

# LEARNING IN ACTION



To promote equity and inclusion in the starkly inequitable Silicon Valley, SVCF has taken an inclusive equity approach to all its investment strategies since its inception. Over the past five years, SVCF has made changes to its internal practices and grantmaking strategies to refine and align its racial equity approach. Those changes included developing a shared language, centering community voice, and examining internal operational processes and procedures.

## Context for Our Racial Equity Approach

Created in 2007 through a merger of two longstanding community foundations, we have taken an inclusive and racial equity approach since our inception. Situated in the southern part of the Bay Area, Silicon Valley includes several counties in its 1,854 square miles, which are home to more than 3 million diverse people. Over 70% of the population is people of color: 39% Asian, 24% Latinx, 6% multiracial or other, and 2% Black. The region's annual median income is twice the national median. This number is skewed by a concentration of high earners,

belying stark income and wealth disparities along racial lines. According to 2022 data, approximately one-third of people in the region live below the self-sufficiency standard (meaning that they require public or community assistance to meet basic needs), including almost two-thirds of Latinx residents and nearly half of Black residents. Nearly half of the children in the region live in households that are struggling to get by. The area's racial wealth gap has been widening for decades.

Silicon Valley is home to more than **3 MILLION** diverse people



APPROXIMATELY **ONE-THIRD** OF PEOPLE IN THE REGION LIVE BELOW THE SELF-SUFFICIENCY STANDARD



Over 70% of the population is **PEOPLE OF COLOR**



39% Asian



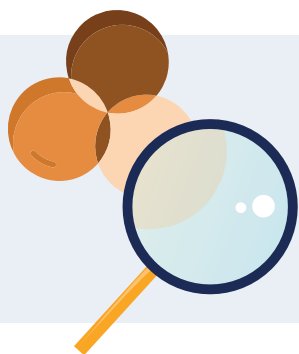
24% Latinx



6% multiracial/other



2% Black



To promote greater equity in the region, we support advocacy, research, policy, and programs that reduce systemic disparities using a racial justice lens.

The evolution of our racial equity approach has been an iterative process that accelerated over the last decade through a combination of inward- and outward-looking activities, including analyzing our grantmaking practices and impact, engaging in strategic planning related to racial equity, responding to major current events, and soliciting community input. Over the last 10 years, we have codified our approach and built more accountability via milestones related to community grants and internal structures.

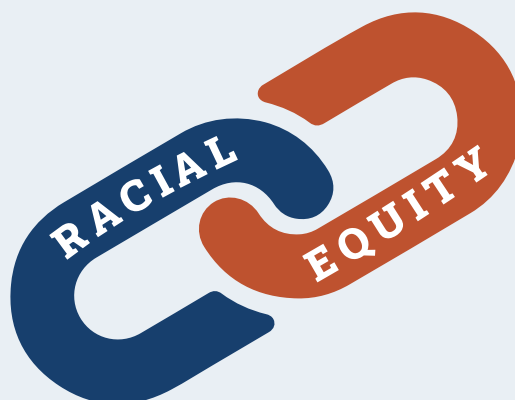
## Investment Strategies Linked to Our Racial Equity Approach

From the outset, SVCF applied a racial equity approach across all investment strategies to promote a just, equitable, and inclusive Silicon Valley. Our approach to racial equity has included being closely connected to the community and responsive to the community's needs, investing in systems change to reduce structural inequities, and supporting leaders of color in implementing solutions for challenges in which they are already engaged.

Recognizing that Black and Latinx wealth inequities and power imbalances in the region were connected, we transformed our grantmaking to simultaneously address both structural inequities and power dynamics. Our approach centered solutions from Black and Latinx communities through direct grants and co-investments with other state and regional grantmakers in special power-building and movement funds that were championed by the community, including [The California Black Freedom Fund](#) (\$100 million statewide initiative with 16 funders over 5 years) and the [LatinXCEL Fund](#) (\$10 million regional initiative with 20 funders). Across grantmaking, SVCF unapologetically prioritizes organizations led by people of color, especially smaller grassroots groups, through requests for proposals (RFPs), networking, referrals, and community meetings.

Addressing systemic inequities and centering community voice are threads we carry through in our asset-building grantmaking, which focuses on improving the well-being of young children,

### INVESTMENT STRATEGIES



increasing financial stability, and building access to stable and affordable housing. For the past decade, in response to the widening racial wealth divide in Silicon Valley and in collaboration with community partners, SVCF has focused holistically on financial stability and basic needs as foundations to building wealth for people of color. Our current strategies are focused on addressing income inequality and equitable wealth-building by investing in five guaranteed-income pilots and participating in large coalition-building, economic-justice collaboratives in the region. Past efforts involved systemic change through [policy and practice changes](#) to create safe and affordable access to capital in local communities of color that were credit deserts.

## Practices and External Grantmaking Strategies that Focus on Equity and Reduce Bias

Our changes to internal practices and grantmaking strategies to refine and align our racial equity approach include developing a shared language, centering community voice, and examining internal operational processes and procedures. Building trust and relationships, internally among staff members and the board and externally in the community, have been essential to the evolution of our approach. Specific practices and strategies to accomplish these ends include:



- Develop a shared language
- Center community voice
- Reexamine processes
- Embed values into investments
- Include capacity building
- Simplify grant applications

### DEVELOPING A SHARED LANGUAGE WITH OUR STAFF AND BOARD.

In 2018–2019, SVCF created a cross-department Living Our Values (LOV) committee, made up of eight staff members. The committee's goals were to build a common language; apply a homegrown diversity, equity, and inclusion (DEI) framework internally; examine the foundation's values; and examine how staff, policies, and procedures were embodying and reflecting those values through a series of open conversations and trainings. The committee worked closely with human resources to review policies and procedures and with board members to cultivate shared understanding and wide buy-in. At the end of the process, the committee presented to the organization a final document, followed by a discussion with staff and board members on how to continue aligning our policies and procedures with our values. One of the byproducts of the LOV committee has been increased communication and cohesion among the staff and board.

Diversity, equity, inclusion, and belonging (DEIB) are at the core of our philanthropic work. In 2020, we adopted four strategic impact goals to guide our DEIB efforts: 1) reducing systemic disparities, 2) building strong and engaged communities, 3)

growing the culture and practice of effective philanthropy, and 4) acting as a trusted and enduring institution for the community. Internally, the DEIB agenda has focused on staff training on DEIB fundamentals with tailored learning plans for specific constituencies, such as board members, leadership team, managers, and departments/divisions.

### EXAMINING INTERNAL OPERATIONAL PROCESSES AND PROCEDURES.

The LOV committee's work recommended new value statements to be adopted by the foundation. The committee also suggested new hiring processes to recruit, screen, and hire diverse candidates whose personal values align with the foundation's work. The recommendations also included condensing hiring interviews and including more staff members from different departments in interviews, as well as creating a framework for internal professional development and advancement.

Looking ahead, we are committed to building an integrated organizational DEIB strategy, infrastructure, culture, and practice through which our internal DEIB work aligns with our external aspirations. We are doubling down on our investment in and commitment to DEIB, expanding and developing a more disciplined internal DEIB practice.

### EMBODYING OUR VALUES IN OUR INVESTMENT

**MANAGEMENT.** A few years before the LOV committee was formed, we decided to change how we managed our assets to be more reflective of our core values. In 2015, our investment committee and board added to the investment policy a mandate to seek out diverse asset managers to add to our investment portfolio. At the launch of this new endeavor, we employed three asset management firms owned by people of color or women, with whom we invested \$52 million. In the past year alone, we have increased our investments managed by asset management firms owned by people of color or women by more than \$1 billion, to \$1.63 billion, representing 45% of our total endowment and donor pool portfolios. SVCF is now one of the top three foundations in the country in terms of both dollars invested and percentage of assets managed by diverse firms.

### CREATING A COMMUNITY ADVISORY COUNCIL.

We have a history of gathering input from community partners on local needs and funding strategies and a deep commitment to fostering connection with the community. In 2019, to lean more into listening to and learning from the community, we created a [community advisory council](#) for the CEO made up of 25 community leaders of color from nonprofits, faith-

based organizations, local government, and philanthropic organizations serving communities of color through a range of social justice, social service, and advocacy activities. The foundation's leadership meets with the council on a quarterly basis to discuss our strategic plan, grantmaking practices, community issues, and other items on an agenda that is prepared and led by the council. In addition to the community advisory council, we solicit community feedback via a survey created and distributed with guidance from the evaluation director and an outside polling firm every couple of years. The survey is just one of the avenues through which we regularly reach out into the community.

### **INCLUDING CAPACITY BUILDING IN GRANTMAKING FOR ORGANIZATIONS AND MOVEMENTS.**

In 2020, we created a year-round [capacity-building and leadership investment](#) fund to bolster the effectiveness and sustainability of organizations serving the region. This fund emerged from our strategic planning process, and its design was informed by lessons from prior capacity-building efforts. Grants are available to organizations focused on equity and racial justice that integrate community voices into their work in the areas of arts/culture, environment, health, media, immigration, neighborhoods, faith, and civic participation, with priority given to organizations led by people of color that have operating budgets under \$1 million. One of the activities supported by the fund is movement and power building for organizations led by people of color. For instance, the Regional Economic Association Leaders of California (REAL) Coalition is a coalition of 80–100 organizations that interfaces with city and county governments on a range of issues, including how funds are distributed, how contracts are executed, and identifying the community needs. The [REAL Coalition](#) has led advocacy and direct efforts to improve access to early care, K-12, and postsecondary education and workforce development. We also make investments in leadership opportunities that community leaders identify for themselves and their organizations, such as individual coaching, sabbaticals, ongoing succession planning and leadership development, and staff wellness activities.

### **SIMPLIFYING GRANT APPLICATIONS AND MAKING THE GRANTMAKING PROCESS MORE ACCESSIBLE AND TRANSPARENT.**

In 2020, we simplified our grant application to ten questions, half of them on demographics and connected to our key performance indicators. We grant more general operating than program support and focus on smaller organizations led by people of color. We have also replaced written final reports with oral reports, which community

partners deliver in a one-on-one meeting with an SVCF staff member. The report uses just 8 or 9 standardized questions. Responses are captured by the staff member, edited, and sent back to the grantee for comments; final reports are shared with the evaluation director, who analyzes themes and impact, and archived. To demystify the application process, we offer regular orientations on new RFPs to share common language and discuss qualification guidelines. The 2021 and 2022 grantmaking budget for asset-building programs was \$1.5–1.7 million.

## **Impact of Our Racial Equity Approach**

One of the greatest impacts of our racial equity and justice approach is the creation of a more tightly integrated network of organizations that provide safety net and financial stability services. Our sustained focus on basic needs and public benefits has enabled systemic changes at the county and local levels. Successful collaboration efforts have sparked new partnerships, such as with the public, corporate, and private funders involved in [Equity Forward](#), which is considering how to invest differently in the region to reduce the racial wealth gap through systems change. Within this partnership, we serve as the administrative and operational backbone organization and collaborate closely with research and policy organizations, Stanford University, and [Joint Venture Silicon Valley](#) on operations and strategy implementation. Equity Forward's work is guided by a multisector advisory committee of 25 local community and multisector leaders.

Our racial equity approach includes board-approved key performance indicators capturing the number of grants made from discretionary funds to organizations led by people of color and the number of general operating versus program grants. To measure progress, we changed our data collection practices. On a broad level, we serve as an ally and advocate for those highlighting the importance of racial equity—sometimes leading and more often standing behind or next to the community leaders paving the way.

## Key Lessons for Other Funders

Lessons from our experience include:

- 1 Look for the lowest hanging fruit.** The cultural change needed to create an embodied economic justice and racial equity approach requires sustained time, attention, and effort. Early successes can help build momentum and buy-in. From internal observations or community feedback, identify quick wins. If starting internally, review and revise policies and procedures related to hiring, day-to-day operations, and performance reviews to align with a DEI framework, in partnership with HR, if possible. For example, what does growth and professional development look like in the organization, and are there ways to make it more accessible and transparent through career pathways? Externally, changes to the application process tend to provide easy wins.
- 2 Be creative and open to doing things differently.** Ask questions about external processes. Aside from the existing channels, how could ideas be sourced from the community? Is something less formal than an RFP possible, and what could that process look like? Where can change start? Sometimes leadership paves the way, and sometimes staff members spark new thinking and approaches. Notwithstanding enthusiasm on both sides, change can be difficult and takes time; without leadership buy-in from executives and board members, transformation likely will not happen.
- 3 Engage the community.** Bringing community members together to make decisions on grantmaking strategies builds shared understanding, trust, and empathy. Community members learn how difficult the decision-making process is, and their engagement opens discussions on both biases and possibilities. This is only one of the ways to involve the community. Other ways to center the community voice include advisory councils, surveys, informal outreach, and listening sessions. Providing compensation for time and expertise both recognizes what community members bring to the process and motivates participation.
- 4 Match values and actions.** Rooted in the centrality of diversity and inclusion in our values and driven by our fiduciary duty to maximize return by not allowing hidden biases to exclude qualified firms, we sought to champion investment management diversity while maximizing investment performance. This effort meant confronting biases in the investment process, exploring how to better engage diverse-owned asset management firms, and committing to sharing progress and experiences with others. When living into values and fully embracing a mission or fiduciary responsibilities, ask critical questions, confront biases, and take action toward more aligned practices, whether through inclusive investing or other actions related to internal practices or grantmaking strategies.



**MANUEL J. SANTAMARIA**  
Vice President, Community Action

Given we're a community foundation, we're here to serve the community. Our north star is always the community. We need to focus on them and together work for a better future.