Case Stories of Equity Integration in Action

To bring the framework and recommendations to life, we included eight case stories from local and national funders that are applying an equity lens with a range of strategies to support Relief through Resilience. Four of the funders have employed a two-pronged approach of investing in systems change and programs. Three others are focused on on-the-ground interventions, and another is predominantly investing at the systems level. To support their strategies, they have made changes inward, outward, around, and onward.

Y&H Soda Foundation

Y&H Soda Foundation is an anti-poverty organization that operates in the Bay Area, California, to help the underserved by building up their inherent strengths and capacities.

INVESTMENT STRATEGY

Relief

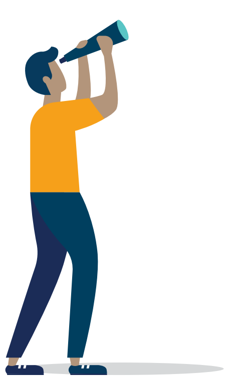
Recovery and Rebuild

Resilience

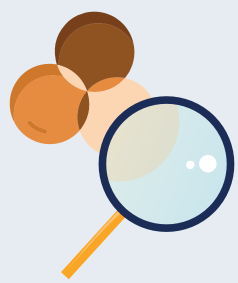
Service Delivery + Systems Change

PRIMARY AREAS OF OPERATION

Inward
Outward



The foundation's work is centered on five strategic priorities: family economic success, grassroots community organizing, immigration legal services, safety-net innovation, and nonprofit-sector development. Y&H Soda Foundation has numerous grantees across these complementary funding strategies. Some of the funding strategies were initially born out of the Great Recession and the need to supplement income, rebuild credit, and help small businesses recover. As the economy improved between 2008 and 2013, however, two economies emerged: one in which predominantly White and educated people were prospering, and another in which people's incomes continued to drop, often despite working multiple jobs. To address this new reality, Y&H Soda Foundation decided to pivot and focus more on equity, especially racial equity.



APPLYING A RACIAL EQUITY LENS

The emphasis on racial equity was adopted not as part of a specific program or strategy, but rather across the entire operation, both internally (within the organization) and externally (with grantees). Funding shifts included:

POPULATIONS

Looking beyond obvious disparities and placing emphasis on those often left behind or left out—immigrants, refugees, asylees, the undocumented, the formerly incarcerated, and women working in atypical sectors like construction.

GEOGRAPHY

Taking into account the gentrification of certain neighborhoods and the suburbanization of poverty: as communities were pushed farther from the urban core, needed services were not as readily accessible.

STRATEGIES

Reworking whole programs and propping up programs in different locations. Also, funding more than direct service delivery; investing in systems changes, policy, advocacy, and organizing work.

GRANTEES

Maintaining an open invitation for proposals. As part of the review process, considering demographic makeup of grantee boards and upper management. Once accepted, not placing additional restrictions or dictating how grantees can spend the money. Continuing to analyze to whom grants are made and hold themselves accountable by asking questions like, *Are we giving money to organizations led by people of color? Are we giving fewer or lesser grants to organizations led by people of color?*

IMPACT

In 2018, the organization doubled down on the approach *"to embed equity internally because it will show up externally."* Internal practices included:

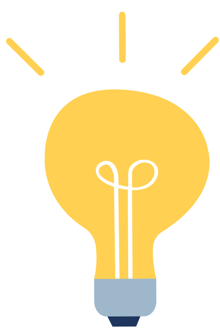
- **Bringing staff and board on the equity journey together to gain a deeper understanding of systemic racism.**
- **Engaging equity trainers in the Bay Area.**
- **Relying on information from an affinity group, Justice Funders, that is focused on embedding racial equity in philanthropy work.**
- **Engaging with a variety of other funders (from small family foundations to larger operations with dozens of staff) that were on their own racial equity journeys in order to learn from them.**

The greatest beneficiary of this approach has been grantees. Y&H Soda Foundation is willing to make added investments or provide additional or more targeted support to organizations led by people of color, especially given that those organizations are systematically receiving fewer philanthropic dollars. These organizations also needed added support when COVID hit, so Y&H Soda Foundation accelerated grants or waived applications for existing grantees.

Y&H Soda Foundation had also invested in grantee leadership development and that benefitted the organizations in weathering COVID, as noted by survey results. Since this work began before the pandemic, they were able to benefit from capacity building and having a network in place. Communities, on the whole, have benefited too. The geographic component of the equity approach, in particular, benefits residents as they continue to be pushed farther out into the counties for work and affordable housing.

KEY LESSONS FOR PHILANTHROPY

Now is the right time to start doing this work. COVID has exacerbated existing inequities, and recovery will not occur in a vacuum. Lessons from Y&H Soda Foundation include:



While Y&H made a long-term investment, many models offer a proof of concept in starting small and scaling toward deeper change.

1. **Use a two-pronged approach,** investing in both direct service delivery and greater systems change to ensure equitable outcomes.

2. **Invest in organizations led by Black, Latinx, Indigenous, and Asian people** to cultivate future leaders and keep their talent in the sector.

3. **Embed racial equity within the foundation** to lend legitimacy to funded efforts that seek to achieve greater racial equity and foster authentic and fruitful conservations with grantees about organizational practices.

> "Persistent and growing disparities in the Bay Area motivated the Y&H Soda Foundation to center racial equity in our work. To make that shift several years ago, we became more deliberate in how we engaged diverse leaders serving populations and neighborhoods falling further behind. We targeted and expanded investments to organizations led by people of color for on-the-ground programs and community organizing efforts. The events of 2020 reinforced for us the importance of this focus and the need to continue this journey with other foundations committed to social change in the region."
>
> —LUIS ARTEGA, *CEO, Y&H Soda Foundation*

The Annie E. Casey Foundation: Southern Partnership to Reduce Debt

INVESTMENT STRATEGY

Relief

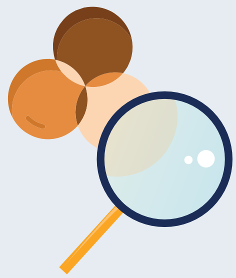
Debt Reduction via Systems Change

PRIMARY AREAS OF OPERATION

Outward

Onward

The Southern Partnership to Reduce Debt (SPRD)—a multiyear, multistate initiative of the Annie E. Casey Foundation—seeks to close the racial and ethnic wealth gap through policy and practice solutions focused on household debt.[1] In its initial year, the Foundation established an ongoing partnership with AFN to help coordinate the effort, and awarded $580,000 in grants to seven partnerships working to reduce household debt in communities of color throughout the South. To date, SPRD has expanded the number of state and national partners addressing debt reduction strategies in the southern region.[2] Current annual investments total nearly $2 million in grants.



APPLYING A RACIAL EQUITY LENS

SPRD was created to tackle the racial-ethnic wealth gap. In designing the initiative, the Casey Foundation did the following:

ENGAGED MORE THAN 30 STATE AND LOCAL ORGANIZATIONS TO PROMOTE SCALABLE PRACTICE AND POLICY SOLUTIONS to reduce household debt in communities of color throughout the South. As part of SPRD, lead state partners —often policy, legal, or research organizations—are collaborating with a wide range of statewide, regional, and community-based partners, including organizations of color.[3]

ELEVATED LOCAL AND NATIONAL AWARENESS AND ACTION among cross-sector stakeholders, including funders, about debt reduction strategies and consumer financial protections related to debt collection. The financial effect of the ongoing pandemic has reaffirmed the importance of these issues.

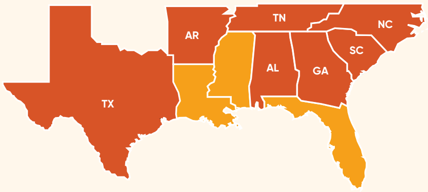
PRIORITIZED GEOGRAPHIC AREAS WITH THE GREATEST DISPARITIES. The Urban Institute, a national SPRD partner, developed the Debt in America Interactive Map, which informed the foundation's intentional focus on debt reduction strategies, chosen because nearly one-third of U.S. households have debt in collections. Disaggregated data at the state and county level shows a particularly high concentration of debt in the southern region; focusing efforts in that region is yielding promising solutions for impact and systems change. The map has also been used as a resource for other partners, both within SPRD partners and outside the initiative.

IMPACT

SPRD is helping to relieve household debt and fueling research and advocacy work. For example, in the area of medical debt, a modest grant to RIP Medical Debt resulted in the abolishment of nearly $13.6 million in medical debt for 10,000 people in Tennessee, Arkansas, and Texas. Findings from The Sycamore Institute show that outstanding bills tend to total $1,000 or less and in some cases are well below $500.

The significant return on investment for individuals and families at a relatively low cost. Additionally, Every Texas, Tennessee Justice Center and the Sycamore Institute are other SPRD partners who are leading researching and advocacy efforts to address medical debt.

SPRD: ***Multistate effort to relieve the debt burdens of families in the South.***



The initiative has also fostered system changes to address public policies that disproportionately impact communities of color in North Carolina, Alabama, and Texas. In North Carolina, for example, partners have reached agreements with several counties to provide mass traffic court debt relief and a pathway to driver's license restoration. With assistance from the North Carolina Justice Center, the Mecklenburg County District Attorney's Office successfully petitioned the Mecklenburg County District Court to eliminate all unpaid fines and fees for more than 9,000 people with traffic tickets at least two years old. Additionally, in October 2020, Durham County celebrated the completion of its driver's license restoration initiative which eliminated at least $2.7 million in long-term traffic court debt and 14,000 driver's license suspensions. In August 2020, the District Attorney's Office in Pender County and New Hanover County also provided mass debt relief, remitting fees in 7,158 cases to provide an estimated total debt relief of at least $1 million. The initial traffic court debt relief supported by SPRD was expanded from these two jurisdictions to at least 10 counties within the last 18 months. Overall, more than 35,000 North Carolinians have had their long-standing traffic court debt and the associated indefinite driver's license suspensions eliminated.

Alabama Appleseed is another SPRD partner that pivoted from a typical focus on individual fines and fees to a broader approach—specifically aimed at the pandemic's impact on the financial health of Alabamians who lack wealth and its role in exacerbating the state's racial wealth gap. Over the last six months, Alabama Appleseed has surveyed over 400 people to inform collaborative efforts for systems change. Early survey results illustrate the pandemic's horrific impact on communities of color.

KEY LESSONS FOR PHILANTHROPY

SPRD was launched out of the desire to address the racial-ethnic wealth gap. Lessons learned include:

1

Center the voice of the community and young people. Applying an equity lens to our work requires that we ask for input from and listen to those impacted. SPRD state and national partners survey residents on the impact of debt and co-design solutions in response. For example, Young Invincibles engages young people as leaders and advocates in the development of a Student Borrower Bill of Rights to protect young people from predatory policies and practices of student loan servicers.

2

Use data for case-making and to inform decisions. Now more than ever, decision makers want to rely on hard evidence. Philanthropy can help by funding research and data collection/analysis efforts that show the effectiveness of or need for intervention, such as the Urban Institute's Debt in America interactive map, which has informed cross-sector strategies and state efforts.

Most recently in February 2020, the Urban Institute released an interactive U.S. credit health tracking tool that provides additional financial insights on the impact of the pandemic.

3

Replicate and adapt promising solutions to meet community needs. Direct service, system change, and policy advocacy are all important approaches in addressing racial disparities. Success often includes replication in other jurisdictions and can inform other approaches.

4

Recognize that financial well-being and debt reduction strategies are interdisciplinary. The racial-ethnic wealth gap has many drivers and consequences, and they often intersect. Even within the area of debt relief, important factors come from many fields, including law, finance, higher education, and health care. Philanthropy can play a role in breaking down silos and bringing together partners and funders from multiple sectors.

JPMorgan Chase & Co: Entrepreneurs of Color Fund

INVESTMENT STRATEGY

Recovery and Rebuild

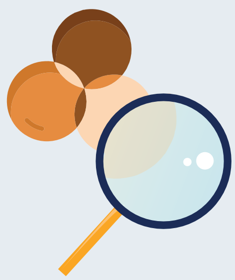
Resilience

Entrepreneurship Capital Program

PRIMARY AREAS OF OPERATION

Outward Around

In 2015, the W.K. Kellogg Foundation and JPMorgan Chase & Co. came together with the Detroit Development Fund, a certified Community Development Financial Institution (CDFI), to provide business owners of color greater access to capital and technical assistance. The Entrepreneurs of Color Fund (EOCF) started small, with dedicated dollars for loans to help local business owners with their growth capital needs. In the years following, EOCF has expanded to assist entrepreneurs in Chicago, the San Francisco Bay Area, South Bronx, and the Greater Washington, DC, region.



APPLYING A RACIAL EQUITY LENS

The premise behind EOCF is that investing in CDFIs with deep roots in communities of color will help address business lending disparities that negatively impact entrepreneurs of color and help them access the capital and technical assistance they need to grow.

As the Entrepreneurs of Color Fund has expanded, JPMorgan Chase has learned that:

- CDFIs face similar challenges to small businesses in terms of their own ability to access capital.
- CDFIs are eager to collaborate both within and outside their own communities.
- Entrepreneurs of color face more barriers to accessing capital, which may require CDFIs to provide additional technical assistance and time building trust with borrowers in order to close loans. The extra effort can increase costs for CDFIs serving entrepreneurs of color.
- Better data is needed to more effectively serve entrepreneurs of color, from informing product development to tailoring technical assistance efforts.

IMPACT

JPMorgan Chase recently announced a $42.5 million commitment to expand the Entrepreneurs of Color Fund. Since its inception in Detroit in 2015, the EOCF has provided over 1,200 loans and deployed more than $32 million in capital to entrepreneurs of color.

KEY LESSONS FOR PHILANTHROPY

The creation and expansion of EOCF offers important lessons for others in the field:

1 **Restructure when needed as programs scale.** As the initiative has expanded, the need for a national management structure has emerged. While each of the participating areas will keep its own lenders and practices, a national structure will help standardize data collection across sites to aid in aggregate reporting needed to inform systems change. It also gives investors options. They can invest in a local cause within their region or in multiple locations at once.

2 **Leverage in-house connections.** EOCF leaders have leveraged the entire firm to help better position entrepreneurs of color as future customers for traditional financial institutions. They share insights with colleagues in policy, corporate responsibility, and business banking. They have also plugged in to Global Supplier Diversity teams to help build connections between CDFIs and suppliers.

3 **Collaborate.** One of the unique aspects of EOCF is the collaboration among funders. In multiple places, multiple banks fund the same initiative together. The same holds true for grantees. One way that EOCF helps foster true collaboration is by including CDFIs that have clearly defined lanes within their geographic area (for example, one only does small loans, while another focuses on commercial real estate), which minimizes competition.

San Francisco Foundation

INVESTMENT STRATEGY

Recovery and Rebuild

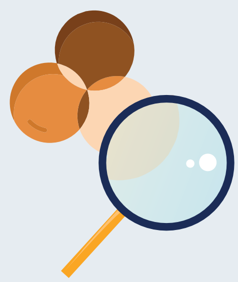
Resilience

Policy, Systems Change + Power Building

PRIMARY AREAS OF OPERATION

Inward
Outward

The San Francisco Foundation (SFF) is one of the nation's largest community foundations. SFF works to ensure that all people in the Bay Area are "economically secure, rooted in vibrant communities, and civically engaged."[4] Since its founding in 1948, SFF has distributed $2.3 billion in grants to nonprofits. SFF's entire program strategy centers on racial equity and economic inclusion.



APPLYING A RACIAL EQUITY LENS

A focus on racial equity and economic inclusion is true to SFF's roots. The foundation originated during a time when the demographic makeup of the area was changing and the population was growing exponentially due to a booming economy, but not everyone was thriving.

From the time CEO Fred Blackwell joined SFF in 2014, he has led the foundation's renewed commitment to an equity agenda focused on racial equity and economic inclusion.

CONSULTATIVE SESSIONS. SFF turned to the community it seeks to help to inform its approach. A series of seven listening sessions with residents, community leaders, and public officials throughout the Bay Area made clear that a specific focus on race was necessary to have a true impact.

CREATION OF A NEW FRAMEWORK. In adopting a more explicit focus on racial equity, the foundation restructured from siloed issue areas to three interconnected program areas: people, place, and power. Those areas anchor grantmaking, advocacy, and investing in racial equity and economic inclusion.

INTERNAL WORK ON EQUITY. The new programming framework also required an examination of internal practices and culture, including staff hiring, board composition, and investment management. SFF invited donors on this journey as well. By harnessing authentic curiosity to learn more about and further the racial equity framework, the foundation marshals more resources toward the cause.

IMPACT

The steady and explicit focus on racial equity has helped SFF build trust and credibility within the communities it serves. The same is true for grantees, who are engaged in the community (often with participant representation on boards) and often advocate in partnership with SFF for policies that affect their target clients. SFF and its partner organizations have seen some important policy wins in this regard.[5]

The foundation has made significant gains in terms of equitable grantmaking as well. For example, 70% of the organizations funded in the 2018 equity grants open cycle had leadership teams that were majority people of color. The foundation has also uplifted important voices and provided a literal seat at the table for those who have often been left out. With respect to current work on economic recovery and COVID, for example, specific efforts have been made to ensure that workers are represented.

KEY LESSONS FOR PHILANTHROPY[6]

1 **Really listen.** SFF intentionally created space for dialogue in formulating its program-wide equity approach and sought input both externally, from funders and the community, and internally. The results of these listening sessions—that race continually cropped up as an important factor—determined the direction of the equity and inclusion strategy.

2 **Lean into work that can be uncomfortable.** To spur change externally, SFF also had to look within and be accountable to its values of equity and inclusion. As one key informant put it, “If you’re not uncomfortable, you’re not going far enough.” The sort of deep change that is required to make meaningful strides in this area necessitates frank and sometimes uncomfortable conversations. Embrace the discomfort.

3 **Start change at the top with more than one person.** The foundation’s journey has been successful thus far because it was embraced from the top. But while it is important to have a champion, a single individual cannot make an initiative succeed. Achieving equity and inclusion requires organizational, structural, and cultural changes. That means going further than hiring a diverse staff or a leader of color, although those can be important first steps.

Winthrop Rockefeller Foundation: Delta Owned

The Winthrop Rockefeller Foundation (WRF) invested $500,000 to launch Delta Owned, a collaborative initiative among nonprofits, Community Development Financial Institutions (CDFIs), and philanthropy to provide needed capital to predominantly Black-owned small businesses in the Arkansas Delta that might otherwise fail due to the COVID-19 crisis.

INVESTMENT STRATEGY

Recovery and Rebuild

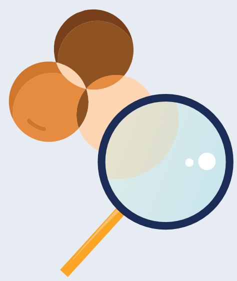
Resilience

Entrepreneurship Capital Program

PRIMARY AREAS OF OPERATION

Outward Around

Many small businesses owned by people of color in the Delta were unable to benefit from state and federal emergency relief funding when COVID hit—either because they did not qualify or because they lacked the capacity or established banking relationship needed to complete cumbersome applications. Aware of this reality, WRF helped convene multiple actors to address the critical need for technical assistance and access to capital. The foundation funded local nonprofits in the region to provide small businesses owners (sole proprietors, microbusinesses, and entrepreneurs) access to individualized business development support, flexible Recovery and Rebuild mini-grants, and new connections between participating businesses and local banks or CDFIs.



APPLYING A RACIAL EQUITY LENS

The COVID economic crisis has compounded existing inequities in access to capital and put many small businesses at risk. In creating a strategy to address this problem in Arkansas, WRF did the following:

HONED IN ON THE GEOGRAPHIC AREA WITH THE GREATEST NEED. WRF focused on the Delta because more than half its population is Black. The region has historically been underresourced and underserved. Without some additional form of support, the Arkansas Delta will lose hundreds of Black-owned microbusinesses and the local income associated with those businesses.

CO-DESIGNED THE PROGRAM. Local partner organizations designed the program directly with participation from small business owners in the community.

INVESTED IN KEY PARTNER ORGANIZATIONS. WRF selected four grantees to provide technical assistance and business coaching because they were well known in the community (and small business owners had already been contacting them for ad hoc assistance). Additionally, these organizations are geographically dispersed throughout the area, have a history in the region, and are led by people of color.

IMPACT

The result of the co-design process was an innovative program structure that fills a gap in the financial services ecosystem.

During the pilot phase, its initial goal was to support 100 businesses; the initiative is on pace to meet that demand in less than a month. Within a week of opening operations, Delta Owned received more than 80 applications and averaged 10–20 new applicants each day. The organization anticipates that for every business that leverages a microgrant, Delta Owned will be able to help that business access up to an additional $10,000 in capital to support business recovery.

KEY LESSONS FOR PHILANTHROPY

While still in its infant stages, Delta Owned provides important lessons for others in the field:

1 **Take the time to co-design.** Working together with intended recipients to create the delivery structure took time (approximately two months), but it was worth it. The final program design was something much different than had originally been envisioned by the WRF staff and board, but it is ultimately a more effective strategy because of outsider involvement.

2 **Use data in case-making.** While Delta Owned is primarily a direct service, WRF keeps its eye on systems change by collecting data that can be used to inform and influence policy. For example, research has highlighted that just 1% of Small Business Administration lending over the past 5 years has gone to Black-owned businesses. For some banks in the Delta, their entire customer base is Black, providing a compelling case for expanding their business to fill this gap.

3 **Support anchor institutions.** Phoenix Youth and Family Services, one of the nonprofits delivering technical assistance as part of Delta Owned, has been a mainstay in the area for 25 years. Engaging these types of organizations, ones that have built trust and have a true presence in the community, is important for any endeavor. But funders need to contribute real resources to build their capacity to carry out the extra work.

Con Alma Health Foundation

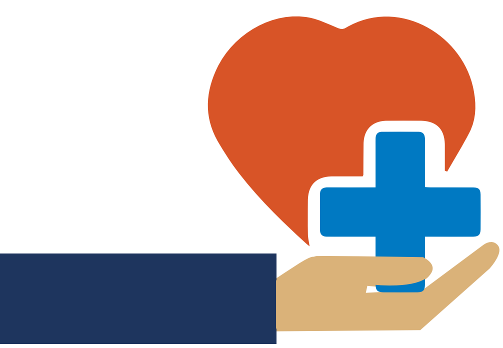
INVESTMENT STRATEGY

Resilience

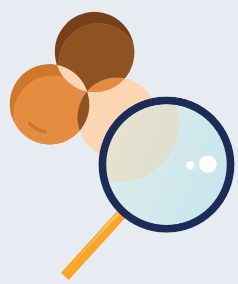
Service Delivery + Systems Change Along the SDOH

PRIMARY AREAS OF OPERATION

Outward



Founded in 2001, the Con Alma Health Foundation is dedicated to improving health status and access to health care services for all New Mexicans through health policy advocacy, grantmaking, and other investments and contributions. The Foundation's mission is "to be aware of and respond to the health rights and needs of the culturally and demographically diverse peoples and communities of New Mexico." As such, the foundation's advocacy and grantmaking ties into the social determinants of health (SDOH), such as income and housing, and emphasizes long-term policy solutions that address root causes and are informed by community voices.



APPLYING A RACIAL EQUITY LENS

Through their focus on health equity, Con Alma seeks to address both the unique needs of individuals and the systemic barriers faced by different populations within New Mexico, particularly people of color and rural and tribal communities that face greater health disparities. Their framework embraces the following:

A SHARED LEADERSHIP MODEL THAT INSTITUTIONALIZES DIVERSE VOICES. Con Alma has both a traditional Board of Trustees that reflects the ethnic and geographic makeup of the state and a Community Advisory Committee composed of experts from across sectors and locations in New Mexico. Its work is done through a committee structure with co-chairs from each group; they come together annually to review grant applications, conduct evaluation, and carry out strategic planning.

COLLABORATION WITH GRANTEES AND THE COMMUNITY. Part of Con Alma's core values is community self-determination, meaning that the foundation makes space for the communities it works with to define who they are, what their problems are, and what the most appropriate solutions are. Grantmaking is never prescriptive, and Con Alma aims to foster a sense of community and partnership with grantees.

A TWO-PRONGED FUNDING APPROACH. While the foundation focuses on long-term systems change, circumstances sometimes demand funding for short-term direct services. In situations like COVID-19, Con Alma is able to support both in tandem.

IMPACT

With its reach and approach, Con Alma effectively leverages resources to help those left out or left behind. For example, when COVID hit, existing disparities were exacerbated, and the state as whole, which tends to be underresourced, suffered. Con Alma responded swiftly, securing two large grants for a total of nearly $2 million, one of which was aimed at relief for New Mexico's large immigrant population.

Con Alma can also bridge gaps in terms of need when they arise. In its early years, for example, the foundation mainly funded projects in the Santa Fe, Albuquerque, and Las Cruces area (Rio Grande Corridor). But as the commitment to rural and Indigenous people deepened, its geographic scope naturally expanded. And because health is tied to so many different areas, it has a wide constituency. The foundation funds child care, cash grants, financial security training, workforce diversion training for women involved in the criminal justice system, and broadband access, to name a few examples.

KEY LESSONS FOR PHILANTHROPY

Con Alma is complex yet nimble. Its broad focus on health equity allows the foundation to fund many interconnected issue areas while meeting immediate needs and effecting longer-term change. Lessons from Con Alma include:

1. **Embrace the broader context**. On the surface, broadband access or workforce training may seem unrelated to the core mission of health, but research continues to show the important role of socioeconomic issues such as these in health outcomes. Broadening the definition of health and health care and intentionally removing silos helps Con Alma be more impactful.

2. **Focus on assets and strengths.** The foundation takes a community-focused approach in its mission to correct health disparities. That means it looks to the communities it serves to build on existing resources and shape culturally appropriate solutions.

3. **Search for new solutions to old problems.** Con Alma aims to build strong community partnerships and fill needs as they arise. It is not afraid to try new things, and it does not allow failure or fear to interfere with piloting innovations.

Citi

INVESTMENT STRATEGY

Recovery and Rebuild

Savings and Credit Building Service Delivery

PRIMARY AREAS OF OPERATION

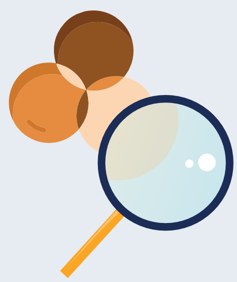
Inward

Outward

Around

Onward

Citi supported the National Urban League's Financial Savings Initiative, in partnership with fintech Esusu, which commenced in November 2019. Esusu is a rotational savings and credit building app, which acts as a rental data reporting service that aims to simplify credit building to improve savings.[7] The Financial Savings Initiative was launched by the National Urban League (NUL) to enable and empower participating households to secure economic self-reliance, parity, and power through a variety of tools that promote savings and credit building, including Esusu and others from the Financial Health Network.



APPLYING A RACIAL EQUITY LENS

NUL has a longstanding history of collaboration with Citi through the Asset Building Policy Network (ABPN), which focuses on expanding economic opportunities for low-income members of communities of color. As a historic civil rights organization, NUL has longstanding goals with respect to racial equity and economic equality.[8] NUL has informed Citi's investing with an equity lens over the years through the ABPN's research and policy leadership. Additionally, NUL and Citi have worked together to develop a strategy to preserve Black-owned businesses through converting companies to become employee-owned entities. Given NUL's established presence in this space, it determines the direction of the Financial Savings Initiative and related resource needs. Citi and other funders are able to provide thought leadership as well as financial support for the work that NUL has catalyzed.

In 2020, Citi made a three-year corporate-wide commitment to lead with its core business capabilities to help close the racial wealth gap and increase economic mobility in the U.S. To learn about Citi's Action for Racial Equity, visit www.citi.com/racialequity.

IMPACT

While the initiative is still in its early stages, an analysis of more than a dozen initial Financial Savings Initiative participants who use Esusu showed credit score improvement of 53 points, on average. There has also been a 24% rise in loan eligibility, and the average participant can expect to save upwards of $11,000 in interest on long-term loans.

KEY LESSONS FOR PHILANTHROPY

1

Lift up partners that are already doing the work. Because of the existing relationship between Citi and NUL, Citi was able to act nimbly, making a charitable contribution and connecting the right players based on their partner's needs and priorities. In supporting NUL, Citi also took the important step of lifting up diverse leaders that have deep community knowledge.

2

Intentionally embed racial equity into program strategy. Citi partnered with NUL, which leads in promoting a civil rights and consumer protection agenda nationally, and also Esusu, whose team focuses on providing inclusive financial services access among households of color and immigrant households.

3

Be comfortable moving beyond a traditional approach. Citi's community development and investing work centers on empowering consumers by connecting them with tools to reach their own unique goals. As such, they have embraced new configurations of cross-sector work, with very different entities working in this ecosystem melding in new ways to deliver solutions.

Prudential Financial

In 2020, Prudential Financial pledged to deepen and accelerate its efforts to drive racial equity with new commitments that span the company's talent practices, how it designs and delivers its products, its investments and public policy work, and its support of community institutions working to remove persistent obstacles to economic empowerment for communities of color.[9]

INVESTMENT STRATEGY

Relief

Recovery and Rebuild

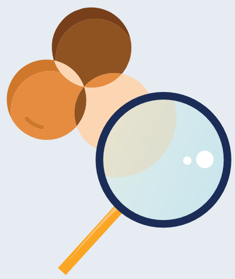
Resilience

Service Delivery + Systems Change

PRIMARY AREAS OF OPERATION

Inward
Outward

Prudential's Inclusive Solutions team, which includes the Prudential Foundation, is dedicated to promoting fully inclusive workplaces, accelerating economic mobility, and ensuring thriving neighborhoods. As part of the company's commitment to redouble efforts to advance racial equity, the team began with a diversity scan of its grantees to look objectively at and benchmark the demographic make-up of its partners.



APPLYING A RACIAL EQUITY LENS

Prudential recognizes that a key component of equitable grantmaking is to ensure that organizations look like and represent the people they serve. Consequently, they sought to understand the barriers that diverse organizations face in receiving funding and be more intentional about partnering with diverse leadership and staff. Their approach involved:

DEFINING THE PROBLEM. Prudential worked together with partners to gain a shared understanding of racial and ethnic bias in philanthropy, its causes, and consequences—bringing in its own grantees to educate staff on the topic.

DEVELOPING DIVERSITY METRICS AND CONDUCTING AN ANNUAL GRANTEE SURVEY. The team also worked together to develop standard metrics for measuring diverse representation among their partners, primarily: the racial and ethnic diversity of CEO/Executive Directors, senior leadership teams, the Board, the Board Chair, and the staff; the presence of a Board Development Action Plan; and a set of internal Diversity, Equity, and Inclusion (DEI) practices. Using these metrics, the team completed a scan of all their partners in 2020 and is using this data as a baseline to measure progress on an annual basis. Over the next several years, they will use this data to track partners' progress.

PRIORITIZING ORGANIZATIONAL DIVERSITY AND RACIAL EQUITY STRATEGIES WHEN EVALUATING NEW PARTNERSHIP OPPORTUNITIES. In addition to measuring racial and ethnic diversity, initiative owners are also assessing organizations' ability to: 1) dismantle racist systems, and/or 2) improve access to wealth-building opportunities for Black, Latinx, and Indigenous communities. This encourages partners to apply a racial equity lens to their proposed work.

ASSISTING CURRENT PARTNERS IN IDENTIFYING OPPORTUNITIES TO INCREASE THEIR INTERNAL DIVERSITY. Prudential recognizes its responsibility to help current partners on their journey towards a diverse and inclusive workplace. With programs like Building Diverse Leaders and Boards, Prudential is connecting diverse leaders within the company to board service opportunities with their partners.

IMPACT

Prudential's initial scan of partners yielded a wide range of results that showed, on average, they give more funds and give over a longer period of time to diverse organizations by comparison to non-diverse organizations. However, the scan also revealed that there is more work to be done to increase diversity among its partners. Change will not happen without a clear call to action and continued investment in data disaggregation.

KEY LESSONS FOR PHILANTHROPY

Prudential's approach to adopting an explicit focus on racial equity offers important lessons for philanthropy:

1 **Be systematic.** Prudential sought to methodically define, understand, and measure its portfolio. As a result, the targets and strategies developed are more informed, and everyone—staff and partners—are on the same page.

2 **Involve partners.** In their journey to gain a thorough understanding of bias in philanthropy and structural racism, Prudential invited one of its partner organizations to conduct training for employees, which fostered important dialogue and showed a deep commitment to their relationship.

3 **Commit to deeper work.** Prudential spent more than six months preparing for the diversity scan of its partners, gaining a deeper understanding of racial inequities in the financial ecosystem and developing appropriate metrics for measuring diversity, equity, and inclusion. With targets developed and a new grantmaking framework established, the work will continue to evolve as relationship managers connect existing partners with the resources they need to effectively participate in this strategy.

Summary of Case Stories

This diverse array of examples illustrates a range of possibilities for funders to adapt investment strategies and practices to increase economic security more equitably. Starting with the most commonly cited is a list of collective lessons:

1

OUTWARD

CENTER COMMUNITY

Gathering input from, listening to, and focusing on the needs of the community in funding strategies are vital. Grantmakers can take the time to co-design solutions and focus on community assets and strengths. Invest in leaders of color and develop strong community partnerships, including with anchor institutions and organizations already doing the work.

2

AROUND

COLLABORATE

Furthering equity and facilitating systemic change requires cross-sector partnerships and co-designed solutions. Transformative change happens within a broad context that is interdisciplinary, as systems and strategies impact each other (e.g., financial well-being and debt reduction strategies AND traffic court system). Silos are to be avoided within and outside of organizations by building strong partnerships, leveraging in-house connections, and including leadership.

3

AROUND

BE FLEXIBLE

As we are embracing a new framework and lens, new solutions to entrenched problems may be needed. Funders will need to get comfortable with testing new ideas and moving beyond traditional approaches. As solutions are scaled and replicated, funders may have to help restructure or adapt them to continue to meet community needs.

4

INWARD AND OUTWARD

MAKE THE COMMITMENT

To have the desired effect externally, funders must look inward to embed racial and gender equity within their organizations. "Walking the talk" can cause worthwhile discomfort, and funders are encouraged to lean into the process. At the same time they are looking inward, funders can work on intentionally integrating equity into their grantmaking strategies and processes.

5

OUTWARD AND ONWAD

BE DATA INFORMED

Grantmakers can use data for case-making and to inform decisions to implement or adjust funding strategies.

6

OUTWARD

TAKE A TWO-PRONGED APPROACH

When possible, funders can invest in on-the-ground programs and system change that complement each other to maximize impacts.

Endnotes

1. The Annie E. Casey Foundation, "Progress Check: Casey Grantees on Easing the Debt Burdens of Families in the South," *Blog, September 12, 2019.*

2. *States include Alabama, Arkansas, Georgia, North Carolina, South Carolina, Tennessee, and Texas.*

3. *The Annie E. Casey Foundation typically defines an organization of color as having an executive leader of color with 51% or staff who are people of color.*

4. San Francisco Foundation, Our Impact, https://sff.org/what-we-do/impact/.

5. See, for example, F. Blackwell, Preventing Homelessness and Making Housing Affordable Wins Big with Record Number of New Laws, *San Francisco Foundation, October 17, 2019.*

6. See also San Francisco Foundation, Advancing Equity: Reimagining the Ways a Community Foundation Delivers on Its Mission," *San Francisco Foundation, July 31, 2018.*

7. R. Umoh, Minority-Owned Fintech App Esusu Closes $2.3 Million Seed Round, Announces Plans To Address Credit Inequality, *Forbes, August 26, 2020.*

8. *See, for example, the State of Black America® signature annual reporting of the National Urban League about racial equality in America across economics, employment, education, health, housing, criminal justice and civic participation.*

9. Prudential Newsroom, Prudential deepens commitment to advance racial equity, August 5, 2020.