

# Diversifying the Nonprofit World: Where We Stand and What's Next



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**T**he racial reckoning that swept the United States after the murder of George Floyd put renewed attention on the slow progress nonprofits and foundations have made to diversify their leadership, their staffs, and their process of raising and giving away dollars.

While in the past year many organizations have appointed new leaders of color and adopted new grant-making programs and processes focused on advancing equity, many experts worry that these changes won't be sustained — or deepened — in ways that bring about

a lasting difference that reflects the nation's changed demographics.

As a result, they say nonprofits risk their effectiveness and increasingly may find it harder to attract dollars from donors and keep talented staff. And for grant makers, it might be harder to achieve their missions — especially to serve the most marginalized — without making sweeping changes.

Nonprofits and foundations that have made the most progress say they put a focus on diversity, equity, and inclusion at the center of their work — never simply as an add-on.

At the University of California at



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Riverside, where about 85 percent of the student body is made up of people of color, Peter Hayashida has taken numerous steps to ensure the 130 people he supervises as vice chancellor for advancement better reflect the institution's demographics.

Hayashida regularly reviews his staff's mix of ethnicity, gender, and experience to ensure no one is left behind. The analysis includes making sure no one pays what he calls a "loyalty tax," the loss of a promotion or raise simply because an employee stays at the university. Often in fundraising, the best way to get a better title or an increase in salary is to leave for another job — and that is a cycle that can make it especially tricky to keep fundraisers of color, given that they are in high demand.

Making sure that diversity isn't an add-on is especially important as the protests of 2020 and the pandemic's disparate impact on people of color recede from the public mind. "The pandemic will be over at some point, the economy will recover, people will get jobs back, and this DEI work might feel less pressing," says Hayashida. "If you do not keep this focused and centered in the work you do, it's pretty easy to get away from it."

Here are five things leaders of nonprofits and foundations should know or do to sustain momentum on equity efforts.

### **Diversify Boards to Prevent Disconnects**

Changes need to start at the top. Thoughtfully consider who sits on your board and makes key decisions, including the hiring of chief executives and other leaders.

Three-quarters of nonprofit board members are white, according to a study by BoardSource — a sign that those in power may not be comfortable with, or aware of, the changes necessary for equitable transformation.

Armando Castellano, who serves on the board of his family's foundation in San Jose, Calif., believes diversifying boards requires

self-reflection by people sitting in those seats and a willingness to give up or cede power to others.

Castellano says at some groups whose mission is to serve people of color, the majority of the board reflects people of a similar racial background to their constituents. But he also knows groups with the same mission whose board members are mostly white.

Lack of diversity can create a disconnect, where boards are not in touch with the specific needs or desires of the people the nonprofit is dedicated to supporting. In some cases, that means board members may be promoting ideas that won't make a difference or that could even cause harm.

"If your board looks like the diverse community that you're serving, you're not going to have this problem; it's moot," says Castellano.

Nikki Brown-Booker of Borealis Philanthropy agrees. When board members — and other decision makers — do not have lived experiences in the area of a nonprofit or foundation's focus, they often fail to make decisions that advance equity, says Brown-Booker, who runs the organization's Disability Inclusion Fund. "You have well-meaning people," she says, "but they don't understand that there are a lot of dynamics at play."

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### **Donors Want to See Diversity**

Diversity in an organization's top ranks, or the lack of it, is becoming a bigger factor in many donors' giving decisions, experts say.

Young-joo Lee, director of the Nonprofit Management Program at the University of

Central Florida, has spent years researching nonprofit management. She says she is seeing more donors, especially those new to philanthropy, who factor the diversity of an organization's leaders into their decisions to donate.

"These newly emerging donors will look at your board and top management," Lee says. Groups that are weak on diversity will lose out on their support.

And that support is growing. Charitable giving from people of color is on the rise, especially as their wealth grows. About [14 percent](#) of U.S. millionaires are people of color.

What's more, according to a recent study of giving during the pandemic, donors of color have been more likely to increase their giving than whites. The study found that 46 percent of Black donors, 44 percent of Hispanic donors, and 38 percent of Asian American donors have given more since the pandemic began, compared with just 33 percent of white donors. At 54 percent, Hispanic donors were the most likely to say they had contributed to a nonprofit they had not supported before.

Mark Rovner, a co-author of the new study, says old techniques won't necessarily work to keep those donors giving again and again.

He says fundraisers should ask donors directly how they want the charity to communicate with them and what kind of information they hope to learn. Donor surveys, focus groups, and phone calls are all great ways for fundraisers to learn more about what their donors want, he says.

Fundraisers who don't pay attention to donors of color not only perpetuate inequities, but they're also leaving money on the table, says H. Art Taylor, CEO of the BBB Wise Giving Alliance.

### **Get Feedback From the People an Organization Serves**

Organizations can strengthen their work by including the people they serve in

making decisions about programs.

Keecha Harris, founder and CEO of the consultancy KHA, says some of her foundation clients are asking the people they hope to help for advice rather than asking board members or executives to make these choices internally and in isolation.

Harris worked with North Face, a company that typically gets hundreds of grant applications for its program to promote outdoor activities and conservation, to "democratize the process" of grant making, she says.

Officials from the company's grant-making unit fanned out to ask people in communities they wanted to aid to tell them which groups were doing the best work — and encouraged them to apply for money. The resulting applications came from groups that were very different than the typical applicant profile.

In traditional grant making, she says, foundation officials "tend to find people who look like them or who are known to them."

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### **Unrestricted Grants Advance Equity**

Unrestricted grants to nonprofits — money that does not have to be spent on programs — can help groups start or continue DEI efforts and give leaders the freedom to invest in activities other than programs. That may mean expanding the staff or hiring consultants to guide leaders in efforts that advance equity.

Brown-Booker at Borealis Philanthropy notes that without unrestricted funds, nonprofits may not launch DEI efforts at all because they feel they lack the resources to see it through. Those who attempt DEI work without a grant often find that "it doesn't go

well or gets done haphazardly because you can't afford to do it," says Brown-Booker.

At ProInspire, a nonprofit that focuses on equity, Bianca Casanova Anderson said a major unrestricted grant from MacKenzie Scott allowed the organization to keep its work going strong — but also offer mental-health resources and other support for members of its staff. She says that people of color are often directly involved in the issues their organizations tackle, whether it be lack of affordable housing, environmental justice, civil rights, or so much more.

"BIPOC leaders bring not only professional expertise, but also often the direct experience that helps us understand what works — and what doesn't. While that makes us good at our jobs, it also means that we can be at higher risk for burnout, compassion fatigue, and the mental stress that comes from reliving our own traumas as we seek to serve others."

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## **Creating Inclusive Nonprofits Requires Culture Change**

Ensuring DEI efforts are not an afterthought is crucial to creating lasting change. The nonprofit world "has been both challenged and emboldened" to make faster and deeper progress on diversity, says Xavier de Souza Briggs, a senior fellow at the Brookings Institution and a former vice president at the Ford Foundation. However, he cautions, old behaviors could return. Therefore, "root and branch" changes are needed at most organizations, he says.

After nonprofits take short-term steps, such as communicating how they are working to diversify, they must do more, says the University of California at Riverside official Hayashida. For example, they should examine whether some activities hinder their missions or invest in a diversity consultant to ensure DEI is embedded in all the work.

Ultimately, he says, leaders must stay focused, listen, and ensure they're creating space to allow more voices to participate in the conversation and in the work.

"I'm a big believer that if you're not talking about [DEI], it doesn't matter [to you]," he says. "You should be thinking about the concrete things you can do to change the narrative, and the messages you telegraph about what you're doing around diversity."

*"Diversifying the Nonprofit World: Where We Stand and What's Next" was produced by Chronicle Intelligence.*

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