A CASE STUDY

ASSET FUNDERS NETWORK
Grantmakers Advancing Economic Equity

WHAT GRANTEES WANT FUNDERS TO KNOW

LESSONS FROM THE SOUTHERN PARTNERSHIP TO REDUCE DEBT

Acknowledgments

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Southern Partnership to Reduce Debt (SPRD) interview participants

The following list identifies the individuals who graciously shared their time and expertise. Interviews and listening sessions were conducted September–December 2023. Participants' affiliations are listed as of the interview and listening session dates. Former staff of the Annie E. Casey Foundation were integral to SPRD's creation and operations.

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BACKGROUND

In 2017, the Annie E. Casey Foundation launched the Southern Partnership to Reduce Debt (SPRD), a multiyear, multistate effort designed to address racial and racial-ethnic wealth gaps and enhance financial security for households of color.

Working with national and state partners, SPRD's primary objectives were to bolster state and local policies protecting families from burdensome debt, broaden access to debt reduction programs, and eliminate practices that strip wealth. The goal was to change policies that lead to debt and elevate the issue of debt in discussions about asset building and financial security.

The financial insecurity that comes with having debt extends beyond the individual, affecting families and communities. It poses a major obstacle to financial progress and requires action from various stakeholders, including philanthropy. The Casey Foundation collaborated with Asset Funders Network (AFN) to raise funders' awareness about the impact of systemic debt on economic mobility and asset building.

SPRD concludes in 2025, prompting AFN to document the eight-year initiative in this case study. The case study provides insights from nonprofit partners on actions funders can take to prevent and eliminate oppressive debt, thus contributing to the reduction of the racial and racial-ethnic wealth gaps. Although the case study focuses on SPRD, the lessons learned are applicable to any funder looking to launch a multistate, regional, or national initiative.

This case study draws on key informant interviews with SPRD state and national partners and former Casey Foundation staff and an AFN and Casey Foundation reflection session. It also incorporates information from Foundation memos, SPRD partner reports, and a survey of SPRD state and national partners.

THE CASE STUDY IS STRUCTURED INTO THREE SECTIONS

SECTION 1 offers context on four types of systemic debt: student loan debt, medical debt, public-sector fines and fees (including those resulting in driver's license suspensions), and high-cost, small-dollar loans.

SECTION 2 outlines the design and implementation of SPRD and highlights some of the results achieved by SPRD state partners.

SECTION 3 presents recommendations from grantee partners and stakeholders for funders embarking on multistate initiatives.

SECTION 1
WHY FOCUS ON DEBT IN THE SOUTH?

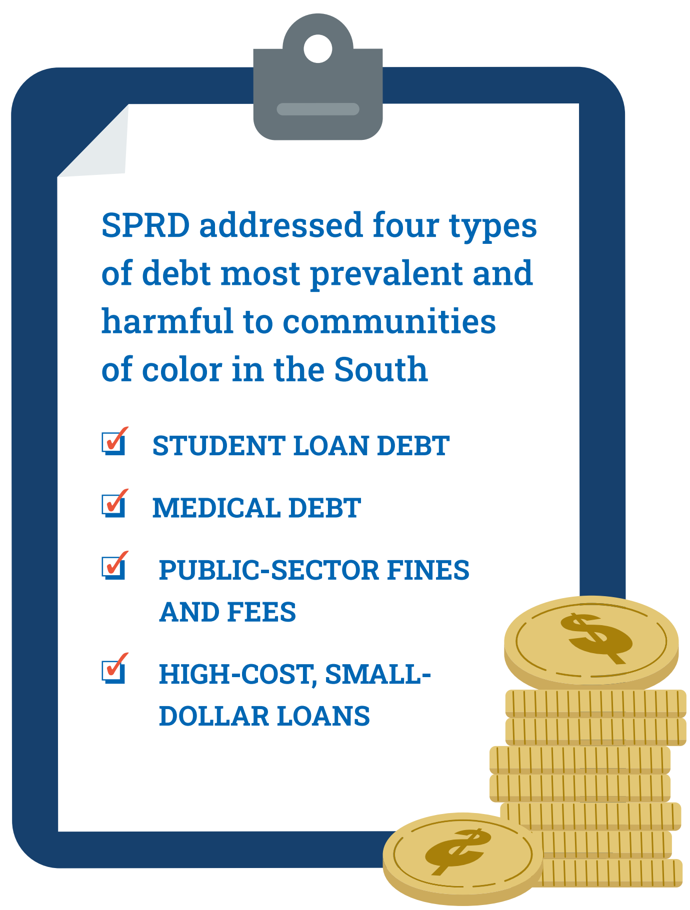
It is important for funders to focus on debt as a strategy to address the racial wealth gap because systemic issues like historical discrimination in housing, employment, and education have significantly contributed to the gap. Practices such as redlining have restricted access to homeownership for communities of color, hindering generational wealth accumulation.

Additionally, disparities in educational opportunities and job discrimination have led to lower income levels and fewer opportunities for wealth building. Compounding these issues is the inaccessibility of affordable loans and the disproportionate imposition of fines and fees on low-income individuals. Moreover, the harmful narrative that people with substantial debt are poor decision-makers or bad at managing money further stigmatizes those affected.

Data highlight the critical need to address debt. When SPRD was launched in 2017, data revealed the significant burden debt placed on households. Data continue to show that debt remains a pervasive and formidable issue with widespread implications. According to the Federal Reserve Bank of New York, the total debt in the United States has reached a staggering $17.8 trillion. Of this amount, $4.9 trillion is non-housing debt, which includes obligations like auto loans, credit card balances, and student loans.[1] This substantial debt presents a significant barrier for families working toward securing their present and future financial well-being.

It's important to acknowledge that the burden of debt is not evenly distributed, with notable disparities along racial and ethnic lines. The Aspen Institute highlights significant differences in the amount, characteristics, and composition of debt that contribute to or worsen adverse outcomes for people of color.[2] Debt poses a hindrance to family financial stability and security, particularly impacting households of color. These households often grapple with budgetary challenges, finding that essential needs like housing and child care exceed their monthly income. With limited or nonexistent savings, many families, especially those with children, resort to accumulating debt to manage lower earnings and income-expense volatility.

The impact of debt also varies significantly between the South and the rest of the nation. Nonmortgage debt, including credit card, vehicle, and student debt as well as unpaid medical bills, is concentrated in the South.[3] The higher nonmortgage debt in the South aligns with a greater prevalence of alternative nonbank loans, indicating heightened financial stress.[4] In many Southern states, the debt burden is so substantial that families with median household incomes would need more than 18 months to settle the balance[5]. For these households, debt becomes a necessary means to meet daily needs, perpetuating economic insecurity.[6]



STUDENT LOAN DEBT

The total amount of student loan debt surpassed $1.7 trillion in 2023, becoming the largest source of nonmortgage debt.[7] More than 43 million Americans have outstanding student loan balances. After incurring debt, many borrowers struggle to pay off their loans in a timely manner. Default rates are growing across degree type and racial demographics.[8]

While student loans are necessary for many to cover educational expenses, the burden of this debt is not equally distributed. Young Black women are the most likely to have student debt, with an average loan balance of $11,000. Women, in general, are more likely than men to hold student debt, but men's higher incomes allow them to pay off their debt more quickly. Black men and women start with more student debt than their white counterparts and, due to lower average earnings, they take longer to pay it off. Gender and racial disparities in student debt grow over time.[9]

The SPRD initiative elevated these disparities through research, reports, and convenings. During the initiative, key stakeholders—including the federal government—sought strategies to address disparities.

The Biden-Harris Administration implemented several initiatives to address student debt, including debt forgiveness. In May 2024, the total amount of loan forgiveness approved by the Biden-Harris Administration was $167 billion for 4.75 million borrowers.[10] Additionally, the administration enacted other efforts, including significant expansions and reforms to existing programs like Income-Driven Repayment (IDR) plans and the Public Service Loan Forgiveness (PSLF) program and the introduction of the Saving on a Valuable Education (SAVE) plan.[11]

KEY STATISTICS

- Borrowers with less than $10,000 in outstanding debt make up over 60% of all defaults, in part because many borrowers with low balances are students who left school before completing a degree.[12]
- Twenty years after enrollment, the median Black borrower still owes 95% of their debt, compared to 6% of White students. This means that more Black borrowers struggle to repay their loans and fall behind on their payments. Similarly, 15% of Latino borrowers are in default, and another 29% are seriously delinquent. Student loan debt has disproportionately negative impacts on women as well. Women represent 56% of those enrolled in American colleges and universities and they hold nearly two-thirds of the nation's student loan debt.[13]
- Studies and surveys have also found that student loan debt can lead to the delay of important life decisions—such as getting married, having children, or purchasing a home—and result in increased stress and adverse health outcomes.[14]
- Analyses from the Federal Reserve Bank of Philadelphia and the Federal Reserve Board of Governors find that student debt is associated with slower growth of small businesses and lower rates of homeownership.[15]

KEY DRIVERS OF STUDENT DEBT[16]

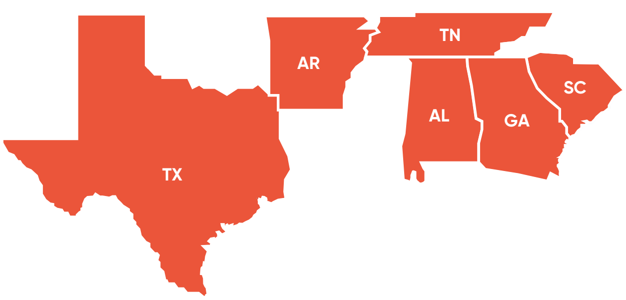
- Tuition fees, housing costs, and health care costs are all rising.
- Students have easier access to education loans.
- State funding for higher education has declined.
- Low-performing and fraudulent schools can access federal loan programs.

MEDICAL DEBT

Seventy-nine million Americans struggle to pay their medical bills or are paying off medical debt.[17] Medical debt is the most common kind of debt in collections and the most common cause of bankruptcy, where debtor's assets may be used to repay outstanding debt. An estimated 8 million people were pushed into poverty in 2018 by out-of-pocket medical expenses that were not reimbursed by insurance.[18] Although the average amount held by more than half of those with past due medical debt is less than $600, even this small amount of debt creates enough of a burden that it can limit spending on basic needs and prevent investments in long-term wealth.[19]

Medical debt disproportionately impacts communities of color, perpetuating and exacerbating the racial wealth gap by draining cash flow that households without medical debt can save or invest.

SPRD States Without Medicaid Expansion



KEY STATISTICS

- Black non-elderly adults are 1.5 times more likely and Latinx and Native American non-elderly adults are 2.5 times more likely to be uninsured than non-elderly White adults.[20]
- Like debt broadly, medical debt can negatively impact health, with one study finding that nearly one in five individuals with medical debt delayed seeking needed care.[21]
- In a survey of individuals with medical debt, 13% borrowed from a payday lender to pay down medical debt and 15% of survey respondents indicated that they took out another loan. These decisions can cause individuals to fall deeper into a cycle of financial insecurity and debt.[22]

KEY DRIVERS OF MEDICAL DEBT[23]

- Lack of Medicaid expansion has left low-income individuals with high out-of-pocket expenses or no insurance at all (seven of the ten states that have not expanded coverage are in the South[24]).
- Unpredictability of medical emergencies coupled with lack of savings results in accumulation of debt.
- High out-of-pocket expenses mean that even individuals with insurance may face medical debt.

PUBLIC-SECTOR FINES AND FEES

According to the Brennan Center for Justice at NYU Law School, fines are defined as costs imposed upon conviction that are intended as both deterrence and punishment. Fees, on the other hand, are the costs that follow a fine and are intended to raise revenue. Fines and fees can be related to all types of violations and crimes, including but not limited to fines and fees for traffic tickets such as driving with a broken taillight, late fees, and miscellaneous court costs, as well as the staggering fines often imposed on top of jail or prison.[25]

In many states, not being able to pay a traffic ticket can result in suspension of a driver's license. Because most people depend on personal vehicles to get to work and earn income—income that would enable the payment of fines and fees—this kind of retribution is counterproductive.

> Fines and fees are not limited to traffic tickets; they permeate every layer of our justice system. In many states, not being able to pay court debt can come with additional consequences, such as time in jail, and that time in jail can also come with a price attached.

Over the last decade, state and local governments have increased their use of fines and fees—all but two states (AK, ND) and the District of Columbia have increased civil or criminal fees since 2010.[26] Millions of individuals and their families are unable to absorb the cost of an unexpected fine or fee.

KEY STATISTICS

- Public-sector fines and fees are often imposed on criminal defendants, who are frequently poor and unable to pay. These financial obligations can lead to a situation in which poverty is effectively criminalized, as subsequent court involvement occurs not because of new crimes but because the defendant cannot afford the legal costs.[27]
- Approximately 10 million people collectively owe more than $50 billion in debt due to their involvement in the justice system.[28]
- At least 11 million people in the United States have lost their right to drive solely because of failure to pay court-imposed debt.[29]
- An investigation by *Governing*, a monthly magazine that explores U.S. state and local governments, found that fines account for 10% of general fund revenue in almost 600 jurisdictions across the country, and 20% in more than 284 jurisdictions.[30]

KEY DRIVERS OF PUBLIC-SECTOR FINES AND FEES

- While fines and fees have long been a component of our judicial system, state and local governments have become increasingly reliant on them to compensate for budget shortfalls.[31]
- Over the last decade, the use of fines and fees by state and local governments has grown—all but two states have increased civil or criminal fees since 2010.[32]
- The return on investment and downstream effects of fines and fees are not fully researched or understood.

HIGH-COST, SMALL-DOLLAR LOANS

High-cost loans typically charge interest rates of 100% or more. Payday loans are high-cost, short-term loans, generally for $500 or less, typically due on the borrower's next payday. The loan is usually repaid with a post-dated check (or authorization for electronic funds) for the balance and any fees. If the loan is not repaid before the due date, the lender can cash the check or collect the money electronically. Many consider a payday loan to be a "debt trap" because 80% of payday loans are rolled over or renewed every 14 days.[33]

Car title loans, often called title loans, are also high-cost loans. These short-term loans typically last 15 or 30 days and they use the borrower's car, truck, motorcycle, or other vehicle as collateral. Title loans are typically made for amounts ranging from 25% to 50% of the vehicle's value. Title loans often have monthly finance fees as high as 25%, which translates to an APR of about 300%.

KEY STATISTICS

- A typical two-week payday loan with a $15 fee per $100 borrowed equates to an annual percentage rate (APR) of almost 400%. By comparison, APRs on credit cards can range from approximately 12% to 30%.[34]
- More than 75% of payday loan fees come from people stuck in more than 10 loans a year.[35]
- Payday and car title loans drain nearly $8 billion in fees each year.[36]

KEY DRIVERS OF HIGH-COST LOAN USAGE

- Financial shortfalls create a need for resources to cover regular expenses, such as rent, mortgage, and utilities, or unexpected expenses like car repairs or medical emergencies.
- Many consumers have little access to alternative affordable credit.
- High-cost loans are enabled by a lack of regulation and consumer protections.

SECTION 2
THE SOUTHERN PARTNERSHIP TO REDUCE DEBT (SPRD)

The Annie E. Casey Foundation conducted data analyses confirming that debt hinders financial well-being in the South and perpetuates the racial wealth gap. To address this issue, the Foundation consulted with researchers, national intermediaries, philanthropists, and practitioners to identify strategies for advancing racial and economic opportunity, particularly in the South. Ultimately, the Foundation launched SPRD, an initiative aimed at preventing and eliminating debt through programmatic and policy interventions. The initiative's objective is to reform policies contributing to debt and to elevate the issue of debt in discussions about asset building and financial security.

DESIGNING SPRD

In 2017, the Foundation implemented a letter of interest (LOI) process specifically addressing debt in the South and Southwest, with criteria including:

- Operation at the local, regional, or statewide level in the targeted states;
- Service to communities and constituents of color;
- Significant leadership and input from people of color;
- Efforts to address specified populations;
- Attention to key drivers and goal-oriented solutions of the racial wealth gap project;
- Capacity to incorporate project learnings; and
- A demonstrated track record of accomplishment and stakeholder engagement.

Over 100 letters of interest were reviewed, leading to the selection of 17 organizations that were invited to respond to a Request for Proposals (RFP). The RFP process was led by the Foundation's Center for Economic Opportunity unit in collaboration with several other units in the Foundation.

The RFP allowed partners to propose the debt type to address, based on their state's needs and priorities, and the interventions, based on their strengths and existing partnerships. Each applicant proposed a programmatic intervention, a policy intervention, or both.

In 2017, seven proposals, from Alabama, Arkansas, Louisiana, North Carolina, South Carolina, Tennessee, and Texas, were funded with a budget of $500,000 each. Georgia was later added to the initiative after the lead organization in Louisiana experienced priority shifts. From 2017 to 2023, the Foundation invested more than $10 million in SPRD.

The selection of states and organizations considered factors such as organizational capacity, with an emphasis on those with a track record of accomplishment and demonstrated staff talent and expertise. Each organization had at least one, and often two or three, partners addressing the debt issue. The lead organization typically sub-granted to nonprofit partners, allowing the Casey Foundation to deepen its investment and support smaller, less-resourced organizations.

The SPRD initiative also included national partners, who supported SPRD state partners by offering expertise and perspective in policy analysis, data platforms, communications, coalition building, and racial equity resources. These partners were selected to influence the national conversation on debt reduction strategies rather than work on federal policy. They provided technical assistance and elevated the initiative's impact to various stakeholders. Additionally, they facilitated collaborative learning across state partners and debt types, as well as supporting and amplifying the efforts of state and local partners across various platforms. National partners had the benefit of learning from state partners, who were closer to the ground and had strong relationships with individuals and communities impacted by debt. This shows that the national organizations were true partners who added value and benefit to the SPRD and not paternalistic sources of "expertise."

The Asset Funders Network (AFN) had a unique role as a national partner, serving as an intermediary, providing project coordination services, raising awareness about the debt issue among funders, and deepening AFN's engagement in the South, specifically in Arkansas, Louisiana, Tennessee, and Texas.

NATIONAL PARTNERS

- Asset Funders Network
- Aspen Institute Financial Security Program
- Center for Responsible Lending
- National Conference of State Legislatures
- MDC Inc.[37]
- National Consumer Law Center
- National League of Cities
- Prosperity Now
- Urban Institute

When the Annie E. Casey Foundation launched the SPRD in 2017, its objectives were diverse, encompassing:

- **Knowledge building and dissemination:** Investment in activities to enhance the development and dissemination of knowledge regarding how debt contributes to the racial wealth divide and overall financial insecurity.
- **Messaging and communications:** Elevation of compelling messaging and communications to reach practitioners and policy stakeholders, fostering awareness and understanding of the impact of debt on families and communities, and shifting the perspective on debt from seeing it as an individual responsibility to recognizing it as a failure of the system.
- **Policy frameworks and recommendations:** Development of policy frameworks and recommendations with the goal of creating local and state-level impacts on both households and systemic structures.
- **Capacity building for partnerships:** Strengthening the capacity of state and regional partnerships in the South to adopt a racial and ethnic equity approach, including by attracting new allies, advocating for policy change, and advancing state-level solutions to address the identified debt issues.

In essence, the Foundation aimed to reduce the racial wealth gap in the South by addressing specific debt types, fostering awareness, influencing policies and systems, and enhancing the capacity of partnerships to adopt an equity-focused approach.

IMPLEMENTING SPRD

SPRD was organized with a focus on learning and capacity building, which included opportunities for peer learning, technical assistance, and a collaborative process to identify success measures. The Foundation facilitated various learning activities, such as webinars, one-on-one technical assistance sessions, a monthly news digest, and both virtual and in-person meetings.

PEER LEARNING

SPRD fostered peer learning through two in-person meetings, in Memphis, TN and Durham, NC. The two-day learning events brought together SPRD state and national partners, practitioners, policymakers, advocates, researchers, and funders to collectively explore strategies aimed at addressing debt and narrowing the racial wealth gap. The meetings featured presentations from subject-matter experts, panel sessions with local stakeholders, and working sessions for state and national partners to devise strategies and tackle complex challenges. Funders participated in the Durham meeting to gain insights into the disproportionate and burdensome impact of debt, brainstorm philanthropic solutions, and deepen their understanding of the issue.

With the onset of the COVID-19 pandemic, in-person gatherings were suspended after 2019, prompting the implementation of virtual convenings as a substitute for the annual in-person meeting. While the connection between national and state partners remained strong in the early years of the initiative and during the initial stages of the pandemic, this connection weakened as the pandemic progressed.

TECHNICAL ASSISTANCE

SPRD provided individualized technical assistance opportunities for state partners, focusing on addressing program challenges, policy design, and data analysis. Casey Foundation program officers played a crucial role in pairing state partners with the national partner best suited to offer assistance. To ensure that technical assistance wasn't merely transactional, national partners dedicated time to cultivating relationships with state partners to understand their unique needs. This relationship-building process included interviews, surveys, and ongoing communication to ensure mutual understanding between national and state partners.

National partners offered a diverse range of technical assistance services, including:

- **Research and data support:** Providing data and tools to equip state partners with the information needed to develop policy recommendations and solutions.
- **Policy/advocacy guidance:** Offering strategic guidance on connecting with lawmakers, navigating challenging environments, and finding common ground on issues, regardless of political alignment.
- **Communications support:** Reviewing and editing documents, framing messages, and utilizing frameworks like VOSA (Value, Opportunity, Solution, Action).
- **Information clearinghouse support:** Establishing listservs, creating an online repository for relevant reports, and setting up shared folders to post and share information.
- **Convening support:** Assisting in designing, planning, and implementing local events, along with providing facilitation support.

While national partners provided technical assistance, they also found value in the process, which allowed them to build expertise and engage with issues related to fines, fees, high-cost, small-dollar lending, and medical and student loan debt.

State partners acknowledged the benefits of the technical assistance, emphasizing the value of having subject-matter experts working alongside them as peers and colleagues. Some of the relationships formed between state and national partners extended beyond the initiative, leading to ongoing collaborations and projects.

SUCCESS MEASURES AND OUTCOMES

When SPRD initially launched, there were no predefined success measures or metrics that state partners aimed to achieve. However, as the initiative progressed, efforts were made to establish specific metrics that partners could collaboratively pursue. Identifying shared measures proved challenging, particularly in the context of policy change.

SPRD partners acknowledged the difficulty of measuring policy change. One partner shared its experience working diligently on a driver's license bill for four years. Despite unsuccessful attempts during the first three years, the organization achieved success in the fourth year, when the bill finally passed. This journey from zero to full success made it challenging to assess progress along the way.

SPRD RESULTS

To fully grasp the results and outcomes of SPRD, it is important to understand the context in which state partners operate. In many states, implementing changes in practices and policies to address harmful debt can be challenging. Political power dynamics in Southern states are often dominated by entrenched interests, such as powerful corporations, industry groups, and wealthy individuals, who may resist policy changes perceived as detrimental to their interests. Despite these formidable challenges, SPRD partners made significant progress in alleviating burdensome debt across all four debt types and in all seven states.

5 STRATEGIES EMPLOYEED TO ADDRESS DEBT

1. ADVOCACY AND POLICY CHANGE
2. RESEARCH, NARRATIVE CHANGE, STORYTELLING
3. PREVENTING OR ELIMINATING DEBT
4. EDUCATION AND AWARENESS
5. COALITION BUILDING AND MOBILIZING

- **Advocacy and Policy Change:** A critical strategy involves advocating for policy reforms at various government levels. Organizations advocated to pass laws that directly impact debt, such as the College Completion Grant program in Georgia to aid students nearing graduation or laws in Texas to protect student loan borrowers in default from losing their professional licenses. Advocacy efforts also focused on passing laws that reduce fines and fees and prevent the suspension of driver's licenses due to unpaid fines. These changes are instrumental in alleviating the financial burdens on vulnerable populations.

- **Research, Narrative Change, and Storytelling:** Research and storytelling were key in shifting narratives around debt and influencing policy. By gathering and reporting disaggregated data, organizations highlighted the inequities in student loan debt, particularly its impact on marginalized communities. They also amplified the personal stories of those affected by debt, which helped humanize the issue and garner broader public support for policy changes.

- **Interventions to Prevent or Eliminate Debt:** Direct intervention to prevent or eliminate debt was another successful strategy. For example, initiatives in Arkansas raised funds to erase medical debt, while efforts in Tennessee expanded healthcare coverage, preventing millions of dollars in medical debt. Additionally, eliminating billions in fines and fees in Texas significantly reduced the financial burden on residents, as did restoring driver's licenses and waiving other debts.

- **Education and Awareness:** Raising awareness and educating the public and policymakers were fundamental to the success of SPRD. Public education efforts, such as those in Alabama, were crucial in passing laws that curb exploitative practices related to fines and fees. By informing stakeholders about the issues and potential solutions, these campaigns built the necessary support for change.

- **Coalition Building and Mobilizing:** Building coalitions and mobilizing stakeholders were essential in creating the momentum to address debt issues. Coalitions brought together diverse groups to advocate for policy changes, as seen in the efforts to tackle high-cost, small-dollar loans in South Carolina. By working together, these coalitions amplified their impact, influenced policymakers, and developed solutions tailored to the needs of affected communities.

These strategies demonstrate a comprehensive approach to tackling debt to create meaningful and sustainable change. For more information about SPRD results, see the mini-profiles at the end of this case study.

SECTION 3
LESSONS FOR PHILANTHROPY

The SPRD initiative yielded significant results in addressing harmful debt, which profoundly impacts individuals and families in the South. Moreover, the initiative offers valuable insights for philanthropy including the critical role that funders play in driving a successful initiative. While this case study focuses on SPRD, it offers valuable insights and lessons applicable to any grantmaker aiming to launch a regional initiative. Below are reflections from grantees and stakeholders on the SPRD initiative. They have identified key elements that contributed to SPRD's success and recommendations for future initiatives.

THINGS THAT WORKED WELL

DESIGN CONSIDERATIONS

- **Allowing Partners to Identify the Issue and Strategy:** The open-ended RFP allowed partners to select the targeted debt issue based on their state's needs and priorities. This flexible approach was appreciated because it enabled a tailored response to specific local challenges. Instead of dictating the agenda, this method allowed partners to address issues they were prepared to tackle, ensuring more effective use of resources.

- **Selecting Effective Partners that Build Strong Relationships:** The initiative carefully chose national and state partners with the capacity, expertise, and local knowledge to address systemic debt. National partners were aware of the tensions that can arise when outside organizations work with local groups without understanding the region's context. To mitigate this, they were intentional in showing respect for the wisdom and leadership of local organizations. Partners prioritized respectful collaboration, valuing the insights and leadership of local groups.

CAPACITY-BUILDING SUPPORTS

- **Holding In-Person Convenings:** The in-person convenings fostered strong connections through shared meals, presentations, and discussions over two days. This gathering helped partners feel less isolated in their work and made it easier to reach out to each other throughout the year and during the pandemic, when SPRD partners worked virtually. It broke down barriers between different state groups and between state and national groups, facilitating deep collaboration.

- **Strengthening Peer Connection and Collaboration:** Through meetings and events, state and national partners developed and nurtured relationships and connections, leading to further collaboration opportunities beyond SPRD. Some state partners are now working with national partners on new projects thanks to the connections formed through SPRD.

FUNDER ENGAGEMENT

- **Educating and Informing Grantmakers:** SPRD included a strategy to educate funders on the impact of household debt on financial security efforts. AFN collaborated with SPRD national partners to create a three-part issue brief series covering public-sector fines and fees, student loan debt, and medical debt. Building on this effort, AFN worked with state partners to launch the Debt in Texas learning series. Over 1,000 participants registered for the series, which featured presentations from 46 panelists, including representatives from foundations, higher education, nonprofits, academic institutions, and financial institutions, as well as elected and court officials. The series received positive feedback, with attendees appreciating the in-depth discussions.

STAFFING

- **Hiring Empathetic Program Officers:** State partners praised Casey Foundation program officers for their empathetic approach, which helped build trusting relationships. According to the partners, these program officers achieved trust through active listening, learning, and genuine collaboration. The partners also acknowledged that the culture at the Casey Foundation is approachable, not standoffish or inaccessible. This culture encourages grantee partners to be authentic with funders, fostering a sense of collegiality.

THINGS TO CONSIDER FOR FUTURE INITIATIVES

DESIGN CONSIDERATIONS

- **Include Fewer States or Debt Types:** Some partners suggested that starting with fewer states or focusing on fewer debt types could simplify the project and allow for a more concrete campaign plan. While this approach might have made the initiative easier to manage, an important lesson learned was the interrelated nature of different types of debt. For example, medical debt can lead to default judgments, resulting in additional fees and fines. A recent CFPB report also notes the interrelated nature of debt. The report notes that one-third of households struggling with medical bills are also paying off student loan debt.[38]

- **Identify Success Measures Upfront and Include Incremental Measures:** At the beginning of the initiative, set the parameters and success measures for the duration of the initiative. Knowing the outcomes already tracked by grantees can help in developing these metrics. When creating metrics, consider the time needed to achieve change and use interim measures to gauge progress. Recognize the complexities and time required to advance policy in the South and find ways to assess incremental progress along the way.

- **Incorporate Lessons from Other Foundation Initiatives:** Leverage lessons from previous foundation initiatives, such as EITC campaigns, to enhance current projects. Sharing strategies and frameworks across initiatives is valuable. Similarly, SPRD partners benefited from the Casey Foundation's Strategic Communications team sharing its VOSA (Value, Opportunity, Solution, Action) messaging framework. Coordinated messaging is crucial for narrative change, which takes time and requires alignment among different organizations.

- **Include a Community Advisory Board:** Establishing an advisory board was recommended to amplify the perspective and voice of community members, offering valuable guidance for the initiative's direction and support for partners.

CAPACITY-BUILDING SUPPORTS

- **Expand Peer Learning to Include National Partners:** While peer learning mainly focused on state partners, there's value in having national partners engage in peer learning with each other. This allows them to share different approaches to technical assistance. Partners expressed a desire for more opportunities to connect and learn from their national counterparts.

- **Provide a Menu of Technical Assistance Opportunities:** Despite the benefits of technical assistance, some state partners needed to be made aware of available opportunities, emphasizing the need for clearer communication about national partners and their services.

FUNDER ENGAGEMENT

- **Engage Other Funders Early and Define Roles:** Begin engaging funders early and clearly define their roles based on their own goals and objectives. In complex co-funding initiatives, funders can support different aspects, such as evaluation, technical assistance, or peer learning, based on their priorities. Involving funders from the start can foster a sense of ownership and help them better understand the initiative's comprehensive nature.

- **Conduct a Funder Landscape Analysis and Set Engagement Goals:** At the beginning of the initiative, conduct a funder landscape analysis for each state and develop specific engagement goals. Understanding the landscape can guide efforts to bring in the right number of funders with aligned interests.

- **Provide Follow-Up with Funders After Events:** Schedule follow-up meetings with local funders and state partners after local funder events. This approach would help AFN build and nurture new relationships and expedite additional funding for state partners from local sources.

- **Explore Strategies to Leverage the Power of National Foundations:** In local communities, regional and statewide funders have a vested interest in attracting funding from national funders. Consider collaborative grant-making approaches or incentives to encourage active participation and financial support.

- **Balance Being a Catalyst for New Ideas with Respect for Existing Strategies:** When working with funders, it's important to balance introducing new ideas with respecting their existing strategies. AFN had discussions about the impact of student debt with funders who provide college scholarships, aiming to encourage them to consider ways to increase college access and reduce student debt. However, many funders remained committed to their existing approaches.

STAFFING

- **Consider the Intermediary Staffing Role:** AFN served as an intermediary for SPRD, coordinating the work of the partners, supporting peer learning, engaging funders, and deepening AFN's work in the South. This partnership was mutually beneficial: the Casey Foundation received support for project management and implementation and gained access to AFN members and regional chapters. AFN acquired knowledge about systemic debt enabling the organization to educate its members on the harmful impacts of debt and offer actionable investment strategies. This fortuitous collaboration effectively addressed the specific interests and needs of both organizations.

GENERAL RECOMMENDATIONS

- **Support Policy Advocacy and Clarify Boundaries:** Address the misconception around funding policy work by recognizing that many nonprofit organizations advance policy by educating policymakers with data and not by engaging in lobbying activities. Policy initiatives often go unfunded, leading organizations to allocate overhead funds to support valuable work aimed at systems change.

- **Make Big Bets with Long-Term, Flexible Funding:** Encourage funders to adopt a more strategic investment approach. Once a funder decides on a strategy, it should commit a significant portion of its funding to support that strategy and maintain that support over time. An interviewee suggested that funders should not stop funding until the problem is solved, the goal (such as reducing debt in the South by 25%) is achieved, or other funders have invested equally or more in the issue. Funders should avoid spreading resources too thinly across many initiatives, which dilutes their impact.

  Partners also emphasized the importance of providing flexible funding. Flexible funding can mean general support, but it can also allow for adaptability to respond to current needs and opportunities.

Conclusion

SPRD emerged as a formidable strategy to confront the oppressive burden of debt that hampers households across the South. SPRD was launched in 2017 with a network of national organizations and over 20 state and local organizations working in Alabama, Arkansas, Georgia, North Carolina, South Carolina, Tennessee, and Texas. Significant progress was made in all states, across all debt types, to alleviate burdensome debt through policy and practice and provide crucial relief to families and communities.

Success was due to the state partners' ability to form strong coalitions that delivered results. These coalitions were ideologically diverse and often included unlikely partners in the effort to create new narratives, begin to dispel the myth of the immoral debtor, and make meaningful change in challenging environments. The success of SPRD partners, as well as lessons learned, provide insights for grantmakers who want to support similar regional initiatives. The collective wisdom of SPRD partners provides grantmakers with a blueprint for implementing regional initiatives that yield impactful outcomes, dismantle debt, and facilitate individual and family progress toward economic mobility.

APPENDIX

SELECT SPRD STATE PARTNER MINI-PROFILES

This case study aims to provide a broad overview of SPRD and the lessons learned, so it doesn't include specific information about all the partners. However, below are five mini-profiles of SPRD state partners to illustrate examples of the work and achievements at the local level.

STATE	**ALABAMA**
ORGANIZATION	Alabama Appleseed Center for Law & Justice Alabama Appleseed's mission is to confront unjust systems through research, bridge-building, and advocacy to create an Alabama that prioritizes justice and opportunity. Alabama Appleseed is a member of the national Appleseed Network, which includes 18 Appleseed Centers across the United States and in Mexico City.
DEBT TYPE	Public-Sector Fines and Fees
STRATEGY/APPROACH	The Alabama Appleseed Center for Law & Justice is dedicated to gathering evidence that highlights the experiences of Alabamians and the repercussions of public-sector fines and fees. Through its programmatic efforts, the organization elevates this evidence to bring about policy change. As an example, the advocacy work of Alabama Appleseed was informed by the struggles of two women, Teon Smith and Faye Mitchell, whose challenges with overwhelming court debt played a crucial role in advancing SB154. This example underscores how Alabama Appleseed's direct programmatic work translates into tangible advancements in addressing the issue.
HIGHLIGHTS	▪ Alabama Appleseed effectively elevated the issue of fines and fees to key stakeholders and advanced policy change. ▪ In April 2023, the U.S. Department of Justice (DOJ) issued a letter to judges across the nation urging states to stop aggressively issuing fines and fees and pushing for court practices that are constitutional and nondiscriminatory. The DOJ letter cites Alabama Appleseed's report *Under Pressure* to document how unjust imposition of fines and fees raises significant public policy concerns. ▪ In addition to original reporting, Alabama Appleseed has developed relationships at media outlets, such as CNN, *Governing*, *The New York Times*, and AL.com, to place investigative and opinion pieces about abusive fines and fees practices in Alabama. The purpose of this work is to build public understanding of the issue and create external pressure for change within the state. ▪ Alabama Appleseed's public education and advocacy work has supported the passage of several laws that reduce fines and fees or create better governance around their use. These include a 2019 law that improves indigent plaintiffs' access to justice by expanding their right to request filing fee waivers in civil suits; three 2022 laws that allow people leaving prison a 6-month grace period post-release before they must start paying fines and fees; cap the total revenue municipalities can derive from fines and forfeitures; and require municipalities to report revenue from fines and fees to the state; and a 2023 law curbing the state's ability to suspend drivers' licenses for missed payments or court hearings.

STATE	ALABAMA
HIGHLIGHTS	▪ As advisors to the Financial Health Network, Alabama Appleseed connects formerly incarcerated people with the ID they need to succeed in reentry. The organization helped develop three projects that will make it easier for formerly incarcerated individuals to obtain valid state IDs and enable them to form relationships with financial institutions. ▪ Alabama Appleseed is currently working on two projects that stem from SPRD. It is developing a comprehensive picture of the debt ecosystem in Jefferson County using case-level data merged with Census data and conducting a parallel fiscal analysis. Findings will be published along with recommendations to make the system more equitable and efficient. It is also working with the Bureau of Justice Assistance to develop tailored plans for five jurisdictions to make their fines and fees systems constitutional and equitable. ▪ In 2024, Alabama Appleseed drafted and helped coordinate support for an executive order signed by the Mayor of Montgomery forgiving about $10 million of municipal debt that was more than 10 years old.
REPORTS	Under Pressure: How Fines and Fees Hurt People, Undermine Public Safety, and Drive Alabama's Racial Wealth Divide Taken for a Ride: How Excessive Ticketing and Police Decisions Propel Alabama Drivers into a Cycle of Debt, Incarceration and Poverty Flattened: How the COVID-19 Pandemic Knocked Financially Insecure Alabamians on Their Backs and Widened the Racial Prosperity Gap Stalled: How Alabama's Destructive Practice of Suspending Driver's Licenses for Unpaid Traffic Debt Hurts People & Slows Economic Progress

STATE	GEORGIA
ORGANIZATION	Georgia Budget and Policy Institute The Georgia Budget and Policy Institute's (GBPI) mission is to advance lasting solutions that expand economic opportunity and well-being for all Georgians. GBPI envisions a fair and inclusive Georgia where all people prosper. GBPI produces research and state budget analysis to show Georgia ways to provide equitable education, health care and opportunity for everyone.
DEBT TYPE	Student Loan Debt
STRATEGY/APPROACH	Georgia is one of two states that does not provide a comprehensive state-sponsored financial aid program based on need, and it is third in the nation for student loan debt per borrower. However, of all states, Georgia provides the most merit-based funding to undergraduate students. GBPI uses quantitative and qualitative data to highlight economic security barriers within the state's higher education and workforce systems. The focus is on exposing how these barriers contribute to occupational segregation. GBPI challenges the misleading narrative that places blame on everyday workers, emphasizing that the true problem lies in systemic inequities that create barriers to access to postsecondary education. Through the use of data and comprehensive reports, GBPI strives to shift the narrative, shape the conversation, and influence policy change.
HIGHLIGHTS	▪ GBPI educates policy makers and stakeholders about the importance of need-based aid. It provided data and reports to policy makers, higher education staff members, counselors, and community-based organizations. It also engages media, including the local NPR radio station, to shine a light on the impact of student loan debt. ▪ GBPI and its partners advocated to pass HB 1435. This legislation, enacted in 2022, established the College Completion Grant program. This program is designed to help students enrolled at eligible postsecondary institutions who are facing a financial aid gap, provided the student has completed at least 80% of credit requirements for graduation. ▪ GBPI released a report that summarizes the Student Access Loans (SALs) program. SALs, or low-interest loans, are student loans funded by Georgia lottery dollars. Georgia is one of only seven states that provide loans to students. Most states offer need-based aid grants for students who are financially marginalized and need support paying for college. ▪ Participation in SPRD enabled GBPI to expand its work on other debt types, including public-sector fines and fees.
REPORTS	From Barriers to Bridges: Expanding Access to Higher Education and Workforce training in Georgia Exploring the Context and Implementation of Georgia's New College Completion Grants Program A Need-Based Financial Aid Program for Georgia How Student Debt Worsens Racial Inequality Scholarships are a Better Way to Use Lottery Dollars than Student Loans

STATE	SOUTH CAROLINA
ORGANIZATION	South Carolina Appleseed Legal Justice Center South Carolina Appleseed Legal Justice Center (SC Appleseed) is a forceful and respected advocate for low-income South Carolinians on issues such as health care, immigration, reentry issues, housing, education, hunger, public benefits, domestic violence, and consumer issues. SC Appleseed is dedicated to effecting systemic change wherever it can do the most good—in and through the courthouse, legislature, administrative agencies, community, and the media. The organization grows its impact by helping others do the same through education, training and co-counseling. SC Appleseed is a member of the national Appleseed Network, which includes 18 Appleseed Centers across the United States and in Mexico City.
DEBT TYPE	High-Cost, Small-Dollar Loanst
STRATEGY/APPROACH	In South Carolina, a state without interest rate regulations, companies have the liberty to set any interest rate they desire. Consequently, SC Appleseed is actively addressing the issues associated with high-cost lending and its disproportionate impact on communities of color. The organization's focus revolves around combating high-cost, small-dollar loan lending practices that exploit communities, leading to the extraction of resources and wealth due to unfavorable state policies and a lack of access to reasonable financial products. SC Appleseed engages in grassroots organizing, advocates for policy changes, and actively builds coalitions to foster leadership development and influence policy decisions. Additionally, it works to increase the availability of reasonable financial products to break the cycle of debt.
HIGHLIGHTS	▪ SC Appleseed developed information and data to demonstrate the impact of high-cost loans and show the harmful consequences of accessing high-cost loans. ▪ SC Appleseed worked closely with members of the affected community to amplify their voices and garner support from stakeholders. It developed a narrative campaign that brings to light the real-life experiences of South Carolina residents affected by high-cost loans. ▪ It effectively established local coalitions comprising service providers, advocacy groups, responsible lenders, and religious organizations with the aim of educating, influencing, and affecting policymakers. Together, they crafted a shared strategic goal and policy agenda to alleviate the burden of debt on individual families. The objective was to drive policy changes related to high-cost loans. This included advocating for the implementation of rate caps for lenders, tightening the language around the ability to repay, altering reporting requirements for Internet loans, and restricting loan rollovers. ▪ The organization continues to work with financial institutions and other organizations to explore solutions and loan alternatives to the insurmountable burden these fees and fines place on individuals. Additionally, it works to increase the availability of reasonable products to the community to end the debt cycle.
REPORTS	Easy In, Impossible Out: How High-Cost Lending Devastates South Carolina Communities

STATE	TENNESSEE
ORGANIZATION	Tennessee Justice Center The mission of the Tennessee Justice Center (TJC) is to use the law to advance economic, racial, and social justice by relentlessly working for and with Tennesseans seeking better lives for themselves and their communities. Focused on Tennessee's safety net programs, TJC helps its neighbors one by one to cut through red tape to access vital, sometimes life-saving services like health care and nutrition benefits, and then use what it learns to improve systems affecting many more.
DEBT TYPE	Medical Debt
STRATEGY/APPROACH	The Tennessee Justice Center (TJC) is dedicated to preventing or reducing medical debt by expanding coverage for uninsured individuals through effective collaborations with hospitals. Given that hospitals frequently engage with uninsured patients, TJC leverages its legal expertise to navigate the intricacies of the Medicaid system. The center's focus is on identifying overlooked eligibility categories that could offer coverage to individuals not qualifying under more common categories. TJC shares this knowledge with frontline hospital staff. Additionally, TJC provides technical assistance to free and reduced-fee clinics and other nonprofits to identify and address systemic issues related to Medicaid and CHIP, aiming to mitigate factors that contribute to medical debt on a statewide scale. TJC accepts monthly individual client referrals from these organizations, assisting patients with medical debt and helping them secure health benefits. MEDICAL DEBT | Tennessee Justice Center (tnjustice.org)
HIGHLIGHTS ADVOCACY	In 2019, TJC and partner hospitals managed to eliminate $847,506 in medical debt for individual patients. In 2020, TJC eliminated $1.4 million in medical debt. In 2021, TJC eliminated $420,448 in medical debt. In 2022, TJC eliminated $3,093,046 in medical debt. In 2023, TJC eliminated $1,597,344 in medical debt. TJC advocated for suspension of the annual renewal process, called "redetermination," for all current TennCare and CoverKids enrollees. Effective March 18, 2020, TennCare implemented a variety of policy changes that preserved coverage for the most vulnerable enrollees. Specifically, the TennCare suspended all terminations of coverage as well as reduction in services for current enrollees during the pandemic. One of TJC's successful practices involved reevaluating hospital presumptive eligibility (HPE). As a result of this work, the state is easing restrictions on third-party contractors assisting patients in applying for HPE, further simplifying the participation process for hospitals. TJC fixed a systemic problem involving implementation of the flawed Institutional Medicaid (IM) policy. The state amended and published its policy, which is now in compliance with TennCare rules and federal law. In addition, TennCare has updated its online application portal to screen for IM eligibility. TJC also helped uncover errors that TennCare was making in interpreting eligibility rules, and those mistakes were rectified. The center conservatively estimates that this correction will prevent the accumulation of more than $31.5 million in medical debt annually by low-income patients who are hospitalized for more than 30 days.

STATE	TENNESSEE
HIGHLIGHTS ADVOCACY	In 2023, as the state prepared to reassess the TennCare eligibility of 1.7 million children and adults, TJC issued an urgent "Call to Collaborate" to help families maintain coverage. More than 2,000 volunteers, professionals, and community agencies responded. With a series of webinars and ongoing technical assistance, the center equipped partners to guide tens of thousands of families through the maze of paperwork.
REPORTS	TennCare Enrollment Strategies for 2023 – Best Practices Guide for Hospitals Early Periodic Screening, Diagnosis, and Treatment Tennessee Justice Center Tools and Trainings Tennessee Justice Center Events Tennessee Justice Center Learning and Training Hub

STATE	TEXAS
ORGANIZATION	Young Invincibles Young Invincibles (YI) is a nonpartisan policy research and advocacy nonprofit organization that works to amplify the voices of young people ages 18–34 in the political process.
DEBT TYPE	Student Loan Debt
STRATEGY/APPROACH	YI believes in creating lasting social change by empowering local young-adult leaders deeply connected to their communities and capable of driving meaningful initiatives. The organization has actively involved young adults in collecting stories and producing a report that illustrates the impact of student debt on people of color in Texas. This report, in turn, guided YI's higher education priorities. YI also provides training to student borrowers, equipping them with advocacy skills and teaching them how to communicate effectively about student debt with legislators. It hosts training sessions for young adults, focusing on developing student advocacy skills to prepare them for speaking at press conferences, engaging with elected officials, coordinating advocacy days, and articulating the young adult perspective in coalition meetings and legislative discussions. YI encourages these trained individuals to lead campaigns on the ground.
HIGHLIGHTS	▪ YI mobilized and campaigned vigorously to support the passage of SB 37. For too long, young Texans who defaulted on student loans were at risk of losing their professional licenses. In 2017, more than 4,200 Texans were at risk of losing professional licenses due to student loan default. YI advocated to protect student loan borrowers in default from losing their professional licenses, supporting a successful bipartisan initiative to ensure that student loan borrowers such as teachers, barbers, and truck drivers could stay in the workplace. ▪ YI advocated for HB 2100, a bill providing student loan repayment assistance for certain mental health professionals. During the 88th legislative session, YI Texas fought for equity in higher education, adequate mental health resources, supports for parenting students, student debt relief, and accessible healthcare. This specialized student loan debt cancellation is for mental health professionals in Texas who meet certain requirements. ▪ YI worked with partners toward the successful passage of SB 1019, which will require Texas to report disaggregated student loan debt data. These data are essential to understanding the impacts of debt and creating equitable solutions.
REPORTS	Student Debt in Texas: Why it's Time to Collect on the Best Interests of Texas Borrowers Young Invincibles in the 86th Texas Legislative Session 87th Legislative Session Session Breakdown (SB 1019 requires Texas to report disaggregated student loan debt data) Texas Session Recap (HB 2100 is a dedicated bill for student loan repayment assistance for certain mental health professionals)

LIST OF SPRD STATE PARTNERS

STATE	DEBT TYPE	LEAD PARTNER	COLLABORATION PARTNERS
Alabama	Fines and fees	Alabama Appleseed Center for Law & Justice, Inc.	IBM, Center for Court Innovation, Applied Research Strategies, Tenth Judicial Circuit Courts (Jefferson County, Alabama), Alabama Administrative Office of the Courts
Arkansas	Fines and fees, medical debt	Arkansas Community Institute	KABF Radio, Arkansas AFN
Georgia	Student loan debt, fines and fees	Georgia Watch	Prosper Georgia Georgia Justice Project, Southern Center for Human Rights, Greek Alumni networks
	High-cost, small-dollar loans	Georgia Watch	Southern Poverty Law Center
North Carolina	Student loan debt	Change Machine	North Carolina Central University, Virginia Union University, Elizabeth City State University
	Student loan debt	MDC Inc.	Policy agenda and Coalition partners[39]
	Fines and fees	North Carolina Justice Center	Southern Poverty Law Center, American Civil Liberties Union of North Carolina, Second Chance Mobility Project, Community Success Initiative
South Carolina	High-cost, small-dollar loans	South Carolina Appleseed Legal Justice Center	Latino Communications Community Development Corporation, Village Engage, South Carolina Association for Community Economic Development, NAACP, SC Fair Lending Alliance
Tennessee	Fines and fees	Choosing Justice Initiative	
	Fines and fees	Think Tennessee	
	Fines and fees, medical debt	Sycamore Institute	
	Medical debt	Tennessee Justice Center	
Texas	Medical debt	Faith in Texas	
	Medical debt, student loan debt	Every Texan	Texas Postsecondary Advocates Coalition for Equity, North Texas AFN
	Student loan debt	Young Invincibles	Texas Postsecondary Advocates Coalition for Equity, North Texas AFN
	Fines and fees	Texas Appleseed	Texas Fair Defense Project, North Texas AFN

www.assetfunders.org

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