

HISTORY OF INEQUITIES IMPACTING NONPROFIT BOARD DIVERSITY

The New Philanthropists | July 2023

1600

BEGINNINGS OF ORGANIZATIONAL INEQUITY



As early as the 17th century, leadership positions for governing bodies in the United States were appointed based on privilege. For example, the Massachusetts Bay Company charter provided decision-making power and rights to govern a specific group of private companies and individuals, whose positions allowed them to influence future generations of leaders in the early colonies [1].

1800

LACK OF DIVERSITY IN NONPROFIT GOALS

In the early 1800s, Common Law framework clarified the role of nonprofits and their boards as “guardians of citizens’ private rights,” governed by the people and not the government [1]. Despite this claim, nonprofit organizations were largely school or church-based, representing a small percentage of the population aligned to a church or school [2]. Additionally, slavery and segregation prevented nonprofits from forming around the needs and ideas of marginalized communities [2].



1960

GROWTH OF NONPROFITS IN THE U.S.

By 1960, nonprofit organizations represented 2.5 to 3% of the U.S. labor force, indicative of significant growth since 1900 [2]. During this time, the Civil Rights movement was well underway; the Civil Rights Act of 1964 in theory prohibited racial segregation and discrimination, but governments continued to deny nonprofit-based services to people of color and other marginalized groups of people due to the biases of leaders in these governmental roles [2, 3]. Into the 1980s and onward, the nonprofit growth trend continued as contributions from the federal government became a major source of income for nonprofits [2].

In 1969, the Tax Reform Act was passed which distinguishes between public and private nonprofits and imposed limits to curb corruption and tax abuse, while increasing transparency [4].

1970

CIVIL RIGHTS MOVEMENT IMPACT ON NONPROFIT DIVERSITY

The Civil Rights movement increased diversity in the types of nonprofits being formed due to government funding and programs focused specifically on supporting marginalized groups in the U.S. [2]. Into the 1970s, the role of nonprofits in the country shifted to focus on topics of social and civil responsibility, as opposed to issues of the private sector [5].



2017

INCREASING REPRESENTATION & IMPORTANCE PLACED ON DIVERSE BOARDS



In 2017, the Nonprofits, Leadership, and Race survey reveals that nonprofit boards are an important factor in increasing overall diversity of nonprofit leadership [6].

The New Philanthropists (TNP) has been working to create more racially diverse and inclusive nonprofit boards in Austin since 2017. Through mentorship and community, TNP aims to educate and empower people of color and other marginalized groups in their roles as a part of nonprofits.

2018

Similarly in 2018, a panel of nonprofit leaders revealed 64% of nonprofit CEOs surveyed believe it is extremely important for their board to be diverse, but only 22% believe their board is diverse [5]. COVID-19 also revealed effects of historical racism and discrimination; the pandemic placed a disparate impact on Black-led nonprofits in Texas (47.5% operated in reduced capacity as compared to 35% of all Texas non-profits) [7].



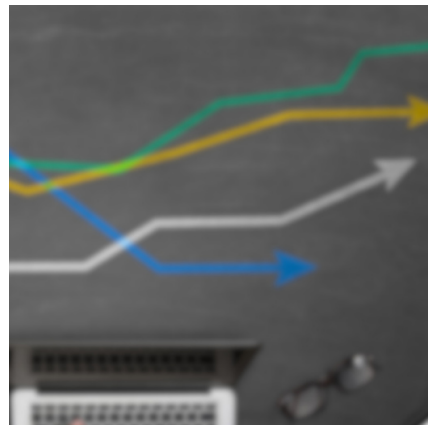
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2021

2023

OPPORTUNITY MOVING FORWARD



In 2021, a report shares that board membership for people of color increased from 16% in 2017 to 22% in 2019 [8]. Despite this growth, the report revealed 66% of nonprofit executives are not satisfied with the level of diversity of their board [9]. In 2022, another report reveals that 78% of Fortune 500 board members are white [10].

In 2023, Latinos LEAD surveyed 1,500 nonprofit boards in 19 metropolitan areas and discovered that only 11% of board members are Latino. The New Philanthropists has plans to expand to Houston, where 30% of the population is Latino, to work to close this gap in representation [11]. Learn more about The New Philanthropists on their website: <https://www.tnpaustin.org/>.



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