

# Principles for Peak Grantmaking

## Action Planner

# Driving Equity With Demographic Data

To transform the practice of philanthropy into the practice of principled grantmaking, we worked with our members to develop five Principles for Peak Grantmaking—Tie Practices to Values; Narrow the Power Gap; Drive Equity; Steward Responsively; and Learn, Share, Evolve. Learn more at [peakgrantmaking.org/principles](https://peakgrantmaking.org/principles).

## Drive Equity

Build grantmaking practices and policies that minimize bias and support decisions that promote justice, inclusion, and equity.

Race/Ethnicity

# Introduction

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Demographic data collection is critical to understanding both the impact of philanthropic dollars and the degree to which these resources are advancing equity or maintaining the status quo. Philanthropy professionals are in a strategic position to impact the sector through implementing demographic data collection practices.

Through deep conversations with our partners, members, and other professionals throughout the field, we understand that engaging with this data presents significant complexities, but the challenges are not insurmountable.

Here, we recommend four action steps you can take to confidently and effectively gather and use demographic data. Underpinned by research from experts and insights from a broad range of funders, this resource is designed to inform your funding institution's demographic data use and drive equity throughout your grantmaking practices.

Here are the four action steps, each of which will be the subject of a detailed how-to guide that will be released subsequently, exclusively for PEAK's contributing **Organization Members**:

- **Understand the Power of Equitable Data Collection Practices**
- **Decide on a Demographic Data Taxonomy**
- **Navigate the Legal and Privacy Landscape Surrounding Demographic Data**
- **Communicate Effectively About Your Demographic Data**

This guidance is aimed at staff and leaders at funding organizations, with a focus on grants management professionals or those roles where grants administration is a core function. In addition to providing general insights on demographic data, we also distinguish between funders collecting aggregate demographic data from nonprofits on their staff, leadership, and stakeholders, and organizations (either funding institutions or nonprofits) collecting demographic data directly from individuals. This distinction is important with respect to how funding institutions collect and use data.

The body of knowledge about best data practices is evolving, and this action planner will help you work through some of the fundamental questions that you, as a funder, will need to address as you engage with demographic data.

# Four Action Steps

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To complement this action planner, four how-to guides will help organizations take a deeper look through an equity lens at how to collect, process, and use demographic data. Start now by taking these key, high-level action items from each of those forthcoming guides:

## STEP 1

### Understand the Power of Equitable Data Collection Practices

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**Check for alignment.** Often, funders begin collecting demographic data without having a thorough conversation about how that information will be used. As you begin this process, be sure to hold conversations with internal colleagues and external stakeholders. Facilitate conversations to discuss fundamental questions. Most important, determine and articulate why you will gather data and how you anticipate using that information.

**Explore concerns.** Your colleagues may raise concerns about gathering demographic data. Program staff may worry about how to discuss the plan with grantees. Legal counsel may have concerns over the legality of asking for certain data. Understanding these concerns will help you to find good resources, examples, and explanations to address them.

**Audit current data practices.** You are well-positioned to know what types of information your organization currently gathers during the application and reporting processes. Chances are you are already gathering some types of demographic data. What questions could be answered with the data that you already have?

**Consider grantseeker burden.** Many nonprofits collect and use this type of data for both reporting purposes to other funders and for their own strategic insight. Consider how your demographic data requirements fit into your current process and how they align with nonprofits' processes. Identifying the overlaps will enable you to minimize the amount of work for your grantee partners.

## STEP 2

# Decide on a Demographic Data Taxonomy

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**Think about what you really need to know.** The data you gather should connect directly with questions that your organization wants to answer about itself, grantee partners, and the grantmaking strategies and communities you hope to impact. Be clear about what the data will be used for, whether for reporting purposes or refining grantmaking strategies and practices.

**Consider existing ways of asking for demographics.**

Identify existing taxonomies (e.g., Candid's GuideStar profiles and those used by federal or state agencies) that might work for your organization. Encourage your organization to consider the benefits of using an approach that aligns with an established taxonomy rather than using one that is custom-built. You can always add opportunities to provide additional levels of detail.

**Listen to your audience.** What terms do community members use to describe themselves? You might be able to glean some of this information from previous applications and reports, but asking people directly prior to designing your tool is always a good practice.

**Find the right balance.** As a data collector, your collection tools should reflect the efforts you've made to understand your audience, and their capacity to understand the complexity of their stakeholders. Use instruments that are broadly understood but which also acknowledge the evolving nature of identity. Streamline the collection process without sacrificing authentic and relevant inclusivity.

## STEP 3

# Navigate the Legal and Privacy Issues Surrounding Demographic Data

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**Leverage peers and experts.** In the public and private sectors, demographic data is regularly collected (and in many cases required) to advance equity and mitigate discriminatory practices. Explore how your peers and organizations in other sectors have approached the legal concerns, and how that learning is transferable to the philanthropic sector.

**Support sound practices.** Ensure that the grantees you support understand and implement sound demographic data collection practices so that they operate within appropriate parameters as employers. Provide necessary support to reduce grantee burden and capacity concerns.

**Build staff competencies.** Make sure that your grantmaking staff understands how to use demographic data to strengthen grantmaking strategy and that they can engage effectively with nonprofit leaders and peers.

**Assess your antidiscrimination policies.** Make sure your foundation has a strong antidiscrimination policy in place that, at minimum, complies with state and local laws.

**Implement a data management plan.** Working in collaboration with your information technology support and in accordance with recommended technology security best practices, ensure that the demographic data you collect is appropriately managed, stored, and protected.



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**Consult human resources and legal advisors.**

Include legal and human resource advisors as part of your process to mitigate issues different stakeholders might raise. Enlist these advisors to help you make the case for collecting this data and to understand your foundation's comfort level with demographic data collection and use.

**Review.** Engage in regular reviews of the legal landscape, best practices, your grantee partners' needs and capacities, and data management to keep up with the dynamic space of demographic data collection and use.

## STEP 4

# Communicate Effectively About Your Demographic Data

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**Identify your audiences.** Identify the audiences you need to communicate with about demographic data. Take the time to name them explicitly and articulate what information they will need to understand, support, and engage. Balance external communications with intense listening to ensure that all audiences have an opportunity to provide feedback.

**Craft compelling content.** Craft communications that highlight why demographic data is important to your grantmaking institution and how you will use it. Tailor your messages to connect with the experiences, knowledge, and interests of each audience.

**Prepare.** Ensure that your internal stakeholders (e.g., leaders, board, and staff) can field questions and provide support to your partner organizations. Written talking points are a helpful tool to promote consistency.

**Maximize your communication outlets.** Deliver communications using various outlets, including your website, blogs, newsletters, and direct communications from funding staff.

**Involve the experts.** Engage communications experts—designated communications personnel, program staff, or others—to coordinate your internal and external communications and be sure that you address all of the potential opportunities and challenges involved.

**Review.** Engage in regular reviews of your communications, including how they are being received by your stakeholders. As your understanding and approach to engaging demographic data develops, your communications should reflect what you are learning.

# Five Key Concepts

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As you take each step described, keep these five key concepts top of mind to guide you over the course of your journey.

## 1. Start with the why, not the how.

Often, organizations jump into the how of gathering data before considering why that data is needed. Without clarity around how the data will be used, it is difficult to make a meaningful assessment of data collecting methods. Before starting any data collection process, you should have a conversation with all key internal stakeholders to establish the why.

### Key questions to ask:

- Why are we interested in this data?
- How will we use it?
- Do we understand the implications of what the data might tell us?

## 2. The taxonomy you use is important and it needs to evolve over time.

Grantmakers and grantees may hesitate to ask for demographic data due to a lack of understanding about what questions to ask and how to ask them. How we ask about race, ethnicity, gender, and other dimensions of personal identity changes as our understanding of identity evolves. Don't let this be a barrier. Staying current with how people understand their identity, and how your organization engages in these active conversations, is a competency that is built on a continuous basis. Develop approaches and systems capable of evolving over time, engage in active dialogue to understand how identities are changing, and be prepared to adapt.

### Key questions to ask:

- Are we mapping and integrating current practices about how distinct populations self-identify?
- Are we building our competencies, and the capacity of our grantee partners, for adaptation?
- Are we building approaches and systems that can evolve over time?

## Five Key Concepts (continued)

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### 3. Misaligned data collection approaches are a burden.

Grantmakers often hesitate to ask for demographic data because of concerns over placing an extra burden on grantee partners. But many nonprofit organizations are already collecting this data in some way. The burden therefore is not in asking for it, but asking for it in a variety of different ways. If funders can align their demographic data requests with how nonprofit partners currently collect information, grantmakers not only reduce the burden, but they also increase the insight that can be drawn from the data. Discovering how grantee partners collect and manage their data is a learning experience that can highlight priorities and preferred taxonomies.

#### Key questions to ask:

- What is the actual versus perceived capacity of the groups we fund to collect and use demographic data?
- Can we align our data collection categories with already established efforts?
- How do we get this essential data as effectively and efficiently as possible?

### 4. It is legal to collect demographic data and use it as part of your due diligence process.

It is well established that demographic data can be used to advance goals around equity and inclusion and to address discriminatory practices in hiring. The actual laws and regulations regarding these issues, however, are focused on employment, hiring, contracting, and admissions. There is no case law or indication as to whether these laws and regulations apply to charitable contributions from individuals and foundations. It is reasonable to deduce however, that as with hiring demographics data, grantee demographic data can be used to advance similar goals on the part of funding institutions. How nonprofits get and report demographic data on their staffs, leadership, and stakeholders has important privacy parameters, so funding organizations should be clear about how they convey these parameters to organizations in the context of collecting data.

#### Key questions to ask:

- How will we engage legal and human resources support to help us get this data appropriately?
- Can we provide clear guidance to nonprofits about how to collect data ethically and appropriately?
- How will we stay up-to-date about legal and privacy considerations?

## Five Key Concepts (continued)

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### **5. The nonprofit type may have more implications for data collection than the nonprofit impact area.**

Most funders are organized by grantmaking strategy areas (e.g., place-based, content-specific, or outcomes-focused funding strategies), and their systems are designed to collect and report information along these parameters. But the way a nonprofit organization does its work and how it understands its stakeholders can vary significantly, even within the same content area. For instance, consider the differences between an advocacy organization, a university, a community-based organization, and a capacity-building provider. They could all be working in education, but in various contexts and structural designs. As a result, funders should be aware of the spectrum of organizational types and strategies within its grantmaking portfolio. Design systems and queries that make collecting demographic data both feasible and meaningful for a diversity of nonprofit types.

#### **Key questions to ask:**

- Do we understand the range of organizational types in our portfolios and how they may already collect demographic data?
- Do we only need this data from the relevant (or funded) programs within our nonprofit partners, or from the organization as a whole?
- Can we design manageable systems to collect or extract data from platforms that are already used by the grantee organization?



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Learn more at [peakgrantmaking.org](https://peakgrantmaking.org) and follow @PEAKgrantmaking on Twitter.