



Exploring the Impact of Institutional Racism on Philanthropy, Fundraisers of Color, and the Racial Equity Wealth Gap

Thursday, September 14, 2023

2023 One Day Conference

2:20pm to 3:30pm

Karl M. Nichols, MBA, CFRE

Presenter



Welcome and Introduction

- Born in Madison, WI & lived in Milwaukee for 13 years
- Holds both a BA and MBA with a concentration in nonprofit management from the University of Wisconsin-Milwaukee
- Seasoned fundraiser with successful achievements in major gifts, annual development planning, corporate giving, special events, and large private and public foundations support.
- Since moving to Austin in 2004, I has been actively engaged in several community efforts, trainings and discussions to move racial justice and equity to new heights.
- Entire life work and community involvement intricately centered around the issues of race, diversity, inclusion and equity.
- President-elect of Association of Fundraising Professionals – Greater Austin Chapter - present



Overview of Learning Objectives

Learning Goal:

To help session participants gain a general overview, understanding, and knowledge of how institutional racism has shaped and impacted the philanthropic landscape for charitable organizations, its leaders, and fundraisers of color

Learning Objectives:

1. To learn some of the basic and important statistics that substantiate the impact of structural racism on philanthropy, leaders of color, charitable organizations, and fundraisers of color
2. To provide some real lived experiences and examples of how race, structural racism, and discrimination have impacted the fundraising fields
3. To understand how many of these barriers can be mitigated and slowly changed with the right strategy and approach
4. To give workshop participants an opportunity to share their experiences with how racism in philanthropy and how they pivoted



Disclaimers & Assumptions

- **Speaking primarily as African American professional who has worked in the nonprofit sector for over 25 years and will share lived experiences.**
- **The majority of my data, examples, and sources will primarily reference the Black experience, but will still have a high correlation to other racial/ethnic groups.**
- **I am primarily a practitioner and social activist. I am not a researcher or social scientist expert.**
- **I am Pro-Black; not Anti-White. I am Anti-Racist; not a Black Nationalist.**
- **Most of my current lived experiences and examples will come from where I currently reside in Austin, TX or Central Texas.**



Session Agenda

1. Definitions
2. Statistics on Institutional Racism
3. Racial Equity Wealth Gap
4. Impact on Philanthropy and Black Americans
5. Nonprofit Racial Leadership Gap
6. Impact on Black-led organizations
7. Breakout Session
8. Fundraisers of Color
9. Progress & Solutions
10. Racial Equity Cycle
11. Breakout Session
12. Closing

Setting Common Definitions

*Exploring the Impact of
Institutional Racism on
Philanthropy, Fundraisers of Color,
and the Racial Equity Wealth Gap*

Key Takeaway

- Understand the definitions of racism and its antecedents

Racism - a system of social structures that provides or denies access, safety, resources, and power based on race. Racism is different from discrimination or racial prejudice. **Racism is race discrimination plus power.** Its complexity and structural nature have allowed racism to recreate itself generation after generation, such that systems that perpetuate racial inequity no longer need racist actors or to explicitly promote racial differences in opportunities, outcomes and consequences to maintain those differences. It is a form of oppression based on the socially constructed concept of race exercised by the dominant racial group (whites) over non-dominant racial groups.

Institutional Racism - discriminatory treatment, unfair policies and practices, inequitable opportunities and impacts **within organizations and institutions**, based on race.

Structural Racism - **a system** in which public policies, institutional practices, cultural representations, and other norms work in various, often reinforcing, ways to perpetuate racial group inequity.



Setting the Racial Foundation: Data is Compelling

Exploring the Impact of Institutional Racism on Philanthropy, Fundraisers of Color, and the Racial Equity Wealth Gap

Based on national data for African Americans and whites, we see consistent inequity in health care, education, law enforcement, child welfare, and finance, to name a few.

For example, according to data from the corresponding federal agencies:

African Americans are 2.3 times more likely to experience infant death (CDC).

African Americans are 1.9 times more likely to die of diabetes (CDC).

African Americans are 1.5 times more likely to be below “proficient” in reading in the 4th grade (NAEP).

African Americans are 3.7 times more likely to be suspended in K-12 (ED and OCR).

African Americans are 2.7 times more likely to be searched on a traffic stop (BJS).

African Americans are 7.0 times more likely to be incarcerated as adults (BJS).

African Americans are 1.8 times more likely to be identified as victims by the child welfare system (DHHS).

African Americans are 2.1 times more likely to be in foster care (DHHS).

African American business owners are 5.2 times more likely to be denied a loan (SBA).

African American business owners are 1.7 times less likely to own a home (SBA).

Key Takeaways

- Understand the definitions of racism and its antecedents
- Structured racism fuels much of our inequities

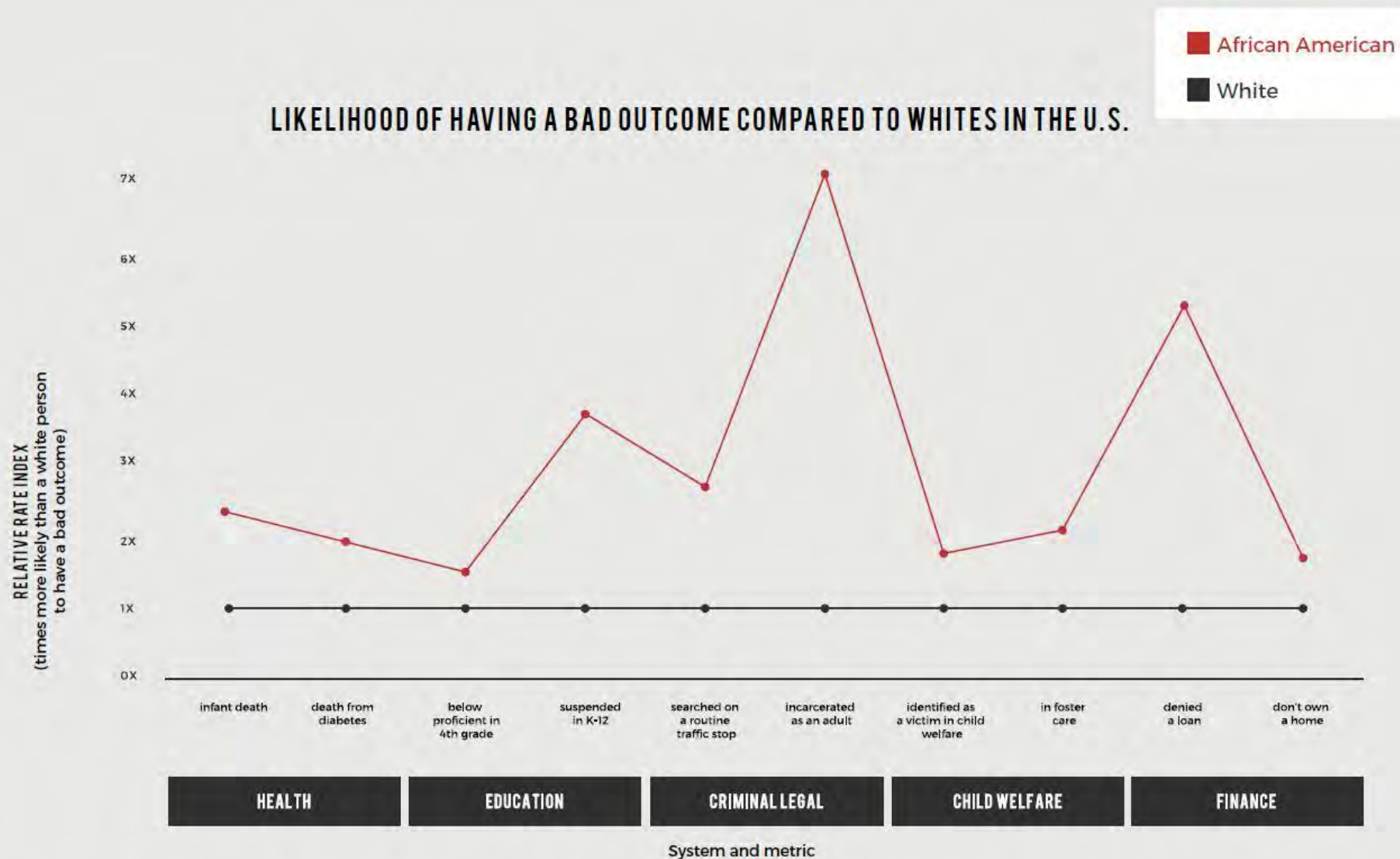


Setting the Racial Foundation: Data is Compelling

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Key Takeaway

- Racial disparities are large, clear, and irrefutable



Setting the Racial Foundation: Data is Compelling

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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

Key Takeaway

- Structural racism fuels much of our inequities.



The Impact on Racial Equity Wealth Gap

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- The **racial wealth gap** also remains stubbornly large. In 2019, the median white family had a net worth of about \$188,000, almost eight times the net worth of the median Black family (\$24,000). Differences in mean wealth are even larger: **The average white family has about \$841,000 more than the average Black family** (Bhutta et al., 2020).
- If the average incomes of minorities were raised to the average incomes of whites, total U.S. earnings would increase **by 12%, representing nearly \$1 trillion today.**
- Achieving greater racial equity will become even more critical in the U.S. due to demographic shifts that are already underway. According to the U.S. Census Bureau, children will be “majority minority” by 2018, and, overall, **people of color will surpass 50% of the U.S. population by 2043.**

Key Takeaways

- After 200 years of living in America, Black wealth gap still remains
- Structural racism has adversely impacted the U.S. ability to generate more revenues for its economy.



Impact on Philanthropy and Black Americans

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- **Black Americans actually give the biggest share of their wealth to charity compared to all other racial or economic groups in the U.S. Furthermore, studies show that Black families donate 25% more of their annual income than white households.**
- **According to a Diversity In Giving Study, African American donors say they give an average of 13 percent of their income to their place of worship, compared with 9 percent of donors overall.**
- **A study from the W.K. Kellogg Foundation also shows that almost two-thirds of Black families make charitable donations, worth a total of about \$11 billion a year.**

Key Takeaway

- **Misconceptions for Black wealth and contributions are still prevalent even today**



The Impact on Nonprofit Leadership Gap

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“One of the big problems in the nonprofit sector is that the leadership of nonprofit organizations doesn’t represent the racial/ethnic diversity of the country.”

Based on the Race to Lead Survey, the results consistently indicate less than 20% of executive directors/CEOs of nonprofits are people of color

Key Findings:

1. It’s NOT about Differences in Background or Qualifications
2. It’s NOT about a Lack of Aspirations
3. It’s NOT about Skills and Preparation
4. It IS an Uneven Playing Field
5. It IS the Frustration of “Representing”
6. It’s NOT Personal, It IS the System

Key Takeaway

- Structured racism prevents to ability of leaders of color to lead more prominently in nonprofits



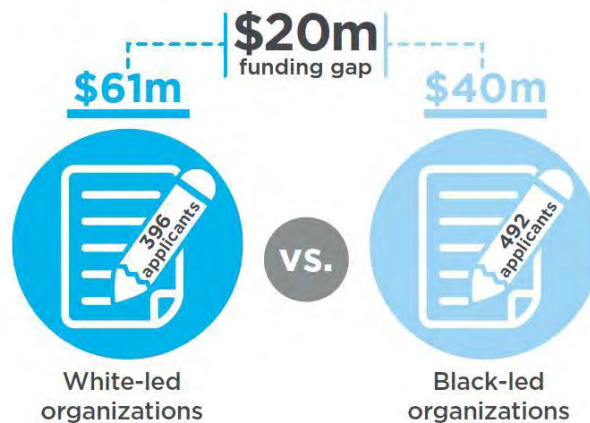
The Impact on Black-led organizations

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Key Takeaway

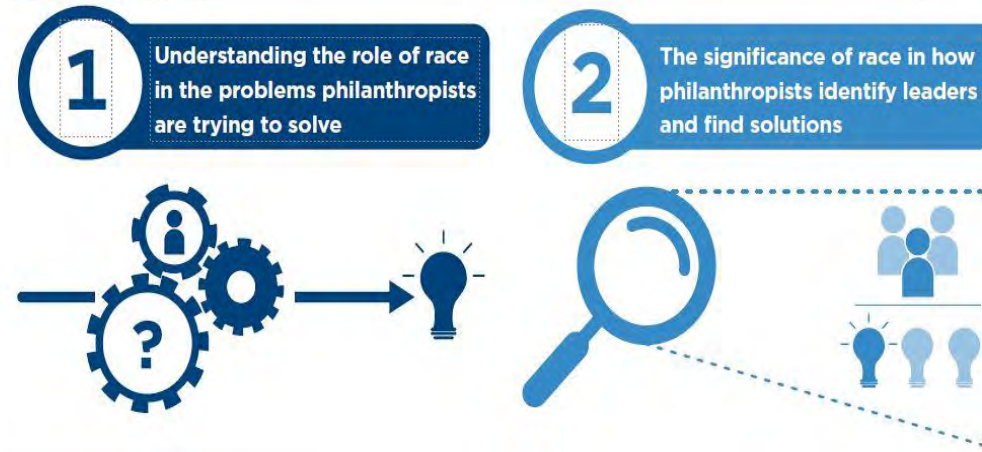
- Echoing Green research found that on average the **revenues of the black-led organizations are 24 percent smaller** than the revenues of their white-led counterparts.
- **Only 25 percent of family foundations** use formal diversity, equity, and inclusion goals or strategies to guide their giving.

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



Source: Echoing Green 2019 applicant pool

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



Source: The Bridgespan Group



BREAKOUT INSTRUCTIONS

5 minutes

Discussion Question: What equity statistic or fact stood out most for you? Why?

- Choose a speaker to report out after breakout your group discussion
- Discuss the question “**What equity statistic or fact stood out most for you? Why?**”
- Each participant has one minute to share their answers with your breakout group
- The speaker must summarize the group answers and be prepared to share a high-level overview in 60 seconds

The Impact on Funds Needed by Leaders of Color

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Four Key Barriers to Capital Faced by Leaders of Color



Across all stages, repeated interactions with bias can cause leaders to adopt mindsets and behaviors that further limit their fundraising

Source: The Bridgespan Group

Key Takeaways

- The barriers to getting capital are real, but can be overcome with intentionality.



The Impact on Fundraisers of Color

Based on report by Association of Fundraising Professional – Greater Austin Chapter in November 2021, Black fundraising professionals still experience the following adversities:

1. As BIPOC fundraisers, we are **held to higher professional standards** by institutional donors than their white counterparts.
2. There is a **huge disparity** in how white organizations **are funded** versus Black, Latina/o, Asian, Multi-Racial or Indigenous -majority run organizations.
3. There is an **inequitable distribution of resources and funding opportunities**
4. The disproportionately **smaller annual budgets of Black organizations** in Austin (and throughout the country) negatively impact their ability to raise funds
5. Black professionals stated they continue work in hostile environments even when their employers profess to value and uphold “progressive” values/cultures.

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Key Takeaway

- Central Texas Black Fundraisers experiences of racism and microaggressions in philanthropy area proxy for the country



Progress & Solutions: Observations from the field

- **Funders making huge shifts: MSDF, Gates, Kresge Foundation, Kellogg, etc.**
 - Grants requesting board and staff diversity, equity policy
 - More RFPs with a racial and ethnic focus
- **Community stakeholders more invested in DEI**
 - City of Austin – Structural Racism in Council
 - Mission Capital moves strategic focus to racial equity and inclusion
 - AFP – first President Elect, IDEA
- **New Black Wealth and Leadership**
 - Robert Smith, Oprah Winfrey, Bob Johnson, etc.
 - Darrin Walker, President of Ford Foundation

Progress & Solutions: Observations from the field

The Collective Impact of Milwaukee Succeeds

Milwaukee Succeeds is a collaboration of over 300 organizations focused on creating intentional, data-driven strategies improve education and outcomes for young people, cradle to career. The Foundation led the launch of Milwaukee Succeeds in 2011 and continues to advance this communitywide partnership in championing common goals and systems change to ensure that all children benefit from an equitable educational experience.



Greater Milwaukee Foundation Donors

4% | \$0.3M

National Donors

6% | \$0.6M

Greater Milwaukee Foundation

24% | \$2.4M

Other Local Donors

66% | \$6.5M

Other lead funders:

Bader Philanthropies
Herb Kohl Philanthropies
Northwestern Mutual
United Way of Greater Milwaukee & Waukesha County

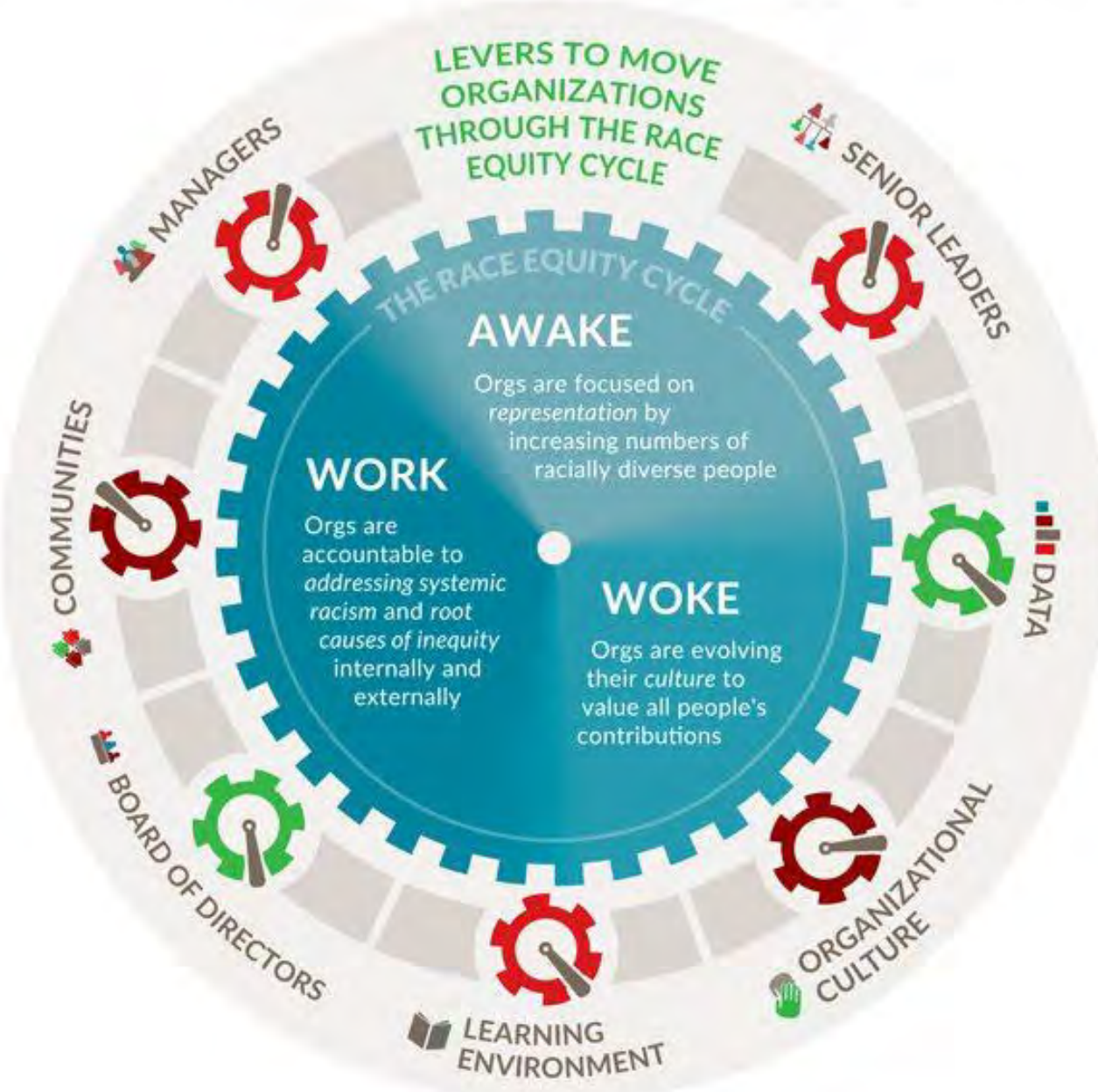
Additional major funders:

Brewers Community Foundation
Zilber Family Foundation



Embrace the Change: The Racial Equity Cycle

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AWAKE Stage – focused on people and on building a workforce and boards comprised from different race backgrounds – Primary goal is *representation*

WOKE Stage – focused on culture and creating an environment where everyone is comfortable. Primary goal is *inclusion*

WORK Stage – focused on systems to improve race equity. Primary goal is *integration*

Key Takeaways

- Racial Equity Cycle take deliberate intent and time to see its full realization.
- Every individual, organization, and community are at various stages in their equity journey



The Keys for Combatting Institutional Racism

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- 1. Transparent annual BIPOC funding targets by foundations** – Funders should share racial equity funding data so that the field can track
- 2. Long-term, multi-year funding to BIPOC nonprofit organizations** to build and sustain organizational capacity
- 3. Flexible, general support of operations**
- 4. Funding with a social justice lens**
- 5. Supporting Black innovation and creativity** – Shift funding to strength based model, instead of deficit funding.

Key Takeaway

- If you support DEIB efforts, funders put your money where your mouth is.



BREAKOUT INSTRUCTIONS

5 minutes

Discussion Question: What new strategy or idea will you take to the Equity Gym? Why?

- Choose a speaker to report out after breakout your group discussion
- Discuss the question **“What new strategy or idea will you take to the Equity Gym? Why?”**
- Each participant has one minute to share their answers with your group
- The speaker must summarize the group answers and be prepared to share a high-level overview in 60 seconds

Questions and Answers?





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Thank You!!!