

MEMPHIS FUNDERS' RACIAL EQUITY AUDIT 2020 AGGREGATE REPORT

Prepared for the Mid-South Philanthropy Network

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EXECUTIVE SUMMARY

Developed by the Mid-South Philanthropy Network as a self audit, the purpose of the Memphis Funders' Racial Equity Audit is to measure the extent of local equitable grantmaking, uncover shortfalls, and reflect on and put into action ways to create more racially equitable grantmaking. Twelve of the 21 Mid-South Philanthropy members participated, most by filling out a survey and completing a video conference interview with consultants. Three additional local intermediary funders also participated, resulting in a total of 15 participating funders. This report provides anonymized data that summarizes the findings of the surveys and interviews. Each participating funder also received an individualized report.

The following is a summary of observations based on **data collected**:

- Currently the local nonprofit sector lacks a complete data set of the demographics of local nonprofit CEOs; thus this report is not able to reliably relay how many nonprofit CEOs fall into each race/ethnic category. Participating funders, likewise, reported a number of different data difficulties that created barriers to self assessment of racial equity in giving.
 - For example, funders expressed low confidence in the data they provided regarding grantees that prioritize communities of color. Therefore, while observations of this data are made in the report, consultants don't have high confidence in the validity of those observations.
- The diversity level of staff tends to reflect the diversity level of the board of directors. Out of the 15 participating funders, nine of the boards are majority white/caucasian. Out of these nine majority white boards, eight also have a majority white staff.
- Out of the four data groupings (all funders, traditional funders, funders led by a person of color, and intermediary funders), the only group that didn't decrease the total dollar amount of grants to organizations led by a person of color is the intermediary group.
 - Intermediary funders have the highest rates of giving to organizations led by a person of color – 47% in 2019.
 - The group with the next highest rate of giving to organizations led by a person of color are funders who are led by a person of color – 37% in 2019.
- The majority of time grants were made to organizations led by a person of color, the grant awards are reported to be in lower dollar amounts than to white-led organizations.

The following is a summary of observations based on **interviews**:

- Nearly all funders voiced dissatisfaction with their progress in making racially equitable grants. Nearly all sourced next steps for improvements.
- Some funders discussed intentional efforts for racial equity that have been in the works over the last several years or so. These range from changing grantmaking strategies, to funding intermediaries, to creating a formal organization-wide plan for improvement.
- When the funding organization is led by a person of color or the staff are majority people of color, there seems to be more frequent and substantive conversations and actions around racial equity.
- About half of the funders (eight) have not conducted formal Diversity, Equity, and Inclusion (DEI) training internally.
- Regarding boards, some funders reported that they rely on one Black person who serves on their grantmaking committee or board, to inform them about the existence and credibility of organizations led by a person of color, while others express the need to diversify their boards.
- Some organizations mentioned that Black-led organizations tend to be smaller and offered that as a possible reason for the fewer number of grants and smaller grant amounts.
- The effect of intermediaries was discussed by several foundations, with one stating it is a priority to utilize intermediaries because of their close proximity to communities and sectors and intermediaries discussing their ability to have specialized insight and helpful relationships with their grantees.
- Some interviewees discussed an emphasis on providing in-kind support to smaller organizations to build capacity.
- Some funders expressed concern that board members, and philanthropy as a whole, don't understand the communities they are investing in.

Other report elements included:

- A review of efforts by national foundations to study and improve racially equitable grantmaking.
- A summary of a focus group with local fundraising consultants.

- A summary of the recommendations for improving racially equitable grantmaking locally, some of which are actions to be taken by individual foundations and some of which are actions that the local foundation sector should take together.

INTRODUCTION

In 2019, members of the Mid-South Philanthropy Network participated in the Racial Equity Taskforce convened by Momentum Nonprofit Partners. One of the action steps developed by the Taskforce was creating this funder-driven racial equity audit. The goal of this audit is to measure the extent of local equitable grantmaking, uncover shortfalls, and reflect on and put into action ways to create more racially equitable grantmaking. Taskforce members developed the process listed below, engaging two consultants to guide participants through this work and to write the reports.

The following report provides anonymized data and lists the participating organizations. Participating organizations also received individual reports relaying their individual outcomes and action plans.

METHODOLOGY

The Mid-South Philanthropy Network developed the following process during a virtual meeting in summer of 2020. Network members were then invited by email to participate.

- 990s and LIVEGIVEmidsouth.org data was compiled by summer interns with The Assisi Foundation of Memphis, Inc. and Urban Child Institute in order to have raw data to spot-check demographic information funders provided via survey (see survey questions in the addendum). *NOTE: Interns were unable to fully complete this work.*
- All members of the Mid-South Philanthropy Network, plus local funding intermediaries that are not currently members, were invited to participate in the survey and the follow-up interviews.
- Consultants conducted interviews with each organization that opted into the interview portion (see interview questions in the addendum). Participants were urged to include board members in the interview.
- Consultants also took additional information via email from participants.
- Consultants conducted a focus group with local fundraising consultants.
- Consultants conducted research on national efforts and data relevant to racial equity in philanthropy and the nonprofit sector.

PARTICIPANTS & PARTICIPATION LEVEL

Twelve of the 21 Mid-South Philanthropy Network members participated; all members were invited to participate. Three additional local intermediary funders also participated, resulting in a total of 15 participating funders. The Mid-South Philanthropy Network's leadership group for this audit and the consultants agreed on this definition of an funding intermediary - An organization that foundations are awarding dollars to specifically for the purpose of regranteeing; and are chosen to regrantee dollars because of their deep knowledge of and helpful working relationships with grantees.

- Six funding intermediaries
 - ArtsMemphis
 - Community LIFT (not currently a member of the Network)
 - Memphis Education Fund
 - Memphis Music Initiative (not currently a member of the Network)
 - Whole Child Strategies (not currently a member of the Network)
 - Women's Foundation for a Greater Memphis
- Two corporate foundations/giving arms
 - Baptist Memorial Health Care Corporation
 - First Horizon Foundation
- Two family foundations
 - Hyde Family Foundation
 - Plough Foundation
- Five other foundations
 - T.W. Briggs Foundation
 - The Assisi Foundation of Memphis, Inc.
 - Community Foundation of Greater Memphis
 - The Kresge Foundation
 - Urban Child Institute

Of the 15 participating organizations:

- All submitted a survey, but one not did not submit numbers for grants to organizations led by a person of color or for grants to organizations that formally prioritize communities of color.
- 14 participated in video interviews. Of those, five included board members in the interview.
- One funder answered the interview questions via email, but did not participate in a video interview.

NATIONAL CONTEXT

SUMMARY

There have been many efforts to assess, document, and make recommendations on improving the state of diversity, equity, and inclusion (DEI) in the philanthropic community. Unfortunately, national data would suggest that these efforts have had little overall impact so far. While efforts to move the needle even more towards racial equity and justice have been around for at least a decade, awareness of them has expanded due to the focus that structural racism, white supremacy, and anti-racism are receiving through uprisings and protests against police violence and racist systems generally described as Black Lives Matter. While we cannot detail every study, report, article written that is valuable in exploring racial equity in the philanthropic sector, we attempt to give an overview of some of the most notable efforts that compile data, testimonials, additional resources and writings, and recommendations. **Key summary points include:**

- There is a need to define terms in order to build shared language to focus equity efforts more clearly; a recent shift has been moving from racial equity to racial justice.
- Though it is increasingly common for foundations to publicly promote DEI or racial equity in grantmaking and to develop frameworks and action steps toward improvement, the data shows inequality still exists, that people of color are underrepresented on the staff and in governance throughout philanthropy. Black-led organizations are subject to “Philanthropic Redlining,” lack of access to funding and grant monitoring requirements that are either unattainable or arduous.
- CEOs who are people of color report the following frustrations at higher rates than white CEOs - inadequate salaries, lack of relationships to funders, lack of role models, lack of social capital/networks, and being called upon to represent a community. When

compared to Memphis-based white CEOs, more Memphis CEOs of color report not receiving cost of living and/or performance-based raises and making less than \$50,000.

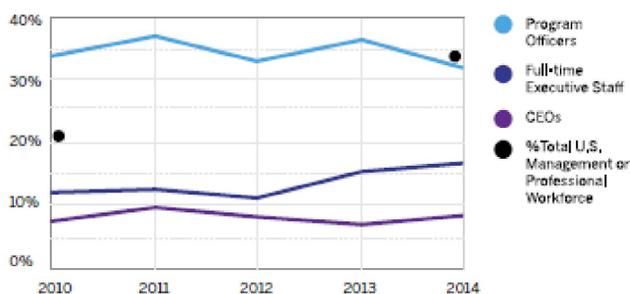
- There are no shortage of road maps and recommendations from national funders or national funding coalitions and there are active coalitions to join that may be helpful to digging into this work as a local coalition of funders.

REVIEW OF SELECT NATIONAL WHITE PAPERS

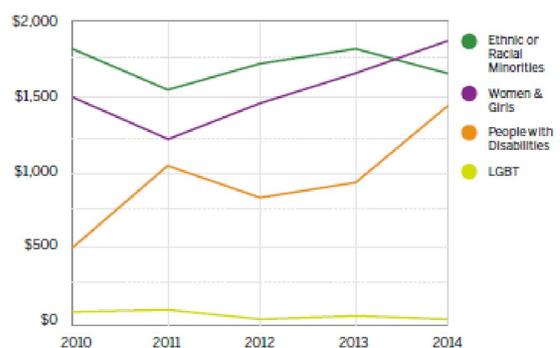
Throughout most of the studies and reports, there is an agreed need to define terms to build a shared language and understanding that can make focused efforts and goals clearer. Within the studies and reports, you may notice that terms have different, but usually similar, definitions. While reviewing the resources, a good point of entry is to ensure clarity on the terms and usage within the document. Terms that may be seen and defined include diversity, equity, inclusion, racial equity, racial justice, white supremacy, white privilege, anti-racism, institutional racism, and structural racism.

In 2010, the D5 Coalition (coming from the Diversity in Philanthropy Project, 2007) began a five year collaboration to attempt to broaden DEI work across the philanthropic community. They started with four goals to increase diversity of foundation leaders and staff, identify best

Foundation Staff And Leadership: People Of Color



Funding for Diverse Populations 2009-2013 (in millions)



actions to address DEI issues in foundations, substantially increase funding for diverse communities, and increase transparency of progress by foundations on DEI efforts. By their [final report in 2015](#), they had made some progress in ability and commitment to collect data, the number of organizations having DEI conversations, and ways to communicate the value of DEI work more effectively.

Yet, much of the data still reflected the long road ahead to increasing racial equity. In 2013, D5 released an insightful report that provided a comprehensive review of the most effective policies, practices, and programs from philanthropy, organizational effectiveness, and social justice resources. [Analysis of Policies, Practices, and Programs for Advancing Diversity, Equity,](#)

[and Inclusion](#) provided several important components for laying a firm foundation for foundations looking for an in-depth exploration of DEI for their organizations. The report gives five strategic questions (and associated indicators) that provide an appropriate framing for a foundation to consider and approach its DEI work:

- Has the organization made an expressed commitment to DEI? (three indicators)
- Has it authorized DEI in organizational policy? (six indicators)
- Has it implemented DEI practices in its operations? (eleven indicators)
- Has it implemented DEI practices in grantmaking/other programmatic areas? (eleven indicators)
- Has it used accountability mechanisms to monitor DEI? (eleven indicators)

The second part of the report lists out broad conclusions of the state of DEI in the philanthropic sector that provide interesting context for approaching the work, understanding of current obstacles, and the availability of resources. The third part of the report provides an excellent overview of how DEI work may be initiated in a foundation, what supports its beginnings, and ways to sustain the work. The report writers identify five M's for how DEI may be initiated in an organization with Mobilizers, Missions, Money, Moments, and Movements. Understanding the ways that DEI is initiated in an organization provides insight into how to support the effort and obstacles that may arise due to these points of entry. Overall, the work of the D5 Coalition is an important milestone in the incorporation of DEI into the philanthropic sector, and their [reports and website](#) continue to provide valuable perspectives and resources that contribute to addressing the needs of foundations committing to building DEI into their organizational culture and practices.

The Philanthropic Initiative for Racial Equity (PRE) launched in 2003 to be a bold advocate for increasing foundation support for racial equity and racial justice work to address structural racism. In 2006, PRE partnered with GrantCraft (now Candid) to produce [Grantmaking with a Racial Equity Lens](#) which provided resources for foundations to look both internally at their policies and practices and at their grantmaking strategies through a racial equity lens. This report was updated in 2020 with a noticeable shift from racial equity to racial justice in [Grantmaking with a Racial Justice Lens](#). This intentional shift underscores the necessity of defining terms, as the view of the report is that the “racial justice” term “raises the stakes, elevating the positive vision and power of communities of color and centering fundamental systemic transformations.” The updated report also makes a shift in centering perspectives and experiences of racial justice activists ahead of those of foundation leaders and staff. This difference in approach can be seen in comparing PRE’s strategic questions with those of the D5 Coalition report listed above:

- What do racial justice activists want funders to know and change to increase effective and sustainable support for their work?
- How do funders understand and define racial equity, racial justice, and power building?
- What are change agents within philanthropy running into as barriers to advancing racial justice grantmaking, and how are others overcoming those barriers?
- How do funders hold themselves accountable to transformative racial justice goals?

The report notes the challenges and opportunities of the current times (even as it was released before the onslaught of a global health pandemic), and establishes that

“an unprecedented number of foundations and philanthropic infrastructure organizations have added racial equity explicitly to their communications and programming. While not without its critics among some progressives, the language of ‘diversity, equity, and inclusion’ has been codified as DEI. Dozens of foundations, both public and private and across every region of the country, have embraced bold, comprehensive strategies to move racial equity and even racial justice goals.”

The report is dense in both testimonials and practical questions, along with recommendations to assist foundations in directing racial justice efforts. Helpful commentary such as the input from this Black program officer enhances the entire report for usefulness.

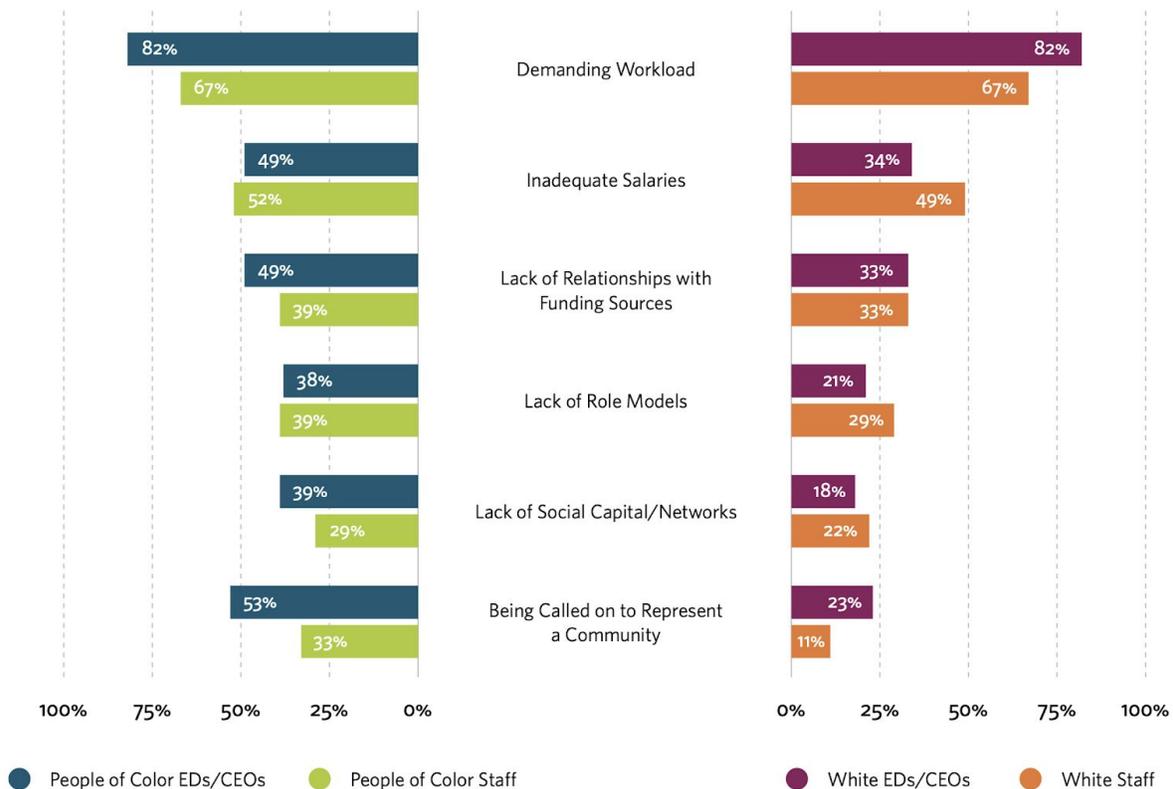
A Black program officer noted, “Just because you are a person of color does not automatically mean that you believe that race needs to be centered. It doesn’t automatically mean that you know how to organize and that you understand organizing. It doesn’t automatically mean that you are a progressive. I’ve had conversations with people that I thought had the same understanding about the work, and we don’t. We just have very different experiences and expectations.”

The report has sections aligning foundation practices with a racial justice vision, investing in racial justice with what to fund and how to fund, and recommendations on selecting tools and resources for racial justice alignment. A section on philanthropic intermediaries reflected many of the findings from interviews with local intermediaries in Memphis. The exploration of whether, when, and how to fund predominately white organizations to do racial justice work, is another example of how this report moves the considerations from a traditional DEI perspective to greater introspection on bringing a more sophisticated racial equity and justice viewpoint. A section that details expanding access to grants and reducing the burden to grantees after a grant provides more helpful recommendations in these areas that clearly connect to some of the questions we heard in interviews from foundations.

The Association of Black Foundation Executives (ABFE) was founded in 1971 “to promote effective and responsive philanthropy in Black communities.” Since that time, they have continued to make important contributions to the sector. In 2016, ABFE issued [*A Call to Action: Trustee Advocacy to Advance Opportunity for Black Communities in Philanthropy*](#) providing guidance to Black foundation trustees in three areas related to their foundation oversight with ensuring Black professionals have opportunities to lead in senior positions and there is a pipeline for Black talent, that Black professional services and vendors have opportunities to do business with foundations, and ensuring that foundations are funding Black communities and Black-led organizations. This document provides recommendations that directly relate to the quote seen earlier from the PRE Grantmaking report on the misperception that Black leaders and staff will automatically center race. In December 2019, ABFE released [*The Case for Funding Black-Led Social Change, Redlining by Another Name: What the Data Says to Move from Rhetoric to Action*](#) as a follow-up to an initial case statement document from The Black Social Change Funders Network produced in 2017 (with ABFE support). The initial report set out to show how anti-Black racism could be seen in the practices and results in the philanthropic sector and why it was important to invest in Black-Led social change organizations. Using surveys and interviews, the subsequent report identifies the myriad ways that Black-Led Organizations (BLOs) continue to be subjected to **Philanthropic Redlining** redlined through “denied access to funding due to eligibility, staffing, and/or grant monitoring requirements that are either unattainable or arduous” and submitted to **Philanthropic Black Codes** when they do receive grants with “written and unwritten policies and practices that funders use to ensure BLO grantees are compliant with the terms of the grant.” The report ends with several recommendations from BLO leaders “for creating more authentic, efficient and effective partnerships between foundations and Black-led organizations that can lead to significant impacts in Black communities.”

While there are researched benefits to expanding diversity in nonprofit leadership, significant obstacles exist to people of color moving into leadership roles at nonprofit organizations. [*Nonprofit Executives and the Racial Leadership Gap: A Race to Lead Brief*](#) from the Building Movement Project (BMP) highlights the reasons there are fewer nonprofit leaders of color and the increased difficulties nonprofit CEOs of color encounter. The figure below highlights that a greater percentage of CEOs of color report having inadequate salaries, lack of relationships with funders, lack of role models, lack of social capital/networks, and frustration with being called on to represent a community. [*The Nonprofit Racial Leadership Gap In The Memphis Area*](#), also from BMP, looks specifically at Memphis and details the racial disparities for leadership in the Memphis nonprofit sector. This localized version of the report tells us that Memphis CEOs of color are less likely to receive a cost of living increase than white CEOs, less likely to receive a performance based raise, and more likely to have a salary below \$50,000,

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The national [Talent Justice Report: Investing in Equity in the Nonprofit Workforce](#) report from Fund the People takes a more direct look at what foundations can do to influence talent justice, “a set of practices and outcomes that utilize investments in nonprofit staff to advance intersectional racial equity across the nonprofit career lifecycle.” Many other articles and reports provide a similar view of the need for advancing racial equity and justice in leadership for both staff leaders and organization boards. It is widely supported that increasing the percentage of organizations led by a person of color can help to increase racial equity and racial justice as well as enhance the impact of organizations and their abilities to serve communities of color. Foundations can play a definitive role in the expansion of leaders of color in the nonprofit sector, and each of these reports lays out recommendations for funders interested in playing a serious part in addressing these issues.

We highlight two efforts outside of the United States to explore and improve DEI in foundations that have been conducted, and provide insights that bear review and additional opportunities for learning. Between 2018 and 2020, the Association of Charitable Foundations (ACF, an organization that supports UK foundations) conducted their [Stronger Foundations](#) initiative. [DEI was one of the six thematic areas](#) and working groups. ACF documented each of the DEI working group meetings that give insight to the path participating foundation representatives took to perform an analysis of the philanthropic sector’s practices with regard to DEI. The

resulting nine Pillars of Stronger Foundation Practice in DEI are consistent and further underscore the best practice recommendations found in other resources. The Philanthropic Foundations Canada (PFC) also launched an effort to explore DEI in the Canadian philanthropic sector in 2018. In 2019, they released their *Governance and Grantmaking: Approaches to achieve greater diversity, equity and inclusion* toolkit report which lists 16 actions that foundations can take in areas of Getting Started, Success Factors, and Sustainability drawing largely from the work of the D5 Coalition.

One of the most well-known evolutions in DEI has been that of W.K. Kellogg Foundation which has navigated a path of change and growth over decades. Just this year, the foundation documented this experience and their approach in [One Journey: Racial Equity, Diversity & Inclusion at the W.K. Kellogg Foundation](#). The foundation makes note that “advancement of racial equity could not have happened without the board of trustees’ explicit commitment and leadership.” The organization has been able to transform to a majority people of color on its board and over 40% people of color on staff and the executive leadership team. Kellogg has made racial equity and racial healing core to what it calls its [DNA Theory of Change](#), along with community engagement and leadership, showing both their commitment and the opportunities they see for the impact of their grantmaking. Notably for foundations that want to improve their investments in communities, the foundation lists three racial equity values for working with communities:

- Include people of color as leaders, experts, and researchers. We are careful not to allow groups to study communities of color without establishing trusted relationships
- Invite community residents to participate and shape outcomes
- Invest in collaboration across multi-sectors, including business, government and nonprofit sectors and promote cooperative planning processes

Finally, as the COVID-19 pandemic raged, we saw massive protests arise to combat the racism inherent in the killing of George Floyd, Breonna Taylor, Ahmaud Arbery, and others. Among the many professions of support and solidarity, we saw calls for action to begin to address the systemic and structural racism pandemic that allows devalued Black lives to be taken with impunity through violence and by disproportionate impact from the COVID virus. Among these calls was a letter convened by ABFE with over 60 Black Philanthropic CEOs, [We Must be in It for the Long Haul](#), that set out imperatives for the philanthropic sector entreating, “We need deep, transformative institutional change in this country; foundations and donors that support Black communities, in addition to those from other sectors (government, business, etc.) must commit to and deploy an equity analysis to investments moving forward.” The ten asks included in the letter cover a broad range of recommendations that continue to push the philanthropic sector. Other reports and articles such as [Guiding a Giving Response to Anti-Black Injustice](#),

[Overcoming the Racial Bias in Philanthropic Funding](#), and [Dismantling White Supremacy & Anti-Blackness in Philanthropy](#) similarly add on elements of analysis and opportunities for reform much the same as those laid out in the DEI, racial equity, and racial justice reports outlined above, but the timeliness and current state of affairs adds on the fierce urgency to act now.

LOCAL FINDINGS

The Memphis and Shelby County community is home to a great number of nonprofits. A search for Memphis nonprofits (county is not an available search criteria) on the IRS website shows there are 2,811 organizations in Memphis eligible to receive tax deductible gifts.

The most comprehensive local database of Memphis nonprofits is the Community Foundation of Greater Memphis' LIVEGIVEmidsouth.org, which holds 402 Memphis area nonprofit profiles. While LIVEGIVEmidsouth.org has begun to request demographic data on nonprofit leaders and boards, that data has been collected for less than a year therefore is not available for all 402 profiles.

For the 2020 State of the Mid-South Nonprofit Sector Report¹, 153 organizations participated, considerably fewer than the 2,811 organizations registered with the IRS. Of the participating organizations, 23.1% report being led by an African American CEO and 1.3% report being led by a Latinx CEO. All others reported a white CEO.

Given the relatively low number of participating nonprofits in the Mid-South Nonprofit Sector report and the incomplete data set from LIVEGIVEmidsouth.org, the racial/ethnic demographics of local nonprofit CEOs is still unclear.

The table below shows US Census 2019 estimated racial demographic information for the Memphis area.

2019 POPULATION ESTIMATES

	Black	White	Latino	Two or More Races	Asian	American Indian
City of Memphis	64%	26%	7%	1.6%	1.6%	.2%
Shelby County	54%	41%	7%	1.6%	3%	.3%

¹https://static1.squarespace.com/static/5a16c0381f318d6ebccb704b/t/5f3544dd37afeb0ca8dde3a5/1597326583193/MNP_2020_StateOfTheSectorReport_FINAL.pdf

SURVEY DATA & THEMES

What follows is anonymized survey data along with related observations. Please note that because sample sizes varied per organization and per year, on the advice of mathematicians, the consultants did not average percentages across organizations in order to draw observations².

STAFF & BOARD DEMOGRAPHICS

Below is a listing of staff and board demographics as reported by each survey respondent.

STAFF	BOARD
<ul style="list-style-type: none"> ● 55% White/Caucasian ● 45% Black/African American 	<ul style="list-style-type: none"> ● 50% White/Caucasian ● 50% Black/African American
<ul style="list-style-type: none"> ● 80% Black/African American ● 20% White/Caucasian 	<ul style="list-style-type: none"> ● 100% Black/African American
<ul style="list-style-type: none"> ● 100% White/Caucasian 	<ul style="list-style-type: none"> ● 100% White/Caucasian
<ul style="list-style-type: none"> ● 62% White/Caucasian ● 28% Black/African American ● 14% American Indian 	<ul style="list-style-type: none"> ● 89% White/Caucasian ● 10% Black/African American ● 1% Other
<ul style="list-style-type: none"> ● 65% Black/African American ● 35% White/Caucasian 	<ul style="list-style-type: none"> ● 55% Black/African American ● 43% White/Caucasian ● 2% Latinx/Hispanic
<ul style="list-style-type: none"> ● 100% White/Caucasian 	<ul style="list-style-type: none"> ● 75% White/Caucasian ● 25% Black/African American
<ul style="list-style-type: none"> ● 75% Black/African American ● 50% White/Caucasian 	<ul style="list-style-type: none"> ● 50% Black/African American ● 50% White/Caucasian
<ul style="list-style-type: none"> ● 100% White/Caucasian 	<ul style="list-style-type: none"> ● 86% White/Caucasian ● 14% Black/African American
<ul style="list-style-type: none"> ● 57% Black/African American ● 43% White/Caucasian 	<ul style="list-style-type: none"> ● 86% White/Caucasian ● 14% Black/African American
<ul style="list-style-type: none"> ● 83% White/Caucasian ● 17% Black/African American 	<ul style="list-style-type: none"> ● 77% White/Caucasian ● 23% People of Color

² For a clear explanation see: <https://www.robertoreif.com/blog/2018/1/7/why-you-should-be-careful-when-averaging-percentages>

<ul style="list-style-type: none"> ● 100% White/Caucasian 	<ul style="list-style-type: none"> ● 73% White/Caucasian ● 27% Black/African American
<ul style="list-style-type: none"> ● 60% Black/African American ● 20% White/Caucasian ● 20% Asian 	<ul style="list-style-type: none"> ● 50% White/Caucasian ● 50% Black/African American
<ul style="list-style-type: none"> ● 70% White/Caucasian ● 20% Black/African American ● 10% Asian 	<ul style="list-style-type: none"> ● 100% White/Caucasian
<ul style="list-style-type: none"> ● 54% White/Caucasian ● 31% Black/African American ● 6% Asian ● 5% Latinx/Hispanic ● 3% Other ● 1% American Indian/Alaska Native 	<ul style="list-style-type: none"> ● 58% White/Caucasian, ● 17% Black/African American ● 17% Latinx/Hispanic ● 8% Asian
<ul style="list-style-type: none"> ● 59% White/Caucasian ● 35% Black/African American ● 6% Other 	<ul style="list-style-type: none"> ● 54% White/Caucasian ● 36% Black/African American ● 5% Latinx/Hispanic ● 5% Asian

NOTES

- Rows highlighted in gray indicate intermediary organizations.
- Rows with bolded numbers indicate organizations led by a person of color (CEO and/or primary, paid decision-makers on grants).

OBSERVATIONS

- The diversity level of staff tends to reflect the diversity level of the board of directors. Out of the 15 participating funders:
 - Nine of the boards are majority white/caucasian. Out of these nine majority white boards, eight also have a majority white staff.
 - Two of the boards are majority Black³/African American. Of these two, staff are also majority Black.
- For the majority of participating funders (eight out of 15 or 53%) the top paid decision-maker is white.

³ The report follows the AP Style guide regarding capitalization of Black and Latinx. <https://apnews.com/article/9105661462>

- Though Latinx account for 7% of the local population, only one funder has over 7% Latinx board membership, with only one having any Latinx staff members. No top paid leader is Latinx.

GRANT AWARDS OVERALL

Below are four tables showing the breakdown of grants awarded to organizations led by a person of color and grants awarded to organizations that prioritize communities of color, by total dollars awarded and by total number of grants awarded. The tables show the grant awards made by all participating funders; by traditional funders (excluding the intermediaries); by funders led by a person of color (CEO and/or primary, paid decision-makers on grants); and by intermediaries (whose leaders are people of color, save one). The data was generated from the following questions:

- How much in grant funds (dollar amount, not percentage) did your foundation award to organizations where the highest ranking staff member (ED/CEO/President) is a person of color?
- How many grants (not dollar amount) did your foundation award to organizations where the highest ranking staff member (ED/CEO/President) is a person of color?
- How much in grant funds (dollar amount, not percentage) did your foundation award to organizations that prioritize communities of color (stated in grant applications, mission statement, vision statement, etc.)?
- How many grants (not dollar amount) did your foundation award to organizations that prioritize communities of color (stated in grant applications, mission statement, vision statement, etc.)?
- What is the total dollar amount that your foundation awarded in 2019 (within the geographic area you selected above)?

OVERALL OBSERVATIONS

The following observations are based on looking at all four tables:

- Out of the four data groupings (all funders, traditional funders, funders led by a person of color, and intermediary funders), the only group that didn't decrease the total dollar amount of grants to organizations led by a person of color is the intermediary group.
- Intermediary funders have the highest rates of giving to organizations led by a person of color – 47% in 2019.

- The group with the next highest rate of giving to organizations led by a person of color are funders who are led by a person of color – 37% in 2019.

ALL FUNDERS				
	Grants to Organizations Led by POC		Grants to Organizations that Prioritize CofC	
	total \$ awarded	total # awarded	total \$ awarded	total # awarded
2019	31%	30%	48%	39%
2018	26%	32%	44%	40%
2017	37%	29%	41%	MD

CofC = Communities of Color POC = Person of Color MD = Missing Data

OBSERVATIONS FOR ALL FUNDERS TABLE

- Please note that because intermediary organizations were included, some funds are accounted for twice; most likely resulting in the appearance that more grants are given to Black-led organizations. For example, X funder grants to a Black-led organization that is an intermediary (five of the six intermediaries are Black-led); that intermediary then regrants those same dollars to other organizations, many of which are also Black-led.
- There was an overall decline in the total dollars awarded in grants to organizations led by a person of color – from 37% in 2017 to 31% in 2019.
- There was a slight increase in the number of grants awarded to organizations led by a person of color – from 29% in 2017 to 30% in 2019.
- There was an increase in the total dollars awarded in grants to organizations that prioritize communities of color – from 41% to 48%. However, in the interviews, funders discussed the difficulty of determining whether or not grantees prioritize communities of color in a formalized way. Conversations led us to have a low confidence in the quality of this data.

Below is the same information, but excluding grants made by intermediary organizations.

TRADITIONAL FUNDERS				
	Grants to Organizations Led by POC		Grants to Organizations that Prioritize CofC	
	total \$ awarded	total # awarded	total \$ awarded	total # awarded
2019	29%	36%	43%	33%
2018	21%	39%	36%	36%
2017	35%	38%	30%	33%

OBSERVATIONS FOR TRADITIONAL FUNDERS TABLE

- There was an overall decline in the total dollars awarded in grants to organizations led by a person of color – from 35% in 2017 to 29% in 2019.
- There was an overall decline in the number of grants awarded to organizations led by a person of color – from 38% in 2017 to 36% in 2019.
- There was an increase in the total dollars awarded in grants to organizations that prioritize communities of color – from 30% to 43%. However, interviews conversations led us to have a low confidence in the quality of this data.

Below is the same information but for grants made by funders led by a person of color (CEO and/or primary, paid decision-makers on grants).

FUNDERS LED BY POC				
	Grants to Organizations Led by POC		Grants to Organizations that Prioritize CofC	
	total \$ awarded	total # awarded	total \$ awarded	total # awarded
2019	37%	48%	63%	73%
2018	30%	50%	56%	69%
2017	41%	48%	69%	MD

OBSERVATIONS FOR FUNDERS LED BY POC TABLE

- The total amount of dollars awarded to organizations led by a person of color declined from 41% in 2017 to 37% in 2019, while the total number awarded held steady at 48% (with a slight increase to 50% in 2018).
- The total amount of dollars awarded to organizations that prioritize communities of color declined from 69% in 2017 to 63% in 2019, while the total number awarded increased from 69% in 2018 to 73% in 2019.

Below is the same information but for grants made by intermediary funders.

INTERMEDIARY FUNDERS				
	Grants to Organizations Led by POC		Grants to Organizations that Prioritize CofC	
	total \$ awarded	total # awarded	total \$ awarded	total # awarded
2019	47%	42%	79%	50%
2018	42%	40%	76%	46%
2017	47%	40%	82%	MD

MD = missing data

OBSERVATIONS FOR INTERMEDIARY FUNDERS TABLE

- The total amount of dollars awarded to organizations led by a person of color did not increase over time (47%).
- The total amount of dollars awarded to organizations that prioritize communities of color decreased from 82% in 2017 to 79% in 2019, while the total number awarded increased from 46% in 2018 to 50% in 2019.

GRANT AWARDS BY FUNDER

Below is a table of the percentages of grants per funder awarded each year from 2017-2019, as collected via the survey.

2019				2018				2017			
POC LED		CofC Prioritized		POC LED		CofC Prioritized		POC LED		CofC Prioritized	
total \$	total #	total \$	total #	% of total	total #	total \$	total #	total \$	total #	total \$	total #
18%	20%	0%	0%	17%	43%	0%	0%	18%	24%	0%	0%
16%	18%	10%	10%	17%	18%	12%	11%	14%	19%	3%	5%
54%	60%	100%	100%	44%	60%	89%	100%	56%	60%	100%	100%
21%	20%	21%	18%	23%	16%	23%	25%	25%	13%	23%	28%
47%	48%	77%	85%	11%	20%	38%	80%	21%	29%	52%	67%
71%	41%	100%	85%	58%	49%	88%	76%	46%	46%	100%	75%
11%	25%	19%	26%	10%	18%	19%	23%	9%	17%	12%	19%
39%	49%	64%	74%	53%	78%	63%	67%	45%	97%	80%	MD
22%	17%	24%	17%	25%	16%	8%	6%	29%	27%	38%	27%
100%	100%	100%	100%	73%	91%	98%	96%	44%	65%	82%	65%
42%	33%	73%	75%	37%	28%	88%	74%	59%	42%	25%	71%
14%	16%	26%	31%	11%	13%	25%	36%	32%	16%	36%	20%
54%	68%	100%	100%	36%	67%	90%	96%	35%	63%	96%	98%
100%	100%	100%	100%	100%	100%	100%	100%	86%	60%	100%	100%

CofC = Communities of Color POC = Person of Color MD = Missing Data

NOTES

- Rows highlighted in gray indicate intermediary organizations.
- Rows with bolded numbers indicate organizations led by a person of color (CEO and/or primary, paid decision-makers on grants).

OBSERVATIONS

- Most funders led by a person of color have overall higher percentages of funding organizations led by a person of color and organizations that prioritize communities of color.
 - For example, looking at the first column in the table above, of the eight funders led by a person of color (indicated by bolded numbers) seven have higher percentages than all but one other funder. A similar pattern exists for the majority of the other columns.
 - The majority (five out of seven) of participating funders led by a person of color are intermediaries (see list in the Introduction section titled “Participants & Participation”). All but one of the intermediary funders showed the highest percentages of funding organizations led by a person of color.
 - One non-intermediary funder led by a person of color showed lower rates.
- The majority of time grants were made to organizations led by a person of color, the grant awards are reported to be in lower dollar amounts than to white-led organizations.
 - In 2017, seven of the 13 funders reported a lower percentage of the total grant dollars awarded to organizations led by a person of color than the percentage of total number of grants awarded to organizations led by a person of color.
 - In 2018, nine of the 14 funders reported a lower percentage of the total grant dollars awarded to organizations led by a person of color than the percentage of total number of grants awarded to organizations led by a person of color.
 - In 2019, eight of the 14 funders reported a lower percentage of the total grant dollars awarded to organizations led by a person of color than the percentage of total number of grants awarded to organizations led by a person of color.
- Observations are not offered for the data point of grantees that prioritize communities of color due to the low confidence in the quality of this data.
- When examining percent of total dollars awarded to organizations led by a person of color, the majority of funders funded at or below 50% of funds for all examined years. (The following observations were made from examining the data visualization charts found in the addendum.)
 - In 2019 when examining percent of total dollars awarded to organizations led by a person of color, the majority of funders (nine out of 14) funded at or below 50% of funds (with six of those at or under 25%).

- In 2018 when examining percent of total dollars awarded to organizations led by a person of color, the majority of funders (ten out of 14) funded at or below 50% of funds (with seven of those at or under 25%).
- In 2017 when examining percent of total dollars awarded to organizations led by a person of color, the majority of funders (11 out of 14) funded at or below 50% of funds (with five of those at or under 25%).

OTHER SURVEY QUESTIONS

Below are the results of other survey questions. All 15 respondents answered each of these questions.

1. I will be answering questions about our grants awarded in (please do not provide any information for grants awarded outside the Mid-South region):
 - Memphis and Shelby County only **(11)**
 - Mid-South region (inclusive of Memphis and Shelby County) **(4)**

2. What types of applicants do you grant to? (check all that apply)
 - 501(C)(3) **(15)**
 - 501(C)(4) and or other 501(c) type **(1)**
 - Neighborhood/Community Groups without nonprofit status **(5)**
 - Individuals **(3)**
 - Non-incorporated groups **(0)**
 - Other (space to answer was given)

3. Do you have an open application process or is it invitation only? (Check all that apply.)
 - Open to anyone with application process published **(10)**
 - Invitation only **(7)**
 - Other (space to answer was given)

4. How many times a year can applicants apply for grants? (Check all that apply.)
 - Rolling (anytime, with grants reviewed frequently) **(4)**
 - Monthly **(1)**

- Quarterly **(3)**
 - Three times a year **(1)**
 - Twice a year **(6)**
 - Once a year **(3)**
 - Other (space to answer was given)
5. Does your application request demographic information about staff, board, and/or constituents served? (Check all that apply.)
- Staff of the applicant **(11)**
 - Board of the applicant **(10)**
 - Constituents (clients) served by the applicant **(10)**
6. Does your standard application ask organizations how they involve/partner with those they serve (their clients) in developing program ideas/solutions?
- Yes **(9)**
 - No **(6)**
7. What type of grants do you award? (Check all that apply.)
- Project **(14)**
 - Operating **(12)**
 - Capacity-building **(14)**
 - Capital **(7)**
 - Scholarships **(1)**
 - Other (space to answer was given)

OBSERVATIONS

- The majority (73%) provided information for their grants in Memphis and Shelby County (as opposed to the wider Mid-South region).
- The majority (53%) offer grants to non-501c3 organizations (either Neighborhood/Community Groups without nonprofit status and/or individuals).

- The majority (66%) have at least one grant fund with an open invitation process.
- The majority (53%) have frequent grant application deadlines (either rolling, monthly or quarterly).
- The vast majority ask grantees for demographics of staff (73%), board (66%), and constituents served (66%).
- Most (60%) ask grantees how they involved/partner with those they serve in developing programs.
- The vast majority of funders offer project (93%), operating (80%), and capacity-building grants (93%).

INTERVIEW THEMES

All participating funders agreed to an interview. One answered interview questions via email, while the rest answered them in video conference calls. The following are themes and quotes. The quotes are offered here anonymously and the author of each quote agreed in writing to its use in this report.

DATA

- Nearly all funders reported that it was difficult to answer the question about which organizations prioritize communities of color. Most stated that they simply do not track that information. Some stated they would like to track this information in the future. Many stated that they estimated their numbers on this question based on what they know about the grantees. Many stated that it was difficult to find this information in written form from the grantees (i.e. their strategic plans, grant applications, and other written pieces do not explicitly state their prioritization of communities of color).

INTENTIONAL RACIAL EQUITY CONVERSATIONS, TRAINING & ACTIONS

- Some funders discussed intentional efforts for racial equity that have been in the works over the last several years or so. These range from changing grantmaking strategies, to funding intermediaries, to creating a formal organization-wide plan for improvement.
 - One funder reported scoring organizations based on those led by or serving people of color as part of the review process. Others discussed that as part of the process, but not in such a formalized manner.
 - Several Black-led funders reported talking intentionally about equity with their grantmaking committees.

- When the funding organization is led by a person of color or the staff are majority people of color, there seems to be more frequent and substantive conversations and actions around racial equity, with those staff members reporting that it is “baked in” to daily conversations and actions. One said, “Racial equity comes up every day. We have shifted from racial equity to racial justice, going a step further in achieving not just equity but shifts in power structures.”
- When discussing whether DEI training has been conducted with staff, board, and grantees, about half of the funders (eight) have not conducted formal training internally. The tone of this conversation differed when the leader of the organization was a person of color or not.
 - One funder said, “Because our team is steeped in the lens of racial equity in their past and current work, because we are led by a person of color, because it is the foundation of our work as we see it, it is both everything and nothing. It is always part of the thinking so much so that we don’t have to speak of it. We don’t have to convince anyone on the team that it is important. If anything there is a much greater focus on the reparations end of it - how can we make it easier, less intrusive, and more equitable.”
 - A Black executive director said, “We haven’t had the big racial equity trainer come in, but it is ongoing in the books and texts we read as staff and the diversity of trainers we use. It isn’t segregated, it is weaved into everything we do.”
 - Most white-led funders expressed a desire to participate in DEI training and conversations.

BOARDS

- Some funders reported that they rely on one Black person, who serves on their grantmaking committee or board, to inform them about the existence and credibility of organizations led by persons of color.
 - Other funders say that having diverse board members doesn’t necessarily mean those board members bring diverse experiences and perspectives; that it is important to have board members who understand the communities you are investing in.
 - Other funders expressed a need to diversify who is serving on boards, that the same people serve on a good number of boards and often the same people of color are tapped to serve on many boards as the diverse board member(s).

INVOLVING THE PEOPLE WE SERVE

- The question of whether applications ask if grantees work with those they serve (their “clients”) to develop solutions brought up interesting conversations. The majority (9) funders do ask this question currently on their grant applications, with some of those planning to ask this question in the future.
 - One funder said, “There are a number of agencies – many of them created over the past ten years or so – that don’t seek significant input from their clients. They tend to be white-led, faith-based agencies that take a paternalistic, top down, I-know-what’s-good-for-you-better-than-you-do-yourself view.”
 - Another funder expressed a desire to partner with others in town to hold conversations and in-depth trainings to help organizations build capacity to work with clients on developing programs/solutions.

RESULTS & REACTIONS

- Nearly all funders voiced dissatisfaction with their progress in making racially equitable grants. Nearly all sourced next steps for improvements (see the Action Steps section below). One funder said, “So we have a decision to make. Are we going to do better? Put actual cash – six- and seven-figure investments – in Black and brown leaders who are doing real work in communities. Anything less than that is performative and uncivilized.”
- Some organizations mentioned that Black-led organizations tend to be smaller and offered that as a possible reason for the fewer number of grants and smaller grant amounts.
 - One funder encouraged more funding to small organizations saying, “As a grantmaker you will be automatically removed from people on the street just because of different socio-economic statuses. Being open to working with smaller organizations that historically have not had staff or large operating budgets is important. Placing some bets on those organizations helps to increase the diversity in your grant making.”
 - Another funder talked about the importance of making grants more accessible for smaller organizations saying, “For smaller grants, when you add the time spent on the application and reporting the grant isn’t impactful. When we make smaller grants, we don’t require large work for compliance and the application; we don’t make them do this tap dance. Instead the requirements are more around picking up the phone when we call and giving us your updates. Be in

touch with us about how it is going. It isn't about the 45 ways you have changed the world with \$5,000."

- The effect of intermediaries was discussed by several foundations, with one stating it is a priority to utilize intermediaries because of their close proximity to communities and certain disciplines. Intermediaries discussed their ability to have specialized insight and helpful relationships with their grantees. (As stated above, five of the intermediaries are Black-led.)
 - "In our strategic plan, there is priority on granting to intermediaries. We are trusting them to make good decisions, because they are working in that specific community or that specific discipline."
 - "It is important for grantmakers to look like the community they serve in order to have the right insight into communities of people of color. Otherwise, the perspective and decisions are coming from white communities and perspectives."
 - "We (an intermediary) have been able to develop a real niche. We do both direct services and we have this giving arm. It has kept us really grounded in what is going on. It signals to other organizations we are in this with you. We, like you, have kids who don't show up and parents who get angry."
 - Several other intermediaries expressed similar benefits to intermediary funding, saying that intermediaries are more apt to be in the community with the organizations they are funding, more apt to be flexible in appropriate ways with funding.
- Some interviewees discussed an emphasis on providing in-kind support to smaller organizations through staff-led capacity-building sessions and through connecting them with outside help, some paid for by the foundations, like fiscal agents or consulting.
- Some interviewees seemed to have difficulty directly discussing race or racial equity, rather referring to "this work" or "diversity."
- Some funders expressed concern that board members, and philanthropy as a whole, don't understand the communities they are investing in. One said, "Philanthropy often doesn't understand the community. Philanthropy sees *those* people, not *our* people."
 - Another talked specifically of a struggle with a major funder, trying to get the funder to understand the importance of Black-led organizations and investment in Black communities. Ultimately, personal relationships were pulled into play to prevent a major loss of funding.

PERSPECTIVES & RECOMMENDATIONS FROM LOCAL FUNDRAISERS

Consultants held a focus group with Memphis-based fundraising consultants (FC). The five participants are highly respected consultants with long-term, deep experience in fundraising (for a wide variety of organizations) in Memphis and beyond; three participants are people of color and two are white. Below are the focus group questions with a summary of the answers.

Which organizations get funding in Memphis, which don't, and why?

- FCs agreed that to a large extent many grant awards are based on relationships, particularly relationships built by board members who are “politically astute and understand politics, both the stated and unstated nuances.”
 - Though some local funders are known for working less in this relational manner, those funders have more rigorous processes that take longer.
 - Both of these factors (relational and rigorous processes) tend to work in favor of larger, more established organizations that are mostly white-led.
 - Seemingly arbitrary application requirements (like requiring a one-page budget) act as barriers to less resourced organizations.
 - One FC stated that, “major white institutions more often have major political players with money on their boards. And the first thing the funders ask is, ‘who is on your board?’ It leans funders toward organizations with people they know on the board, because they trust them.”
 - Some funders appear to have recently become more aware of these trends, specifically looking for organizations they haven't previously been aware of and being more lenient when they see a less than perfect grant application.
- Noted barriers to receiving funding are the relatively small pool of local funders and that local funders tend to have relatively narrow criteria and focus; this disadvantages newer/smaller organizations.
- Another noted barrier is that “most Black-led organizations are very small and even if they had the capacity or ability to track and report on their program impact, their impact numbers aren't as impressive as some larger white-led organizations.”
- FCs expressed gratitude for our current local foundations and large corporate funders, noting that the pool of funders in Memphis has shrunk over the years with corporate funders leaving the market. “Having few large Memphis-based companies, it is always a

cause for concern when a local company is bought out by an outside interest, such as Holiday Inn many years ago and most recently Duncan-Williams. Usually this results in a reduction of giving to Memphis groups.”

Overall, to what extent are Memphis funders taking racial equity into account when awarding grants?

- There was some divergence of opinion, with some FCs agreeing that most funders are “well-intended” albeit with problematic approaches, and others feeling that funding is given at the level of “just enough to cause pain,” leaving some Black-led organizations perpetually underfunded.
 - All appeared to agree that, many times, organizations are expected to solve problems disproportionate to the amount of funding they receive and that grant compliance and match requirements place an undue burden on organizations. This is not helpful to their solving community issues.
 - Some funders have a reputation of requiring outsized involvement in the organization in order to receive consistent funding, with one fundraiser stating that, “Some organizations don’t want to go to certain funders because they feel like they own you if you take their money.”
- Many felt that funders, at times, make funding decisions that aren’t based on extensive research or real world experience. The intentions may be good, but that criteria is based on “conversations with five people,” or a handful of research papers, or a narrow theory of change, or the knowledge of program officers who have no direct service experience.
- Some funders, most notably corporate funders, have stepped out and funded controversial issues (such as immigration), though the motive of doing so is unclear.
 - One participant said, “If your organization is the least bit controversial, many establishment funders are reticent to support efforts that rock the boat.”
- FCs agreed that Black-led organizations receive less funding, with one stating, “Black-led organizations get less money because they haven’t been funded before and don’t have the data. The foundations are trying to be more savvy about how to distribute funding, ‘do well with that and the next time you come to me, I’ll give you more.’”
 - One participant mentioned that “the majority of people in poverty in Memphis are Black or Latinx, but when you look at organizations addressing poverty, they are primarily white-led. Is the issue making sure we are growing the platform to meet the needs of the poor or do we also, at the same time, need to look at capacity-building to help grow organizations that are led by a person of color?”

- One participant suggested these white-led anti-poverty groups should begin seeking qualified Blacks and Latinx to lead them going forward.
- Another participant echoed the need to fund Black-led organizations, stating that there doesn't seem to be the same level of commitment to fund Black-led organizations working on issues of poverty.
- One participant mentioned finding a community foundation elsewhere that was specifically funding Latinx organizations saying, "until we have more intentionality around racial equity, we are trying to fit them into existing funding boxes."
- One participant said, "There is a lot of competition for the same handful of establishment minorities that provide token and, many times, non-challenging representation."
- The group pointed to a leadership pipeline problem, saying that funders need to more heavily invest in identifying and/or developing more leaders of color (and all leaders) across sectors, particularly pointing to a need for development directors and board members. One participant stated that, "the leaders (of color) are out there, but not on the funders' radar."

How would you compare the local environment to what you know about national foundations or funders in other cities and their efforts toward racial equity?

- FCs cited several trends and related suggestions:
 - Corporate and family foundations elsewhere have put leaders of color on their boards, in greater numbers than one at a time, and invested in developing a racial equity lens.
 - Increased access to operating funds is a trend that shows support and trust in organizations that operate from a racial equity viewpoint.
 - Some national foundations, and some local, have been increasingly vocal about the need for racial equity (in society overall and as a criteria point in grantmaking).

Would you say that you've worked with clients who have been impacted by racial inequities, either in a detrimental or beneficial way?

- Participants expressed different experiences, with some noting inequalities with certain funders, some noting that other funders apply the same standards to all organizations,

and some noting that Black-led organization don't see the same high-level investment as white-led organizations:

- One noted that some white evangelical funders don't apply the same standards to all organizations, actually lowering the standard for some organizations led by a person of color. One participant stated that, "these lowered expectations are a soft form of racism and ultimately not helpful to the organization."
- Another noted that, "the people who have these funds aren't committed to equity and somehow we have to have profound interactions with them to help them understand the root inequities of this city, particularly in the justice and education system."
- Another said, "Funders will use the standards as they wish; and they might hold Black organizations to a higher standard than organizations that they have a familial relationship with, particularly private schools. That is what they do; they trade off support for each other's favorite causes. I do think that (method of funding) is declining, though. But, many don't even understand the definition of equity."
- Another discussed a situation where a white-led organization secured a multi-million dollar investment without having a strategic plan. They noted that they haven't seen that kind of support for Black-led organizations, particularly Black-led organizations that act based on "Black response to what Black communities need."
- One noted that "white leadership is defining the solutions; and it isn't that they shouldn't help define it, but where is the money for Black organizations and Black people to define the solutions?"
- Another pointed back to an early point about fundraising being relationship-driven saying, "Access is tough; it is a racial issue. Everyone is trying to figure out how to get access."

After the focus group, some participants reached out with additional thoughts:

- "My son used to always tell me that racism is a conveyor belt. It's been built and is super sturdy and works well. There may be some who believe we/they didn't help to build it, but we still ride along, talking about ending it but still riding. He would say we have to build the mechanisms that push against the conveyor. I think there are many of our funders, who as we said, do care and are well-intentioned and want to affect change. From this planning process what is one, two or three things that can be built and

formalized that will help to push against the conveyor? I say one, two or three because from my experience sometimes the vision is so big that it never moves off go.”

- “We believe that equity in all manifestations is critical and at the same time we believe that using a racial equity lens can address the key issues in our community and can influence policy and funding initiatives that advance equity across the board. Upon reflection, we are hoping you will raise the issue of Memphis participation in [ABFE: A Philanthropic Partnership for Black Communities](#). We would hate for Memphis to stand-back from a national organization committed to philanthropy and philanthropists that are moving the needle for Black communities.”
- “This fall a multi-racial group of nonprofit leaders had arranged to have Oakland-based PolicyLink (one of the leading equity strategy national organizations) here in Memphis following 50 Memphians attending their most recent National Equity Conference in Chicago. Due to COVID-19 it was postponed, but they are working to organize a virtual conference the first quarter of 2021. This could be a venue to revisiting this subject.”

ACTION STEPS

ACTION STEPS RECOMMENDED/PLANNED LOCALLY

Participating funders discussed various steps to improve equitable grantmaking in their individual organizations and in the local philanthropic field as a whole.

ACTIONS FOR THE MID-SOUTH PHILANTHROPY NETWORK AS A GROUP

- Use this report for local foundations to talk and work together around racial justice, reporting to each other for mutual accountability and to collaborate on improvements. Conduct the Memphis Funders’ Racial Equity Audit on a regular basis.
- Talk among funders about venture capital funding for small organizations (particularly ones led by a person of color) to gain start-up funding.

APPLICATION & COMPLIANCE PROCESSES

- Collect more data on the demographics of staff, board, and those served.
- Reassess assumed risk in grantmaking. A grant to an all-volunteer organization, for example, is currently more likely to be seen as a risky grant. Seek a broader understanding of risk and how it plays into racial equity.
- Reassess the reporting process. “Philanthropy, on the whole, looks for outcomes that smaller or newer organizations would not and should not have the processes in place to

measure; therefore, favoring established organizations that are more often white organizations.”

- Add a question on the grant applications about whether and how clients are involved in decision-making/solution-creation and ask for documentation.
- Review application materials to ensure that verbiage about the importance of equity is consistent throughout.
- Reconsider application criteria, understanding and eliminating criteria that may create an unnecessary barrier to application and funding (for example, needing a 501c3 and an audit).
- Explore ways to diversify the applicant pool, specifically looking for grantees in the Lantix community.

BOARD & STAFF

- Have conversations at the board level about how racial equity is applied as a criteria to the grantmaking process and discuss the barriers to equitable funding.
- Create a statement/framework of organizational beliefs around racial equity and how it applies to grantmaking.
- Conduct an equity audit through Beloved Community or another source.
- Involve the clients/people served in governance of the organization.
- Conduct DEI training/conversations with the board and staff.
- Share this and the individual report with the board and hold reflective and action-oriented conversations about systemic racism.
- Document internal culture and procedures to ensure continuation of racial equity in grantmaking.
- Diversify the board of directors, gaining board members who can widen the applicant pool, helping to gain applicants from underrepresented communities.
- Create a foundation-wide DEI report and plan.
- Institute equitable hiring practices internally.
- Explore the DEI efforts of foundations similar in size to uncover and implement best practices.

FUNDING & SPENDING

- Fund DEI work for grantees.
- Work to shift spending to consultants who are local, of color, and/or women.

- Use the report data to set milestones for increasing the percentages of grants made to organizations led by a person of color and organizations that prioritize communities of color.
- Hold discussions and trainings to help grantees learn to involve the people they are serving in the solution-creation.

Fundraising consultant focus group participants discussed the following recommendations:

ACTIONS FOR THE MID-SOUTH PHILANTHROPY NETWORK AS A GROUP

- Define what racial equity is in grantmaking.
- Establish an advisory board of nonprofit leaders of color who are representative of a wide spectrum of sectors and levels of development. Establish a process to identify short- and long-term needs of the communities of color and direct funding and capacity-building training that focuses on a handful of identified needs at a time.
- Bring higher education institutions on board to develop a program that creates a pipeline of leaders of color and build organizational capacities through nonprofit incubation programs.
- Create a formal system to introduce Black-led organizations to potential board members who could help them gain access to white-led funding.

ACTIONS FOR INDIVIDUAL FUNDERS

- Go beyond just funding the “show piece” Black-led organizations, instead funding the “many additional Black-led and Black-informed organizations that have the potential for success.”
- More DEI training to help funders and their boards understand implicit biases and take corrective actions (could be done as a group also).
- Introduce organizations led by a person of color to other foundations.
- Add people of color to foundation boards. In addition, create advisory committees to gather information from communities of color.
- Follow the example of many national foundations and create sustained funding for core organizations focused on the needs of the Black community (could be done as a group also). Over the years, some Memphis organizations have been seen as critical, key to change in Memphis. These organizations are built up and heavily invested in, but then their funding is cut.

- Increase usage of Black vendors, such as Black investment managers, expanding the “trust circle” in the foundation sector.
- Invest in social justice advocacy, including organizations willing and able to challenge the status quo establishment leadership.

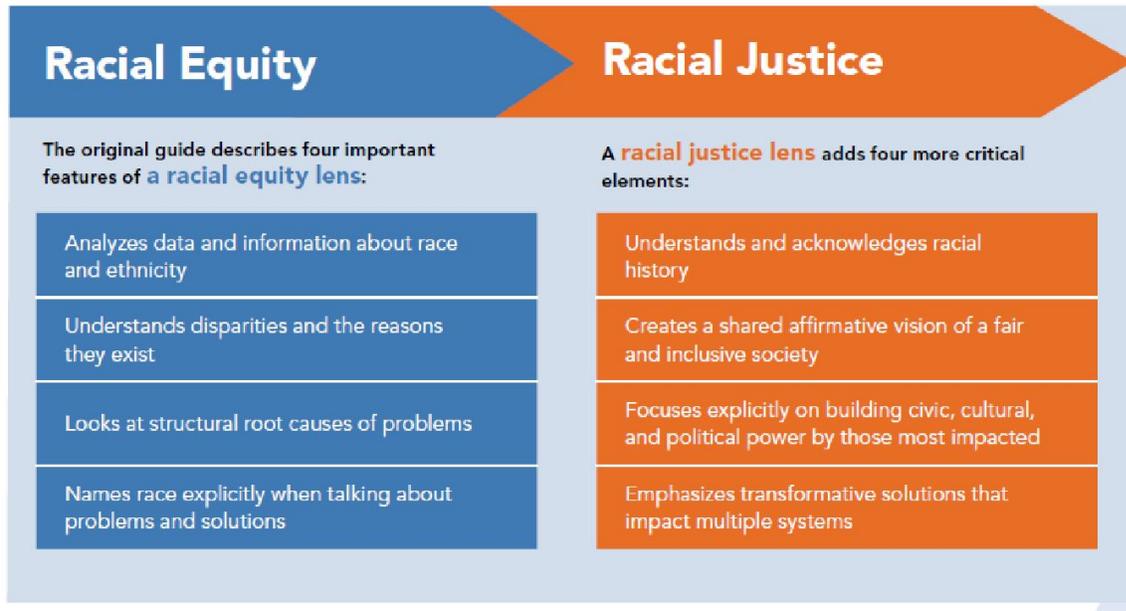
ACTION STEPS RECOMMENDED NATIONALLY

The following are action steps recommended by various national reports, foundations, and coalitions of foundations. The authors are credited and the reports are hyperlinked.

[PROGRESS, LESSONS, AND WHAT COMES NEXT](#): RECOMMENDATIONS FROM D5 COALITION

- Look beyond traditional philanthropic programmatic strategies to engage foundation trustees
- Assess and deploy mechanisms for connecting foundations to talent and resources that translate to actual practice
- Build capacity to assess organizational culture – the “readiness” for diversity and inclusion – and its relationship to talent pipeline issues
- Continue to advocate for the use of demographic data and for strengthening platforms that allow foundations to understand not only institutional impact but field-level impact
- Consider establishing standards for good practice with respect to diversity, equity, and inclusion so foundations can track and understand progress
- Establish a sustainable mechanism to keep up the drumbeat and support the field as a whole to be accountable to these issues
- Facilitate the leveraging and sharing of learnings and resources across organizational and siloed boundaries
- Produce concrete examples that showcase “effectiveness” to substantiate the impact imperative
- Allow for organic collaboration and deploy work with sensitivity to the range of organizational forms, the natural institutional tensions and the inevitable changes and transitions within the infrastructure
- Ground strategies in an analysis of the nuanced mechanisms and networks of influence in philanthropy, particularly at the regional level and using a cohort based approach
- Better integrate the perspectives and capacities of nonprofit organization.

[GRANTMAKING WITH A RACIAL JUSTICE LENS](#): RECOMMENDATIONS FROM PHILANTHROPIC INITIATIVE FOR RACIAL EQUITY



Align Foundation Practices with a Racial Justice Vision

- Develop Explicit, Shared, and Tested Language
- Set Your Goals, and Follow Through
- Remember That Identity is Not Analysis
- Address Resistance
- Don't Run Away From Conflict
- Create Opportunities to Revisit and Strengthen Racial Justice Commitments
- Am I Aligning Every Aspect of My Foundation to Racial Justice?

What To Fund

- Prioritize Building Power
- Redefine Impact
- Make Course Corrections

How To Fund

- Support Movement Ecosystems
- Ease the Burden on Grantees
- Be Accountable to the Racial Justice Field

Indicators For Sustainability Of Racial Justice Efforts

- The conditions for stable leadership that can transition smoothly when the time is right
- A deep bench of leaders within an organization, with adequate staffing and infrastructure
- Broadening and/or deepening an active base
- Increasing power, representation, and agency among historically marginalized communities by establishing sustainable, well-functioning institutions led by those directly impacted
- Consistent alliances that deepen, grow, and take on bigger projects over time
- Growing knowledge of root causes and systems among the constituency, policymakers, and/or the public
- Establishment of specific policies in public and private institutions
- Shifting media coverage of an issue or community; and
- Growing ability to raise money from diversified sources.

Increase Access and Lessen Burden in Racial Justice Grantmaking

1. Be explicit about racial justice, so groups know you're open to that topic.
2. Limit questions to those required for grant decisions. Avoid the interesting but extraneous.
3. Offer application support (e.g., a "how to apply" webinar).
4. Give adequate preparation time.
5. Allow a conversation to replace a written application or report.
6. Avoid strict character-count requirements.
7. Adopt a common grant application with similar foundations.
8. Provide at least 25 percent for infrastructure in project grants (instead of the typical 10–15 percent).
9. Research the grantees and leaders applying for grant money.
10. Limit site visits; when they do occur, cover costs for staff, lunch, etc.
11. Seek grantee recommendations outside of your usual circles.
12. Avoid requiring convenings or collaboration as a condition of funding.
13. Support collaborative projects as well as individual grantees.

14. Provide feedback if the grant is not approved.

Reducing The Burden After A Grant Is Made

1. Use identical language on reporting templates and online proposals.
2. Don't word reporting templates with the presumption that a predominantly white organization is trying to diversify its work.
3. Require one final report instead of a series of written progress updates.
4. Employ evaluation for larger grants, not for smaller or single-year grants with no likelihood of ongoing traction.
5. Offer stipends for grantee conversations or board check-ins after the grant is made.
6. Weigh the benefits of funder-driven learning communities; despite positive feedback from some grantees, they are costly in terms of time, energy, and opportunity.

[DEI: THE PILLARS OF STRONGER FOUNDATION PRACTICE](#): RECOMMENDATIONS FROM ASSOCIATION OF CHARITABLE FOUNDATIONS

1. Invests time and resources in understanding and defining diversity, equity, and inclusion.
2. Produces and reviews strategies that will implement DEI practices
3. Collects, tracks, and publishes DEI data on its own practices and performance
4. Has a diverse Trustee board and staff team, both in terms of demographics and experience
5. Reflects and implements DEI practices in its funding activities
6. Expresses its DEI commitment, policies, and practices publicly
7. Makes itself accountable to those it serves and supports
8. Uses its own power to advocate for and advance DEI practices
9. Collaborates with others to promote and implement DEI practices

[WE MUST BE IN IT FOR THE LONG HAUL LETTER](#): RECOMMENDATIONS FROM THE ASSOCIATION OF BLACK FOUNDATION EXECUTIVES & OVER 60 BLACK PHILANTHROPIC CEOS

1. **BUILD AGENCY.** Increase investments in Black-led organizations that connect individuals and families to a wide array of resources and build power in our communities to lead substantive change.
2. **PUSH STRUCTURAL CHANGE.** Given deep-seated inequities, COVID-19 relief and police reform efforts must take a “long view” and consider policy and system reform needed to improve conditions in Black communities beyond federal and philanthropic emergency and response efforts.
3. **ENCOURAGE SHARED RESPONSIBILITY.** Philanthropic funds, particularly those under the leadership of Black foundation executives are part of the solution. However, the targeted investment of all philanthropies as well as public dollars are needed to transform conditions in Black communities in both relief and long-term efforts.
4. **USE ENDOWMENTS.** The health-driven economic recession has negatively impacted foundation endowments. Therefore, there is increased need to prioritize spending on the most impacted communities. In addition, now is the time to utilize the full set of resources of philanthropy by increasing asset payout and employing various investment strategies to provide much needed capital to Black communities.
5. **CENTER BLACK EXPERIENCE.** Black leaders and communities must be engaged in the development of short and long-term philanthropic and public policy solutions to ensure that well-intentioned “helping” and reform efforts do not exacerbate existing disparities.
6. **TRUSTEE ACCOUNTABILITY.** Foundation trustees are accountable for the strategic direction, fiscal health and policies implemented by the institutions for which they govern. During this time of crisis, foundation boards should take stock of the level of grantmaking to Black communities, increase targeted giving and engage in racial equity assessments of their investments moving forward. It is necessary for national Boards to do so but critically important for foundation boards in the regions hardest hit by the coronavirus with sizeable Black populations (e.g., New York, Louisiana, Michigan, Illinois, Georgia, etc.).
7. **ENGAGE BLACK BUSINESSES.** Foundations and the public sector should actively engage Black businesses in investment management, banking, and other professional services to address the pandemic’s negative impact on Black earnings and wealth.
8. **LIFT UP GENDER.** The health and economic well-being of both Black people are under threat due to COVID-19; however, its’ impacts also differ by gender, gender identity and sexual orientation. Black women are suffering worse relative to job loss. Emerging data illustrates that Black men are at higher risk of death and racial profiling relative to COVID-19. Black LGBTQ communities are particularly vulnerable due to higher rates of suppressed immune systems and widespread housing and employment discrimination. Response efforts must take into account these differences, to ensure that all people of African descent are connected to economic opportunities, healthy and are safe from personal and state-sanctioned violence.
9. **REACH TO THE DIASPORA.** The racially charged impact of COVID-19 extends beyond U.S. borders. Black communities in the U.S. territories have been left out of many relief

efforts and African immigrants are being targeted in both the U.S (as part of America's Black population) and other parts of the world. During crises, we must remain vigilant of how anti-Black racism impacts people of African descent around the world and look for opportunities to unite our philanthropic efforts to save and support Black lives.

10. ADDRESS DISPARITIES IN PRISONS. U.S. prisons are disproportionately filled with Black and Brown people and are breeding grounds for the spread of coronavirus, other infectious diseases, and, generally, hopelessness. COVID-19 relief efforts have reminded us that institutional custody should be reserved as a last resort when there is a risk of community safety or flight. That use of institutional custody must become a standard of operating in all instances. Current efforts must support the safety of those currently imprisoned, early release of incarcerated individuals and advance sustained investments in alternatives that reduce reliance on incarceration over the long-term to support Black communities.

[THE CASE FOR FUNDING BLACK-LED SOCIAL CHANGE](#): RECOMMENDATIONS FROM THE ASSOCIATION OF BLACK FOUNDATION EXECUTIVES

Build Understanding

1. Learn about Black Communities and BLOs
2. Be Proximate
3. Recognize Black Community Leadership and Structures

Build Community

1. Part of a Whole
2. Collectively Design Funding Opportunities
3. Be Open to Pivots and Shifts

Act for Social Change

1. Acknowledge Its Contributions to Systemic Racism
2. Invest in Black-led Social Change Infrastructure
3. Actively Advocate for Philanthropic Investment in Black Communities

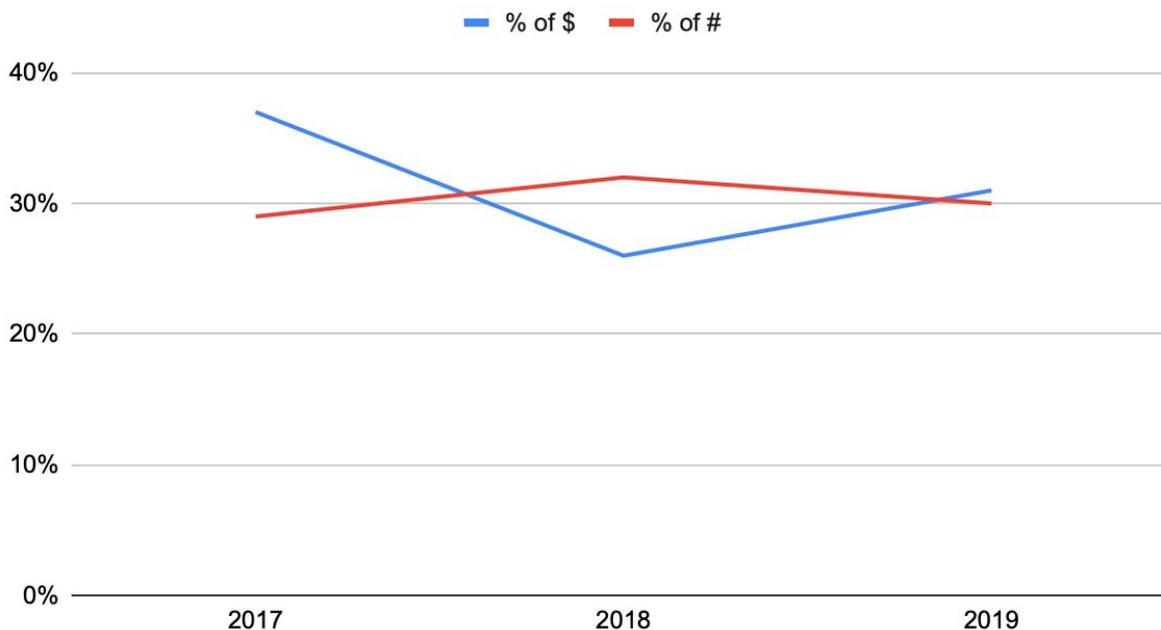
ADDENDUM

DATA VISUALIZATION

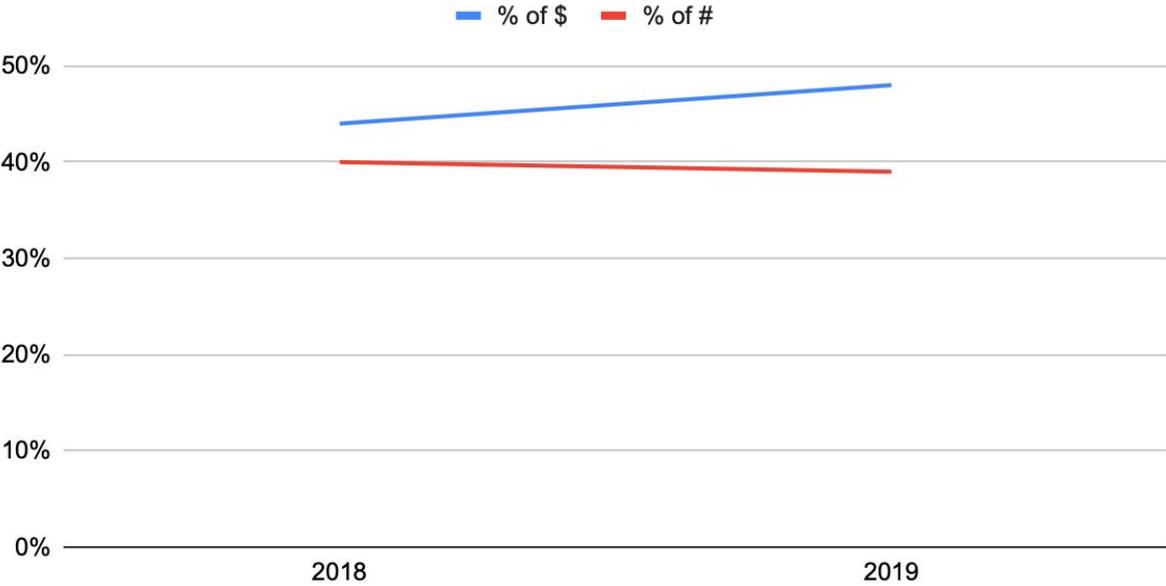
Three types of data visualizations follow – line charts, scattered dots charts, and bar charts – with accompanying additional observations.

- The line chart is used to provide visualization of overall data – percentages of funding calculated from adding all funder numbers together.
- The scattered dot and the bar charts show data per funder:
 - The scattered dot charts show the percentage of each indicator collected by year, with each dot representing an anonymous local funder.
 - The bar charts take the same information described above, instead using bars to indicate how many funders fell into each percentage category. For example the 2019 bar chart illustrates that six funders (out of 14) awarded 25% or less of their total grant funds to organizations led by a person of color.

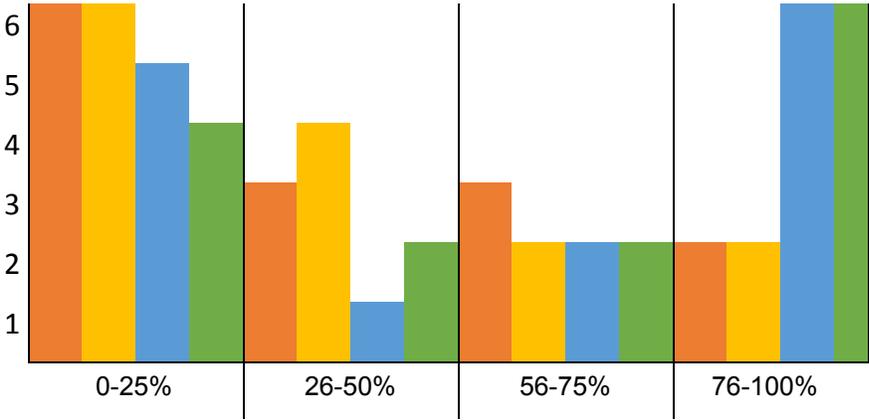
Percent of Grants to Organizations Led by Person of Color



Percentage of Grants to Organizations Prioritizing Communities of Color



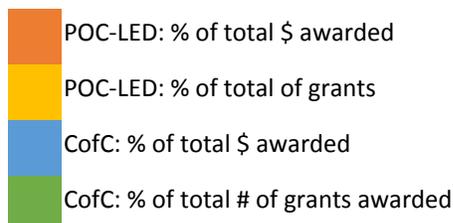
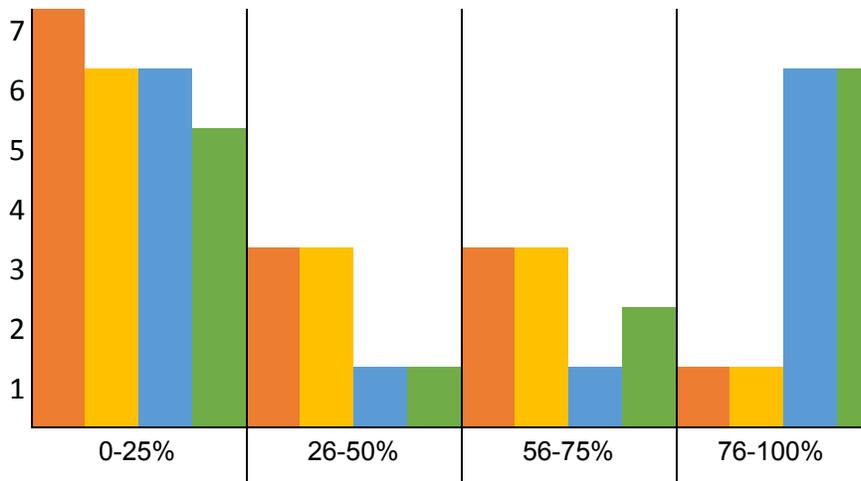
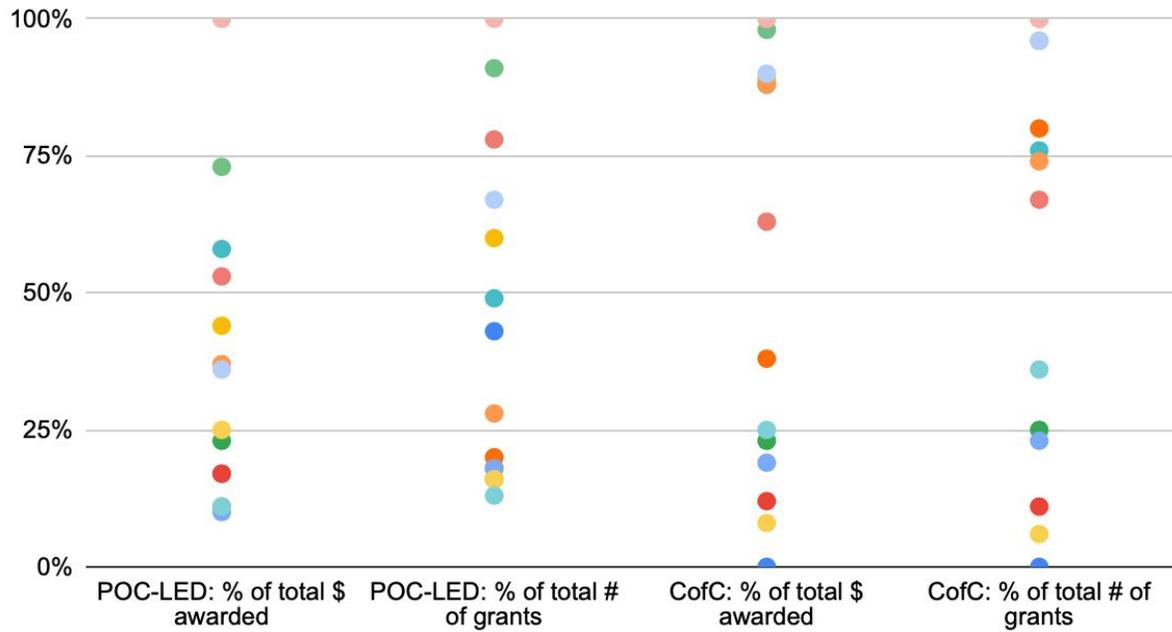
NOTE: Data was missing for 2017 for one funder.



- POC-LED: % of total \$ awarded
- POC-LED: % of total of grants
- CofC: % of total \$ awarded
- CofC: % of total # of grants awarded

Total sample size is 14 for each of the above categories.

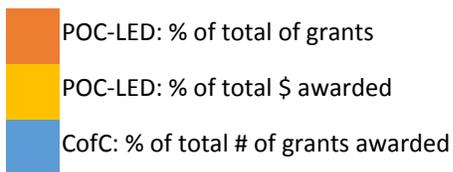
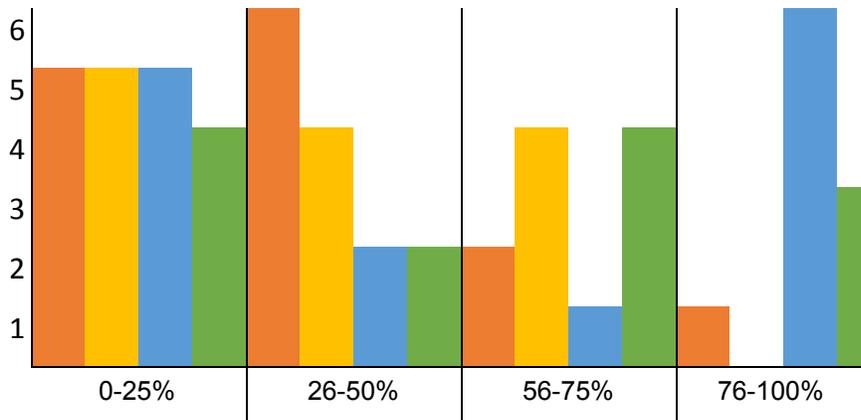
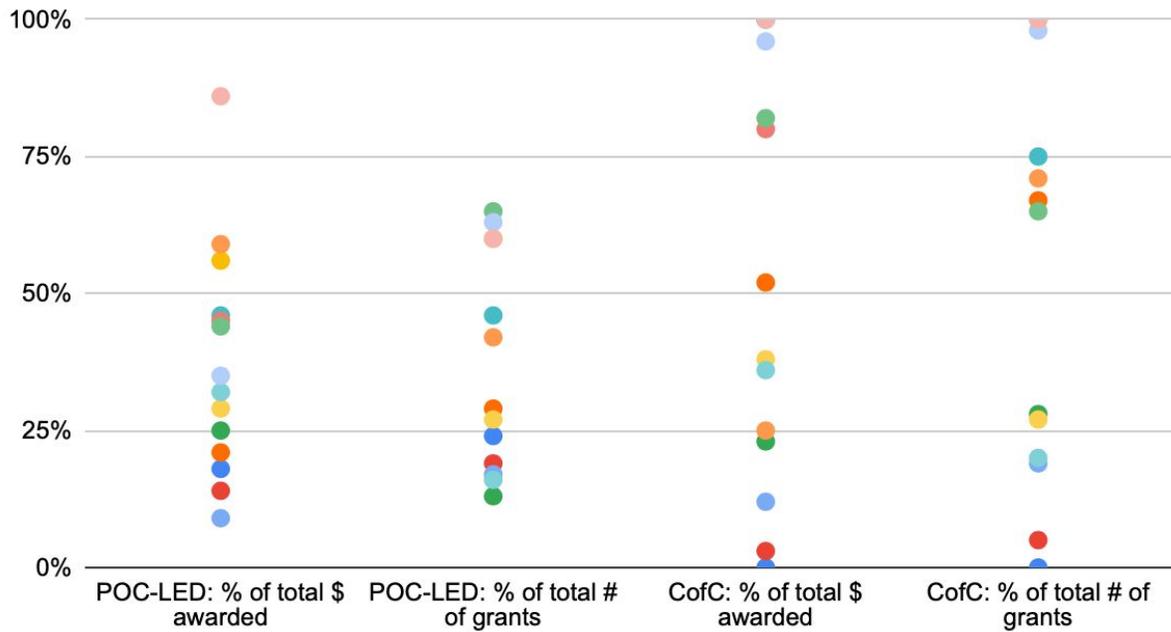
2018 Grants Awarded



Total sample size is 14 for each of the above categories,

except for POC-LED: % of total \$ awarded. Only 13 funders answered that question.

2017 Grants Awarded



CofC: % of total \$ awarded

Total sample size is 14 for each of the above categories, except for POC LED: % of total \$ award and CofC: % of total \$ awarded. Only 13 funders answered those.

FUNDER INTERVIEW QUESTIONS

Each funder was asked the following questions during the interviews:

- When you were parsing the data for the survey, what were your reflections on the foundations progress to date?
- Internally, how much does racial equity come up? What's the quality of the conversations?
- What are the conversations at the board level?
- Has the foundation taken on any DEI work with staff and/or board? Or grantees?
- What efforts has your foundation made recently to increase equity?
- Regarding the report we will create, is there anything else you want to tell us to add to the qualitative information?
- How might you use the report to create further conversation with your foundation?

NATIONAL RESOURCES LISTING

- [Grantmaking with a Racial Justice Lens](#), 2020
Philanthropic Initiative for Racial Equity
- [Diversity, Equity and Inclusion: The Pillars of Stronger Foundation Practice](#), 2020
Association of Charitable Foundations
- [Black Funding Denied: Community Foundation Support For Black Communities](#), 2020
National Committee for Responsive Philanthropy
- [The Case for Funding Black-Led Social Change, Redlining by Another Name: What the Data Says to Move from Rhetoric to Action](#), 2019
The Association of Black Foundation Executives

- [We Must be in It for the Long Haul Letter](#), 2020
[Short version](#)
The Association of Black Foundation Executives and over 60 Black Philanthropic CEOs
- [A Self-Reflection Tool for Black Trustees on Foundation Boards](#), 2014
The Association of Black Foundation Executives
- [A Call to Action: Trustee Advocacy to Advance Opportunity for Black Communities in Philanthropy](#), 2016
The Association of Black Foundation Executives
- [From Words to Action A Practical Philanthropic Guide to Diversity, Equity, and Inclusion](#), 2018
Grantcraft Leadership Series
- [Guiding a Giving Response to Anti-Black Injustice](#), 2020
The Association of Black Foundation Executives/Bridespan
- [Race to Lead Revisited: Obstacles and Opportunities in Addressing the Nonprofit Racial Leadership Gap](#), 2019
Building Movement Project
- [On the Frontlines: Nonprofits led by a person of color Confront COVID-19 and Structural Racism](#), 2020
Building Movement Project
- [Dismantling White Supremacy & Anti-Blackness in Philanthropy](#)
Justice Funders
- [Nonprofit Executives and the Racial Leadership Gap: A Race to Lead Brief](#), 2019
Building Movement Project
- [The Nonprofit Racial Leadership Gap In The Memphis Area](#), 2019
Building Movement Project
- [Overcoming the Racial Bias in Philanthropic Funding](#), 2020
Stanford Social Innovation Review

- [Racial Equity and Philanthropy: Disparities in Funding for Leaders of Color Leave Impact on the Table](#), 2020
Echoing Green and Bridgespan
- [Talent Justice Report: Investing in Equity in the Nonprofit Workforce](#)
Fund the People Toolkit
- [US Based Workforce and Board Composition Report by Race/Ethnicity, Gender and Job Category](#), 2019
W.K. Kellogg Foundation
- [Governance and Grantmaking: Approaches to achieve greater diversity, equity and inclusion](#), 2019
Philanthropic Foundations Canada
- [What It Really Takes to Influence Funder Practice](#), 2019
Ford Foundation
- [The State Of Change: An Analysis of Women and People of Color in the Philanthropic Sector](#), 2016
Council on Foundations