since 2017 the **Weingart Foundation** has made a full commitment to equity by basing all of its policy and program decisions on its goal of advancing fairness, inclusion, and opportunity for all Southern Californians. As part of its approach, Weingart has reevaluated the way it measures success, tying its goals to the financial health and programmatic success of its grantees. This allows organizations closer to the community to determine strategic direction without interference.⁴²
- **Borealis Philanthropy**, an intermediary that helps grantmakers expand their reach, advances racial equity with its Racial Equity to Accelerate Change fund that focuses on nonprofits and Racial Equity in Philanthropy fund that focuses on changing grantmaker behavior.⁴³ Borealis is working to measure progress in more qualitative ways—including how staff, leadership, and the board are consistently lifting up the values of equity when they are speaking publicly and internally. It has done a formal audit that looks at policies, practices, and culture to understand where equity is embedded in the organization and where inequities may be persisting. Borealis leadership is also willing to be vulnerable, making room for a more courageous culture where people feel incentivized to resist status quo and be innovative in their work.⁴⁴
- The **Ford Foundation**, in an effort to think critically about how it collects and acts upon diversity data from its grantees, recently revised its entire grant proposal process to better track racial data on the boards and executive leadership teams of its grantees. The proposal also asks grantees questions about DEI efforts and goals.⁴⁵ Ford's BUILD portfolio is a \$1 billion five-year investment that extends multiyear and general operating grants to social justice

“Funders that lean into trust, flexibility, and vulnerability are better positioned to achieve the change they seek because they have true partners in their grantees, who have the freedom to give direct feedback and the capacity to deliver on the promise of a better world.”

DARREN WALKER, PRESIDENT, FORD FOUNDATION

42 “A Full Commitment to Equity,” Weingart Foundation, <https://www.weingartfnd.org/commitment-to-equity>.

43 “Racial Equity In Philanthropy: How We’re Measuring Progress – And How You Can Get Involved,” Borealis Philanthropy, August 22, 2019, <https://givingcompass.org/article/racial-equity-in-philanthropy-how-were-measuring-progress/>.

44 Ibid.

45 Megan Morrison and Chris Cardona, “Making it Count: The Evolution of the Ford’s Foundation’s Diversity Data Collection,” Center for Effective Philanthropy, September 20, 2018.

organizations working to reduce inequality. The idea behind BUILD is to not only give larger, longer, more flexible grants but also to allow grantees to determine how to spend the funding. “At its best, the relationship between a funder and a grantee is a partnership where power dynamics are acknowledged but secondary to the mutual desire for impact,” Darren Walker, president of the Ford Foundation, tells us. “Funders that lean into trust, flexibility, and vulnerability are better positioned to achieve the change they seek because they have true partners in their grantees, who have the freedom to give direct feedback and the capacity to deliver on the promise of a better world.”

- The **San Francisco Foundation** (SFF) is perhaps the biggest groundbreaker when it comes to seeing equity as the road to maximizing impact. In 2016 the foundation moved to focus its entire program strategy on racial equity and economic inclusion. It continues to be a leader not only in its grantmaking to organizations with leadership teams comprised of a majority of people of color but also in serving as a civic leader and voice for change in the Bay Area concerning issues of equity.
- Others have followed in SFF’s footsteps—most recently **Chicago Community Trust** (CCT), one of the nation’s oldest community foundations, which decided to anchor more heavily on racial equity when it came to Bridgespan for help developing a strategic plan for the next decade. After spending most of a year exploring issues facing Chicago, the foundation decided its new goal would be to close the wealth gap between Latinx, Black, and white households in Chicago. In the Chicago region white families hold nearly 10 times the wealth of Black and Latinx families.⁴⁶ Chicago ranks 50th out of the 50th largest cities in America in terms of racial disparities and upward mobility between Black and white men.⁴⁷ The foundation’s CEO, Helene D. Gayle, says its shift marks a recognition that many of the biggest issues plaguing Chicago—violence, health, education—have root causes in racial and ethnic wealth inequality and thus can never be solved as long as the wealth gap still exists.⁴⁸

CCT’s Gayle calls the foundation’s goal to close the wealth gap “Chicago’s Moonshot,” likening it to the nation’s desire long ago to reach the moon. Echoing John F. Kennedy’s famous words back then,⁴⁹ in November 2019 Gayle announced the foundation’s new equity-focused strategic plan by tweaking those words slightly: “We choose to take on this issue. Not because it is easy, but because it is necessary.”⁵⁰

46 “Our Strategic Plan,” The Chicago Community Trust, <https://www.cct.org/about/strategic-plan/>.

47 Helene D. Gayle, “Closing the Wealth Gap: Chicago’s Moonshot,” The Chicago Community Trust, November 3, 2019, <https://www.cct.org/2019/11/closing-the-wealth-gap-chicagos-moonshot/>.

48 Denver Frederick, “Dr. Helene Gayle, the President and CEO of the Chicago Community Trust, Joins Denver Frederick,” The Business of Giving, July 22, 2019, <https://denver-frederick.com/2019/07/22/dr-helene-gayle-the-president-and-ceo-of-the-chicago-community-trust-joins-denver-frederick/>.

49 Abigail Malangone, “We Choose to Go to the Moon: The 55th Anniversary of the Rice University Speech,” The JFK Library Archives, September 12, 2017, <https://jfk.blogs.archives.gov/2017/09/12/we-choose-to-go-to-the-moon-the-55th-anniversary-of-the-rice-university-speech/>.

50 Ibid.

Achieving Racial Equity in Your Philanthropy

Where do we go from here? Psychologist Courtney Cogburn is a professor at Columbia University at the school of social work whose research focuses on how racism contributes to racial inequalities in health.⁵¹ With a team of researchers at Columbia and Stanford University, Cogburn is using virtual reality to help people experience the complexities of racism. Using quantitative and qualitative data, they have built the virtual world of an avatar they've named Michael Sterling. Now you too can experience what it feels like to be a Black man in America from ages 7 to 50. What is particularly thought-provoking about Cogburn's work is her goal with the virtual reality experience is not to get people to empathize. Instead, it is to get people to act. "I want to know: what will it take for people to not just feel bad or empathize but act and think differently and to refuse to live in a world where the color of one's skin can dictate their health or well-being."⁵²

It is powerful to think about what it takes to move people to act. What if 15 years ago race was taken more into account when tackling teen pregnancy? Or what if KABOOM! had the curb cut effect in mind when developing its internet platform to scale? Or what if efforts to prevent cigarette smoking realized sooner that its tradition of targeting youth would be virtually irrelevant in Black neighborhoods where the average smoker starts later than whites but dies sooner?

When it comes to philanthropic funding—the racial disparity is clear. Population-level impact in the issues donors care about cannot happen without funding more leaders of color and funding them more deeply. The question now becomes what philanthropists are going to do about that. Are you ready to act?

We invite you to take three steps:

- **Get proximate:** Actively build knowledge of, connection to, and mutual trust with communities most impacted by the social change issues you seek to address, through intentional learning and investment.
- **Get reflective:** Collect, analyze, and reflect on data disaggregated by race for your portfolio in order to unearth and assess assumptions and biases that are limiting your philanthropy. Then make necessary shifts to your organizational culture, process, and investment norms.
- **Get accountable:** Set racial equity goals to build power among community members and leaders proximate to the problems you seek to address. Share these goals with others who can hold you accountable.

51 Of the 15 leading causes of death, including heart disease, cancer, stroke, and hypertension, Black people have earlier onset, faster progression, and earlier death than whites. This disparity persists at every level of social economic status even when education income and health insurance is taken into account. Courtney D. Cogburn, "Experiencing Racism in VR," June 2017, https://www.ted.com/talks/courtney_cogburn_experiencing_racism_in_vr_courtney_d_cogburn_phd_tedxva.

52 Ibid.

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The authors thank Bridgespan Editorial Director Cora Daniels, Manager Lyell Sakaue, and Consultant Britt Savage for their collaboration in developing this article. They also thank Echoing Green colleagues Liza Mueller and Ben Beers, and Bridgespan alumnus Austin Valido for their contributions.

Additionally, while Echoing Green has been speaking on these issues for decades, Bridgespan recognizes that we are but a small player in the pursuit of equity and justice. We seek to learn from and elevate voices of leaders of color and equity leaders on how we can support their efforts to achieve equity and justice. We're deeply indebted to and inspired by such pioneering organizations as the Philanthropic Initiative for Racial Equity, CHANGE Philanthropy (including ABFE, Hispanics in Philanthropy, Native Americans in Philanthropy, Asian Americans/Pacific Islanders in Philanthropy, and other partner organizations), National Committee for Responsive Philanthropy, Whitman Institute, Racial Equity Institute, Equity in the Center, Camelback Ventures, PolicyLink, Public Equity Group, San Francisco Foundation, and many others.

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