Chapter 7

Budget and Staffing
Thus far, we have clearly established the business case for diversity and inclusion. Diversity and inclusion helps position a company as an employer of choice, and therefore, supports the recruiting and retention functions. Diversity and inclusion also helps to promote a company as a supplier of choice for goods and services to an ever-evolving consumer base. However, in order to support numerous functions companywide and aid the organization in revenue generation, the diversity and inclusion office must first have adequate resources, including a budget and staff that are large enough to allow it to perform its functions fully and at top quality.

At some companies, D&I is housed under Human Resources; at others, the D&I function has its own office and a Chief Diversity Officer who reports directly to the CEO. Given these variables, budgets and staffing for D&I vary widely across industries and regions and also depend on the responsibilities that fall within the function at large. Most importantly, companies must assess D&I responsibilities and desired outcomes for their own unique organization and determine appropriate budget and staffing needs from there.

In this chapter, we will explore the following questions:

• What functions and roles does the diversity and inclusion budget usually cover?

• On average, how much do diversity and inclusion officers get paid?

• How do diversity and inclusion budgets vary across industries?

• What functions and positions are typically found within the diversity and inclusion office?
Setting Goals and Objectives

When evaluating and funding a corporate diversity and inclusion initiative, companies need to look at the business case for diversity in that corporate environment. There are countless reasons for creating a culture of inclusion. Business leaders at companies with established workplace D&I programs need to support such initiatives by communicating them as top priorities to employees, customers, and the business community and by funding diversity and inclusion recruitment and retention initiatives.

There are far too many variables company-by-company and industry-by-industry for averages to be useful. There are no easy answers in terms of budgeting and staffing because functional definitions differ as to where to place the budgets. What is important is to tackle each of the functions and share information on functions that are increasing, staying the same, and decreasing—and why.

Diversity and inclusion initiatives differ greatly in companies based on different goals and objectives. However, all of the following initiatives can greatly impact the D&I office's budget:

- Business development activities
- Holidays, celebrations, and culture-ties
- Customer base and new markets
- Internal and external linkages to networks and organizations
- Communications
- Community relations and philanthropy (e.g. events and sponsorships)
- Supplier diversity

A recent study released by the Society of Human Resource Management (SHRM) reported diversity-department budgets at Fortune 1000 companies average around $1.5 million per year. The range for diversity department budgets was $30,000 to $5.1 million. When diversity was housed in Human Resources, the average annual diversity budget was $239,000.

Some of these budgets may include multicultural marketing and advertising; however, many companies report those expenditures under marketing or sales while advertising funds for D&I are typically reported with the advertising budgets. The philanthropy and community relations budgets are reported under separate areas, but again, comprise a key component in the best companies. Diversity and inclusion education, training, and e-learning are generally the largest upfront costs. At times they are allocated to diversity and inclusion, but more often they are allocated to the overall HR training budget since training and development can be investments that are tied to so many areas and at so many levels.
Workforce Management estimates that companies spend a combined $8 billion on diversity and inclusion training annually, while Human Resource Management Journal reports that diversity and inclusion consultants earn a combined $400 million to $600 million annually in consulting fees alone.

Budget Distribution

The budget equation involves many variables, including:

- Areas within functions
- Where training budgets lie
- How much of the communications and advertising for diversity and inclusion might be tied to the diversity and inclusion budget
- Whether the EEO and compliance function is under diversity and inclusion; the same is true for the ethics function and even more for multicultural marketing
- Whether they include significant funds for organization support
- Network group funding

Catalyst reports that 82 percent of its member companies have a specific budget for diversity programs and activities. These budgets range broadly from $10,000 to $216 million, with a median budget of $1.2 million. Almost half of the respondents reported allocating the greatest percentage of their overall diversity budget to diversity and inclusion training programs and general administrative costs.

Directing diversity funds for outreach and/or recruiting (45 percent) was also a large portion of the budget. Thirty-nine percent of respondents reported that more than 25 percent of their diversity budget went towards general administrative costs and 25 percent of respondents reported that diversity marketing accounts for more than 25 percent of their budget. Work/life programs and supplier diversity received the lowest levels of budget allocation, with nearly one-half (47 percent) allocating less than 10 percent to each. As is expected, industry type was a large factor in the varying allocations.

Definitions of what is a direct-cost allocation to the diversity budget versus indirect or allocated to another unit in the company, staff or business unit varies. Note that the functional areas of diversity and inclusion are often tied in many ways to company budgeting systems.
Diversity and Inclusion Staffing

The salaries of diversity and inclusion staff members are usually directly attributed to the overall budget, or, in certain instances, companies use dotted-line budget shares. There are the headquarters’ staff budgets and then those of diversity and inclusion officers out in the business units.

Staffing components may include:

- Recruiting
- Retention staff functions with mentoring and other tools to support the function; pipeline and succession planning
- Affinity and network groups and support for diversity and inclusion council(s)
- EEO, Affirmative Action and compliance
- Legal costs for diversity and inclusion
- Diversity initiatives/programs
- Diversity communications
- Technology (generally recorded as a corporate overhead expense)
- Sales and multicultural marketing
- Events and sponsorships
- Third-party relationships
- Public policy and government relationships
- Foundations and philanthropy
- Global diversity and inclusion staffing
- Community relations
- Ethics training and compliance
- Supplier diversity (most companies have under procurement with trend moving under chief diversity officer as well)

While diversity and inclusion budgets have taken a hit in recent years, over the long term budgets have been increasing, with the staffing allocated to support business units also on the rise. Going forward, as the economy improves, we see greater accountability as well as increasing support and elevation of the function, the staff, and the resources necessary to build the multicultural workforce, market, and supplier base.
Conclusion

In this chapter, we:

• Explored the functions and roles typically covered by the diversity and inclusion budget.

• Discussed the average compensation for a diversity and inclusion officer.

• Examined the functions and positions that are typically found within the diversity and inclusion office.

Despite cuts in budget and staffing as a result of recent economic challenges, over the long term, budgets and staffing for diversity and inclusion are increasing. There is increasing support and accountability of the diversity and inclusion function, staff, and resources necessary to build the multicultural workforce, customer base, and supplier pool. This is good news given that the D&I function encompasses many roles and responsibilities, and these roles and responsibilities will only grow in extent in the future.

Top corporations and the CEOs that lead them have come to know first hand the power of diversity and inclusion to their bottom line. If they want to continue to realize the benefits that D&I brings to the company, they must provide adequate resources for D&I budgets and staffing.