

Equity in Nonprofit Funding

For BIPOC Led and Serving Organizations

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EQUITY

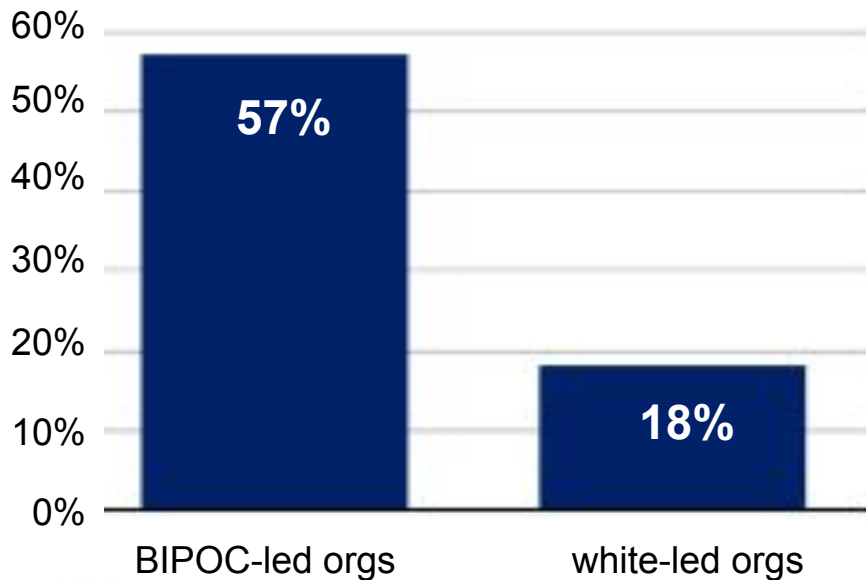
Equity is the presence of opportunities to develop one's full potential and the ability for communities to live in self-determination. It acknowledges that everyone is not starting from the same place. ***Equity centers communities most impacted by systemic oppression, and requires the re-distribution of resources, power, and opportunity to those communities.***

Inatai Foundation's [Living Language Guide](#) - (emphasis added)

The Why

Why is it important to advance equity in government partnerships with local nonprofits?

Percentage of BIPOC and white Executive Directors and/or CEO's who have lived experience representative of one or more communities served



Source: [Nonprofit Finance Fund, 2022](#)

Our Top-Line Hypothesis: What We Believe

Black, Indigenous & People of Color-Led organizations serving and rooted in BIPOC communities with sustained capabilities and capacity....



... are most effectively positioned to lead and drive strategies through their influence and engagement of policy makers and decision-makers...



... to transform discriminatory and racist systems historically producing inequitable outcomes for BIPOC populations...



...and replace them with more equitable policies, practices & structures to create more equitable outcomes for all people.

Our Leaders, Our Communities

We experience many of the same barriers as the people we serve: racial trauma, discrimination, lack of access to resources and decision-making spaces, and the strain of being a lifeline for entire communities.



Black Led Organizations address a wide range of needs and issues.

[The Case for Investing in King County's Black Led Organizations](#)

Seattle Foundation



Community Building (73%)



Stopping the School-to-Prison Pipeline (STPP) (45%)



Leadership Development (60%)



Health Services (40%)



Youth Development (53%)



Housing (35%)



Economic Development (50%)



Political Power Building/Civic Engagement (35%)



Education (45%)



Arts & Culture Promotion/Education (33%)



Social-Emotional Development (45%)



Community Re-Entry (30%)

Racial Disparities in Funding



**Black-led
nonprofits receive
24% less
revenue than their
white-led
counterparts**

“Leaders of color have inequitable access to social networks that enable connections to the philanthropic community.”

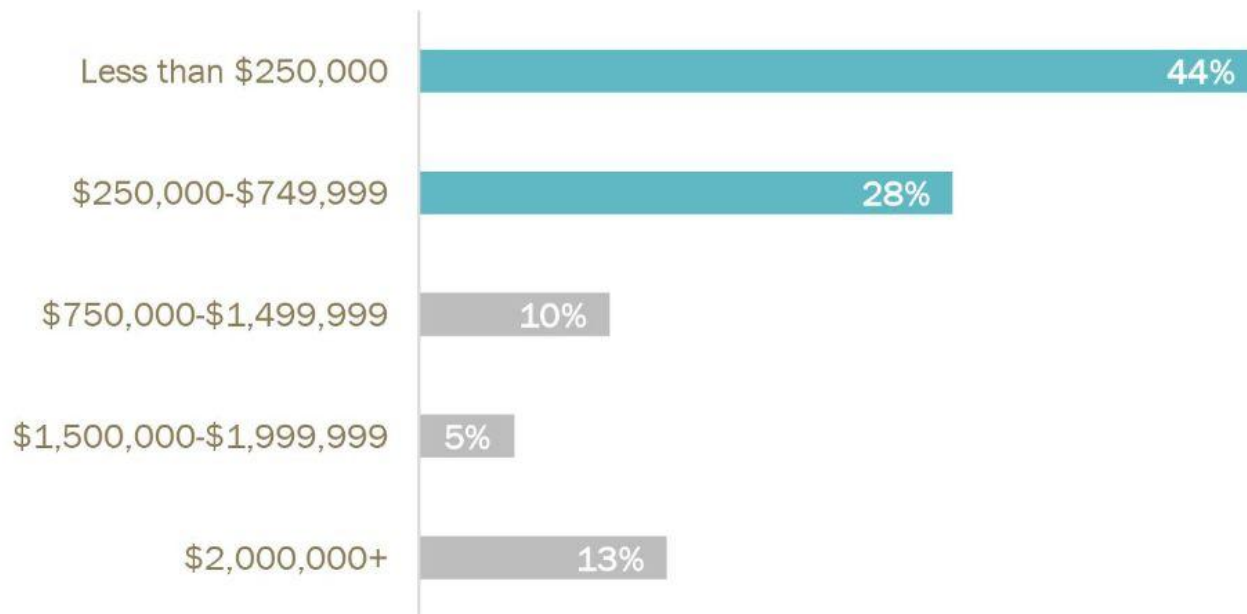
[2020 study published by Bridgespan and Echoing Green](#) (164 nationwide nonprofits participated)

The Case for Investing in King County's Black Led Organizations

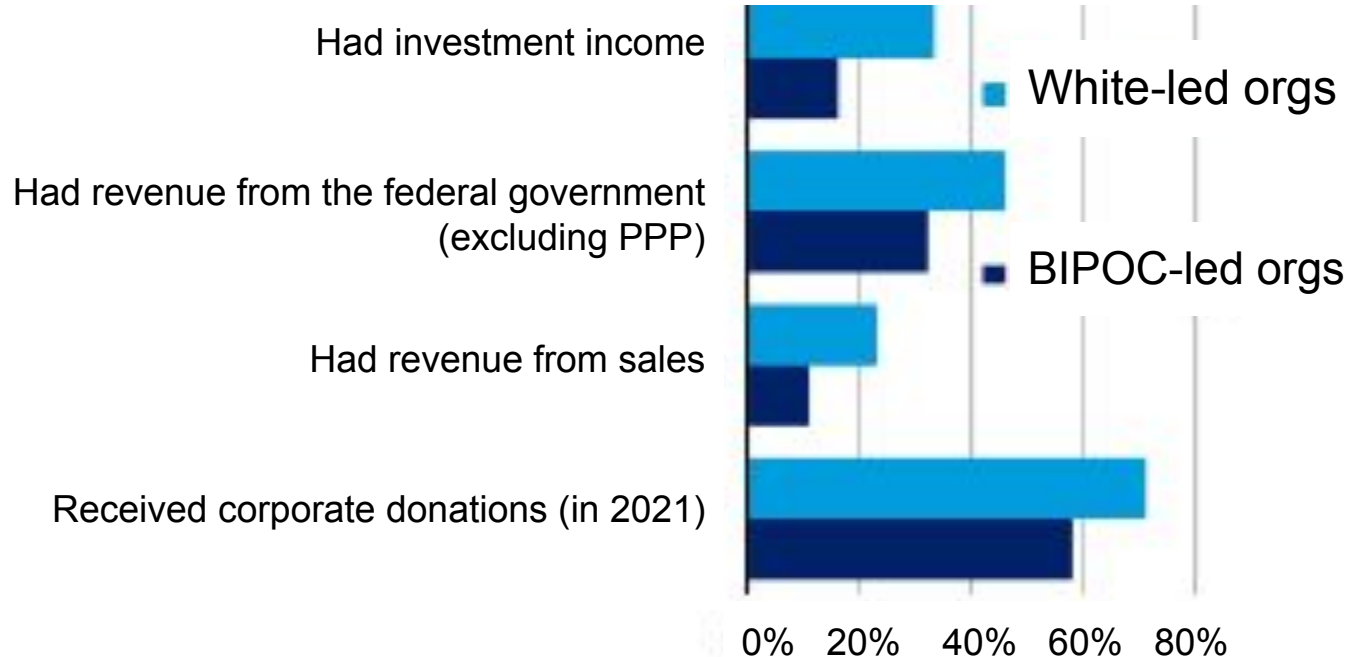
Seattle Foundation

Reported budget size varied widely, with Black Led Organizations most commonly reporting an operating budget less than \$250,000.

Annual operating budget

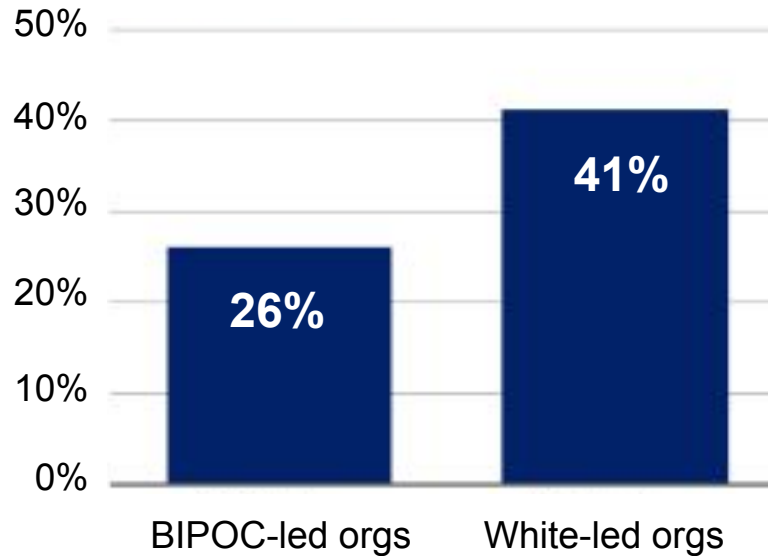


Ways in which organizations received revenue by race of leadership (%)



Source: [Nonprofit Finance Fund, 2022](#)

BIPOC-led and white-led organizations which received half or more of their funding as unrestricted funds in 2021 (%)



Source: [Nonprofit Finance Fund, 2022](#)

WA Nonprofits 2022 Report

Challenges	All Orgs	BIPOC-led Orgs
Difficult application procedures or timelines	66%	74%
Burdensome reporting requirements	60%	70%
Overly complicated or restrictive budgeting or invoicing requirements	59%	61%
Contract rates do not rise with cost increases over time	54%	57%
Reimbursement basis (receiving payment after delivering services)	52%	65%
Contract rates do not cover administrative costs	51%	70%
Short-term contracts make planning and staffing difficult	44%	48%
Difficult or duplicative auditing requirements	31%	39%
Requirement for matching funds	30%	26%
Invoices not paid in a timely manner	28%	43%
Burdensome insurance requirements	21%	39%
Failure to disclose the use of federal funds in RFP	10%	17%
Failure to follow OMB guidance on the use of federal funds	6%	9%

[The Nonprofit Experience with Government Contracting: Challenges & Recommendations](#), March 2022

**Where are the
opportunities for
influence and impact?**

BIPOC Led Organizations' Priorities for Change

Priorities for Change: BIPOC-led Organizations	Prioritization
Contract rates do not cover administrative costs	1.57
Contract rates do not rise with cost increases over time	1.85
Reimbursement basis (receiving payment after delivering services)	2.00
Invoices not paid in a timely manner	2.00
Difficult application procedures or timelines	2.10
Short-term contracts make planning and staffing difficult	2.21
Burdensome reporting requirements	2.32
Overly complicated or restrictive budgeting or invoicing requirements	2.36
Burdensome insurance requirements	2.50
Difficult or duplicative auditing requirements	2.58
Requirement for matching funds	2.58
Failure to follow OMB guidance on the use of federal funds	3.00
Failure to disclose the use of federal funds	3.05

1 (most important) to 5 (not important)

- Work with BIPOC led nonprofit organizations on how to gather data to identify current equity gaps & track progress - don't give up when faced with discomfort or tough logistics (See Inatai Foundation's [blog post](#).)
- Create dedicated funding for Black- and Indigenous-led organizations (See King County's [Gathering Collaborative](#))
- Review application and reporting requirements; get rid of everything that isn't absolutely necessary.
- Provide unrestricted capacity support funding
- Support BIPOC-led systems change work – show up with us



Governments should also develop flexible reimbursement policies that account for changing circumstances. COVID-19 has demonstrated why governments and nonprofits should be realistic about unforeseen obstacles and costs, as well as the importance of reimbursing organizations in a fair and timely manner.

[Resilia, December 2020 Report](#): *How governments can make the nonprofit sector more equitable*

*Take into consideration that not one size fits all.
Take into consideration that some of us are not going to
have a particular track record that they may be seeking,
just because of the scarcity of the resources.
Be more willing to provide funds for pilot programs,
instead of funding only ideas that are already established.
Pilot programs allow for growth. You don't know what the
success rate is, because you haven't tried it. You want to see
if you can make that work*

— Ayanna Brown, Alajawan Brown Foundation

Cultural Shifts

The following graphic depictions were created by the *Fund for Inclusive Recovery Cross-Sector Table on Evaluation*, convened by the Seattle Foundation in 2022

EXPRESSIONS OF ACCOUNTABILITY

WHAT MIGHT BE POSSIBLE AS WE ALIGN with the EEF™?

WHAT
PROCESS?

...PRACTICES?

PROTOCOLS?

OUR
UNDERSTANDING
OF THIS TERM...

...IS AT ODDS WITH
OUR MOVING FORWARD
the PRINCIPLES of the EEF

Across the Practice Partner Space... In Conversation... Around ACCOUNTABILITY...

ORTHODOXY:

ACCOUNTABILITY is a ONE SIDED SET of EXPECTATIONS ROOTED IN COMPLIANCE, GENERALLY EXPRESSED AS FOUNDATION SETS EXPECTATIONS & CONTRACTURAL COMPLIANCE OBLIGATIONS of GRANT PARTNERS, CONSULTANTS, etc.

How it OFTEN PLAYS OUT:

We've got to
QUANTIFY!

FOUNDATION BOARD

Let's see
the REPORT!

WHAT'S
OUR
ROI?

Let's
see the
METRICS!

Did grant
partners
ACCOMPLISH
OBJECTIVES?

GRANT PARTNER

ONE WAY ACCOUNTABILITY

INPUTS → OUTPUTS → IMPACT!

DELIVERABLES

DASHBOARDS

DEADLINES

"PHILANTHROPY"

MEANS LOVE of
HUMANITY

BUT it Gets SHIFTED
into the MODE of BANKING!

Here's my
Gift!

Let's Review
This TRANSACTION...

& WHO'S
Accountable
for WHAT...

MAY or MAY NOT
MOVE the NEEDLE
on WHAT the
FOUNDATION HOPES
to CHANGE...

MAY or MAY NOT
CENTER EQUITY...

EXPRESSIONS OF ACCOUNTABILITY

RESEARCH & DISCOVERY...

DIFFERENT
WAYS OF BEING...
Thinking... Doing...

HOW HAVE OTHERS
EXPRESSED
ACCOUNTABILITY?

RELATIONAL

BASED ON COMMUNITY CONTEXT

HOLDS RESEARCHERS RESPONSIBLE
TO PARTICIPANTS AS WELL AS
PARTICIPANTS' COMMUNITIES.



DEMONSTRATES
RESPECT
RECIPROCITY
RESPONSIBILITY

as put
into
ACTION

RESEARCH IS CEREMONY:
INDIGENOUS RESEARCH METHODS

RECIPROCAL

THE ACTIVITY OF RENDERING AN
ACCOUNT WITHIN A GROUP &
BETWEEN GROUPS



ACTORS NEGOTIATE their IDENTITY,
OBLIGATION & COMMITMENTS in
RELATION TO ONE ANOTHER,
PRODUCING an ENVIRONMENT
of RECIPROCAL ACCOUNTABILITIES

REVIEW of ACCOUNTABILITY +
MUTUAL ACCOUNTABILITY
FRAMEWORKS

MUTUAL

TWO OR MULTIPLE PARTNERS AGREE
TO BE HELD ACCOUNTABLE TO their
VOLUNTARY COMMITMENTS

RELIES ON TRUST & PARTNERSHIPS
AROUND SHARED AGENDAS - VS.
HARD SANCTIONS for NON-COMPLIANCE



ENCOURAGES BEHAVIOR CHANGE
NEEDED TO MEET COMMITMENTS
SUPPORTED BY EVIDENCE THAT'S
COLLECTED & SHARED AMONG
ALL PARTNERS

MUTUAL ACCOUNTABILITY:
EMERGING GOOD PRACTICE

COMMUNITY

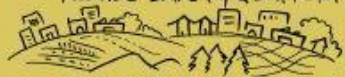
PROCESS in WHICH A GROUP OF
PEOPLE COME TOGETHER TO
WORK TOGETHER to:

CREATE & AFFIRM VALUES
& PRACTICES

DEVELOP SUSTAINABLE
STRATEGIES

COMMIT TO ONGOING
DEVELOPMENT

PROVIDE SAFETY & SUPPORT



AN ONGOING CONVERSATION
to BEING ACCOUNTABLE ...
AMONG & WITHIN COMMUNITIES

WORKING DOCUMENTS ON
COMMUNITY ACCOUNTABILITY

PARTICIPANT
OWNERSHIP
of DATA...?

RESTORATIVE

TO TAKE RESPONSIBILITY & ACTION
to REPAIR HARM & PREVENT it
from HAPPENING AGAIN...

BY FINDING NEW WAYS to BE in
RELATIONSHIP:

RECIPROCAL
MUTUAL
IN COMMUNITY
ACCOUNTABILITY



RESTORATIVE SOLUTIONS

COLLECTIVE

THE COLLECTIVE ACKNOWLEDGES
ITS ROLE in the HARM & ACTS
to REPAIR it, so IT DOESN'T
HAPPEN AGAIN



MAKING COLLECTIVE ACCOUNTABILITY
to AFFECTED POPULATIONS
A REALITY

Hmm... IS ONE OF
THESE the NEW
EXPRESSION WE
SHOULD ADOPT?

NO... THAT
WOULD JUST
BE ANOTHER
BINARY...

HOW MIGHT WE
DEFINE, DESCRIBE,
DOCUMENT &
DEMONSTRATE
DIFFERENTLY?