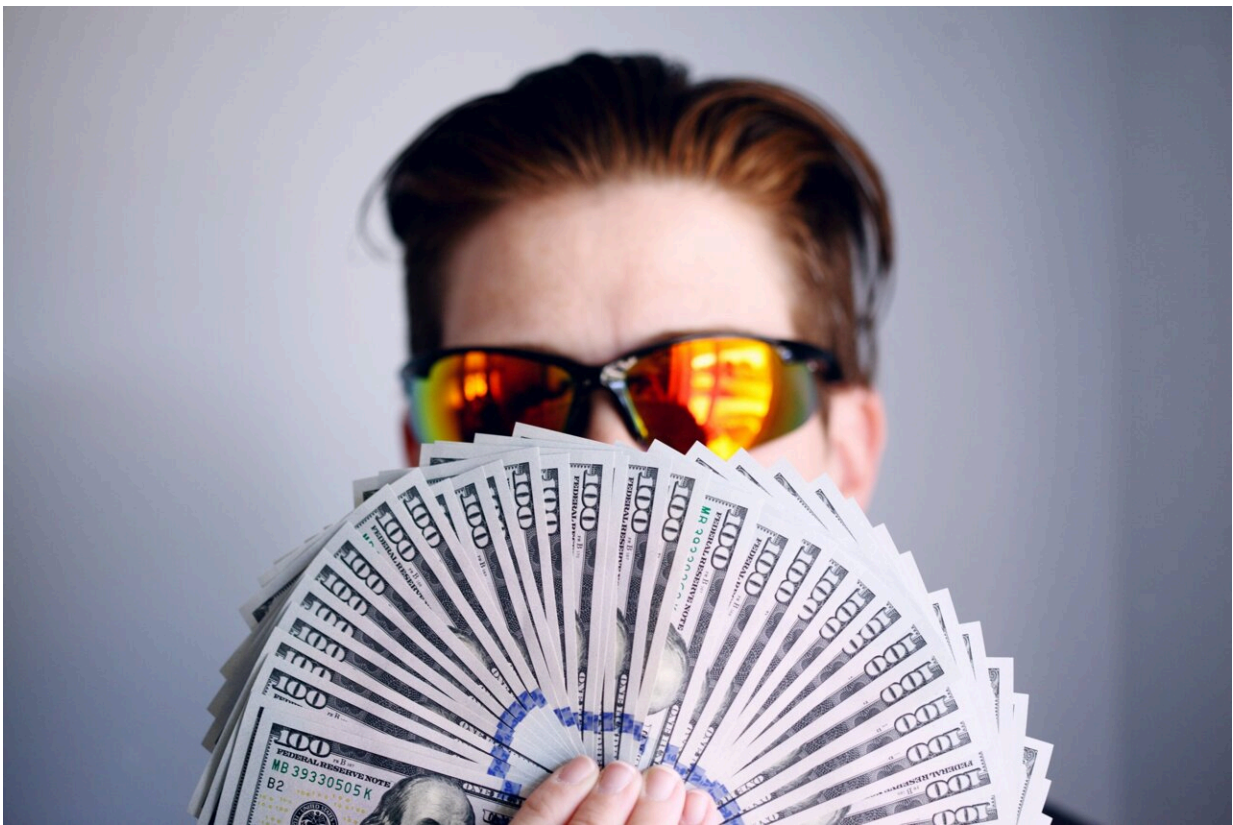


# Study: Nonprofits serving or led by people of color get less funding than similar groups led by white directors

March 9 2023, by Mirae Kim and Bo Li

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Nonprofits that serve people of color or are led by nonwhite executive directors have a harder time getting the funding they need than other

organizations, increasing their financial hardships.

That's what we found when we surveyed [more than 200 social services and arts nonprofits](#) across the U.S. that focus on the needs of particular racial and ethnic groups. We researched three kinds of organizations: those helping meet immigrants' needs; those promoting different cultural heritages or preserving the traditions of particular [ethnic groups](#); and [folk arts](#) nonprofits. About one-third of those surveyed serve mainly white communities such as Irish Americans or Polish Americans, while the rest serve mainly people of color.

To measure the level of financial pressures these groups faced, we created an index, ranging from 0 to 18, with higher numbers indicating the biggest shortfalls. The average was 11 for all of the groups. However, we found that among comparable organizations, the index was an average of 1.8 points higher for nonprofits serving mostly nonwhite clients and 1.4 points higher for nonprofits led by nonwhite executive directors.

We also determined that the main reason for this disparity is that nonprofits led by or serving nonwhite people raise less revenue through both donations and grants—whether from the government, foundations or corporations.

Interestingly, we found that nonprofits serving primarily people of color while also being led by a nonwhite executive director didn't have more trouble in this regard compared with those organizations in one of these categories or the other.

Our findings underscore the severity of [some of the structural barriers](#) faced by nonprofits that serve people of color or are led by people of color.

And we believe that these patterns along racial and ethnic lines could make it harder for [nonprofits to fill gaps](#) in the services not fully provided by the government and companies—particularly for organizations serving marginalized communities.

Because white leaders are [overrepresented in the nonprofit sector](#), relative to the overall workforce, as is [the case in general](#), we believe that the trend we have identified may make it harder for nonwhite leaders to succeed and build their careers.

We also are confident that these findings are indicative of typical funding patterns, even though our sample included proportionally more groups led by people of color than is the norm in the [nonprofit sector](#).

We have begun to research whether the racial identity of a group's leaders or their clients is tied to lower levels of funding for other kinds of nonprofits that tend to rely more heavily on private contributions than those covered in this study.

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