Asset Funders Network

From Relief to Resilience

Reimagining Investments

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Introduction

A global pandemic. Massive economic fall-out. Police violence and racism. Ongoing social unrest. Entrenched political distrust. Financial insecurity and wealth gaps.

The events of 2020 revealed unvarnished truths which demand that philanthropic organizations take stock of where they have acted and where action is needed to build economic well-being for all. This long-overdue moment emphasizes the critical need for strategies that provide a range of support to people who are struggling due to deep financial disparities.

The lives, health, and financial well-being of women and Black, Latinx, Indigenous, and Asian people,[1] including immigrants, are disparately impacted by societal and economic destabilization. Today's disparities are built on, and exacerbated by, long-standing inequities created by structural racism, sexism, and classism, which have limited financial security and overall well-being for those affected. Now is the time for philanthropy to lead the way by investing in equity on purpose. Philanthropy can help shape the future of families, communities, and the economy by supporting the development of a reimagined, more equitable financial system that builds on people's strengths.

Creating a healthier, more equitable society is a multisystem, multisector endeavor. Addressing systemic inequities requires understanding the current and historical landscape, identifying what needs to be modified, and working collaboratively across sectors to create needed change. As influencers, leaders, and conveners, philanthropic organizations have a catalytic role to play in the movement for social change.

1. In the brief, we use specific language regarding race and ethnicity and the term "people of color" interchangeably. When relevant, we disaggregate by race and refer to specific groups.

STRUCTURAL RACISM

The arrangement of institutional, interpersonal, historical, and cultural dynamics that consistently produces advantage for White people and adverse outcomes for Black, Latinx, Indigenous, and Asian people. Structural racism is racism that persists even in the absence of individual racist actors because it is systemically embedded. When the United States was founded, racist principles were codified in governance structures and policies. As a result, racism is entrenched in institutions, structures, and social relations across American society. Today, structural racism is inherent in intersecting, overlapping, and codependent racist institutions, policies, practices, ideas, and behaviors that give an unjust amount of resources, rights, and power to White people while denying them to Black, Latinx, Indigenous, and Asian people. Structural sexism privileges men and structural classism privileges wealthy people in similar ways.

Source: Equity in the Center, AWAKE to WOKE: Building a Race Equity Culture, 2019, https://equityinthecenter.org/aww/

7 FOCUS AREAS

WEALTH GAPS

- BUSINESS OWNERSHIP
- EDUCATION
- EMPLOYMENT AND INCOME
- FINANCIAL HEALTH
- HEALTH
- HOUSING

Through its network of grantmakers, the Asset Funders Network (AFN) engages philanthropy to advance equitable wealth building and economic mobility.

Over the past six years, AFN has published regional scans and over 40 original briefs across seven issue domains that are key drivers of economic security and asset building: business ownership, education, employment and income, financial health, health, housing, and wealth gaps. Reducing racial and gender wealth gaps is a theme that is threaded across all issue areas. Through research, best practices, new approaches, and strategic recommendations, our briefs serve as foundations for establishing a common understanding of realities and expanding needed investments to cultivate thriving communities. Over the years, we have identified numerous strategies for philanthropy to engage with these issues, from debt relief via systems change that sustainably confronts inequities and structural barriers to financial coaching as a short-term tool to reduce financial stress.

This brief responds to the urgency of this moment, reimagining and building on past recommendations to map more just paths to economic resilience moving forward.

AFN presents a framework and recommendations for funders that explicitly place racial and gender equity at the forefront. At the same time, we recognize the diverse needs of communities and thus elevate a continuum of strategies that funders can apply immediately, in the mid term, and over the long term, by supporting on-the-ground programs and systemic solutions. Whether you have been applying an equity lens for a while or are just starting on this journey, and whether you are with a family, community, or national foundation or financial institution, we hope that you find a place in the brief to engage with the work.

The brief provides funders with multiple points of entry to reimagine investments and operationalize equity. It starts with research that makes the case for reimagining. Then, it introduces a framework that centers equity. Recommendations and reflection questions for implementation follow. The brief ends with case stories that provide examples of equity integration in action. Engaging at any level helps us all eliminate the disparities in our economic system that have persisted for too long.

Context for the Need to Reimagine

The massive health and economic crisis of COVID-19 exposed and exacerbated underlying disparities in financial wealth and well-being. Due to structural racism and sexism, many people, especially women and Black, Latinx, Indigenous, and Asian people, were struggling financially before the pandemic, contending with a lack of financial security and limited wealth. This context provides background and rationale for embracing a funding framework that relies on an equity and antiracist lens.

COVID-19

- **Health and economic crisis with uneven impact**
- **Long-lasting impacts unless disrupted**

BACKDROP

- Disparate pathways to financial security
- Wealth gaps

ROOTS

- Structural racism and sexism
- Historical and current economic policies and practices that discriminate, exclude, and extract

Pervasive, Growing Financial Insecurity

Although COVID is a universal public health issue, the nature and magnitude of the pandemic's health and economic impacts have been far from universal. Before the current crisis, racial, gender, community, and income lines placed many families in precarious financial situations; long-standing structural inequities left them with little reserves and few pathways to financial health. COVID undeniably exacerbated these disparities.

Financial insecurity and hardships for women, Black, Latinx, Indigenous, and Asian people have ballooned during COVID, as indicated by growing income inequality alongside with high housing costs, limited savings, and increased debt among these vulnerable populations. These indicators are interconnected and have ripple effects across families, communities, and the economy as a whole.

INCOME INEQUALITY AND OCCUPATIONAL SEGREGATION

Contributing to financial insecurity are wage and benefit gaps driven by systemic inequities for women and Black, Latinx, Indigenous, and Asian people, as well as broader economic trends of declining labor share of income and growing income inequality. The wages paid are often not sufficient to cover the basic costs of living, and the jobs held by women, Black, Latinx, Indigenous, and Asian people have been vulnerable to COVID.

NEARLY HALF OF ALL WORKERS who were deemed essential in **2020** earned **less** than a living wage.[1]

Many of these "essential" workers **lacked comprehensive benefits, faced job loss, and risked exposure to COVID** due to inadequate health and safety standards.

COVID HAS IMPACTED THE SERVICE SECTOR

which employs **one in four** workers,[2] who are predominantly **women and Black, Latinx and Asian people.** These workers have faced health risks, limited worker protections, and layoffs.

WIDESPREAD UNEMPLOYMENT & LOSS OF INCOME DURING COVID left many families facing financial hardship, scrambling to cover essentials.

Since the start of the pandemic, **HALF OF ALL ADULTS** live in a household that has **lost** some employment income.[3]

BLACK AND LATINX PEOPLE, WOMEN AND MILLENNIALS are among the most impacted in job loss or income reduction by the COVID-19 recession.[4]

BLACK-AND ASIAN-OWNED BUSINESSES HAVE BEEN **DISPROPORTIONATELY** HURT IN THE DOWNTURN.

Many of these businesses **were locked out** of the Small Business Administration Paycheck Protection Program (PPP).[5]

ONE STUDY ESTIMATED **OVER 40%** **OF BLACK BUSINESSES** HAD BEEN SHUT DOWN DUE TO COVID **BY APRIL 2020.**[6]

HIGH HOUSING COSTS

In many places in the U.S., housing affordability is an issue for families. When housing costs too much, other essentials cannot be bought nor can the family build savings.

IN 2018, **10.9 MILLION RENTERS** paid more than **half their income on housing.**[7]

BLACK, LATINX, AND INDIGENOUS PEOPLE COMBINED are **twice** as likely to be renters.[8]

DURING COVID,

BLACK, LATINX, ASIAN FAMILIES GEN Z, MILLENNIALS, & GEN X have experienced higher levels of housing distress than their peers. **Renters have double the stress of owners.**[9]

LIMITED SAVINGS

Low incomes and high costs of living make it challenging to set money aside on a regular basis.

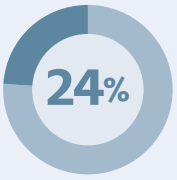
PRE-COVID even though **many families** in the United States had some type of **liquid asset for emergencies,**

THE TYPICAL WHITE FAMILY HELD **FOUR TO FIVE TIMES MORE LIQUID ASSETS** THAN BLACK OR LATINX FAMILIES.[10]

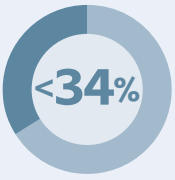
EQUITIES HELD AS HIGH-RETURN ASSETS[A]

include stocks, mutual funds, and semi-liquid retirement accounts.

OF **WHITE FAMILIES** HELD EQUITIES **$50,600 MEDIAN VALUE**



OF **LATINX FAMILIES** HELD EQUITIES **$14,900 MEDIAN VALUE**



OF **BLACK FAMILIES** HELD EQUITIES **$14,400 MEDIAN VALUE**

These pre-pandemic savings disparities **affected families' ability to stay financially afloat** during COVID.[11]

WITHOUT RELIEF ASSISTANCE,

ONLY **10% OF LATINX** AND **14% OF BLACK** FAMILIES HAD ENOUGH SAVINGS TO COVER **SIX MONTHS OF EXPENSES IN 2019**.[12]

EVEN WITH THE FEDERAL RELIEF ASSISTANCE, **A TSUNAMI OF DEBT AND DEFAULT IS NEARING.**

A | Equities held as high-return assets include stocks, mutual funds, and semi-liquid retirement accounts.

DEBT

For many families, debt is a growing fact of life. Debt is used to fill financial gaps or is created by medical costs or government fines and fees. It can help build assets, but it also can impede financial stability and wealth building. Though debt is a widespread problem, it impacts communities unevenly because of disparities in the educational, health, housing, financial, and criminal justice systems. The racial-ethnic wealth gap shapes how groups can use debt and whether it is crippling or constructive.

PRIOR TO THE PANDEMIC

many households were **already struggling** to make ends meet;

OF FAMILIES HELD SOME FORM OF DEBT.[13]

CITY AND COUNTY FINES & FEES

increasingly used by municipalities to generate revenue, **place a disproportionate burden on people of color.**[14]

CURRENTLY, APPROXIMATELY **10 MILLION PEOPLE OWE $50 BILLION** BECAUSE OF THEIR INVOLVEMENT IN THE CRIMINAL JUSTICE SYSTEM.

Much of this debt has accumulated because of an **inability to pay fines and fees which typically results in additional fines or fees.**

ALTERNATIVE FINANCIAL SERVICE PROVIDERS,

disproportionately located in communities of color, **offer higher-cost credit products** to people who are outside of the mainstream financial system.[15]

ALMOST

40% OF **BLACK** FAMILIES

—&—

36% OF **LATINX** FAMILIES

use alternative providers for **loans and other financial services,** as compared to **ONLY 16% OF WHITE FAMILIES.**[16]

While these providers offer needed services, they also **charge high fees** that can stress already tight budgets and lead to a cycle of debt.

ACCORDING TO THE **BUREAU OF LABOR STATISTICS**

FROM 2006 TO 2016, THE PRICE OF COLLEGE TUITION INCREASED BY 63% requiring more students to rely on student loans.

AFTER INCURRING DEBT, MANY STRUGGLE TO REPAY ON TIME.

Due to enduring inequities, **Black borrowers** are the most as risk for default.

70% OF **BLACK PEOPLE** WHO HAVE **STUDENT LOANS** are having difficulty repaying the loans **while meeting their other obligations.**[17]

As of late 2020, COVID is still unfolding and impacting people in uneven ways; the Urban Institute is tracking these impacts.

Financial stressors during coronavirus outbreak differ widely by race, ethnicity, and income

% saying they have _____ since the coronavirus outbreak started in February

	Used money from savings/retirement to pay bills	Had trouble paying bills	Gotten food from a food bank/ organization	Had problems paying rent/ mortgage
ALL ADULTS	33	25	17	16
WHITE	29	18	11	11
BLACK	40	43	33	28
LATINX	43	37	30	26
ASIAN*	33	23	14	15
UPPER INCOME	16	5	1	3
MIDDLE INCOME	33	19	12	11
LOWER INCOME	44	46	35	32

* Asian adults were interviewed in English only.

Note: White, Black, and Asian adults include those who report being only one race and are not Latinx. Latinx are of any race. Family income tiers are based on adjusted 2019 earnings.

Source: Survey of U.S. adults conducted Aug. 3-16, 2020. "Economic Fallout From Covid-19 Continues To Hit Lower-Income Americans the Hardest"

PEW Research Center[19]

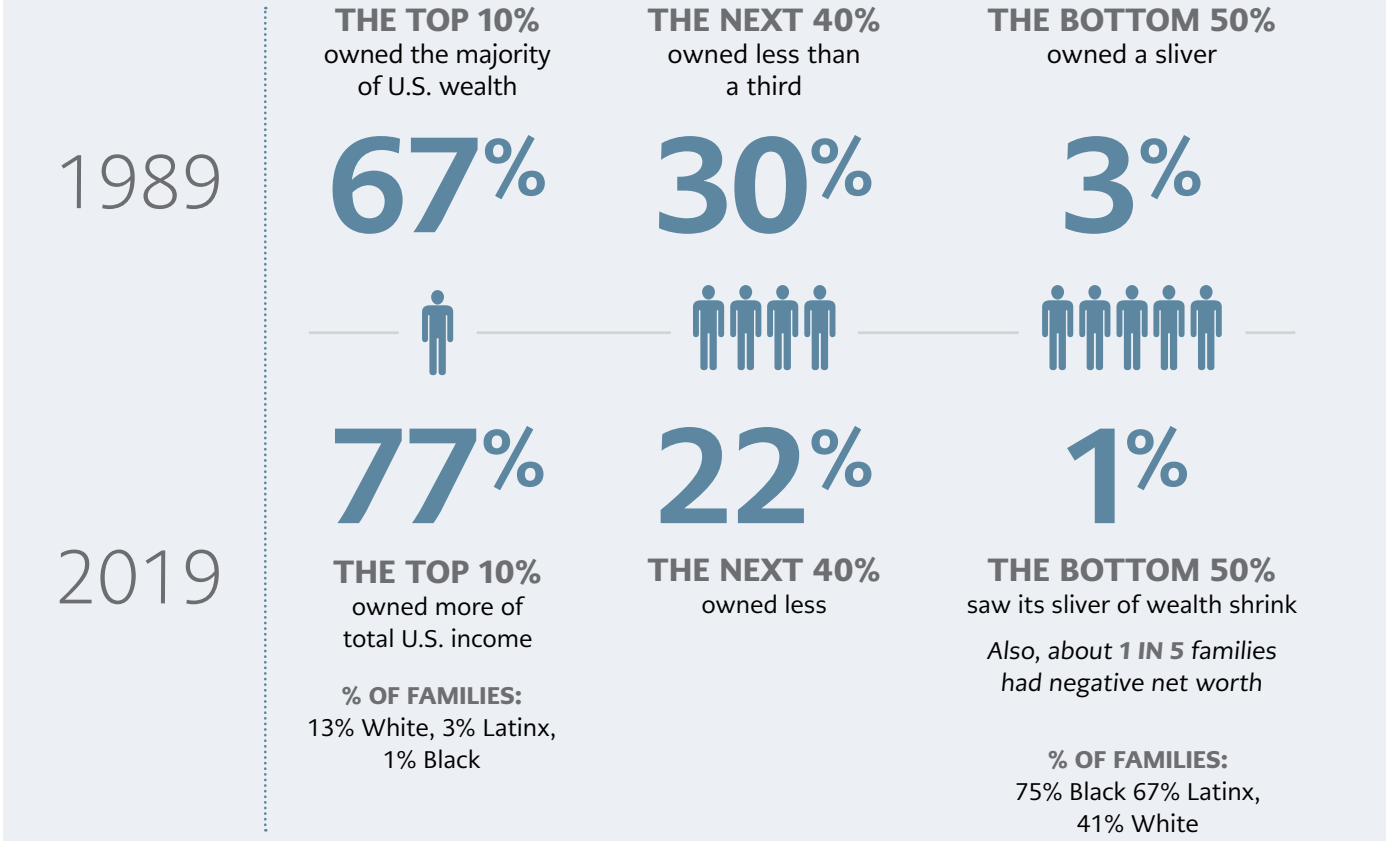
The added strain is forcing those already living in financial insecurity into high-stress hardship and food and housing insecurity. Because they have limited resources to fall back on, women and Black, Latinx, Indigenous, and Asian people will have a have harder time recovering without a focused response, as they did in the Great Recession.[18] To head off this developing financial catastrophe, philanthropy must take radical action to move deeply toward equity, directing resources toward dismantling the root causes of structural racism to relieve families' distress, eliminate unjust disparities, and direct support to impacted communities that strengthens federal relief efforts.

Wealth Divide

Wealth is the value of personal assets minus debts. Although average wealth has increased, wealth inequality has risen exponentially over the last 50 years. Disturbingly, the lowest-wealth families saw their wealth drop below $0, as families at the top saw their wealth increase fivefold.[20]

Wealth Distribution

% of American Wealth



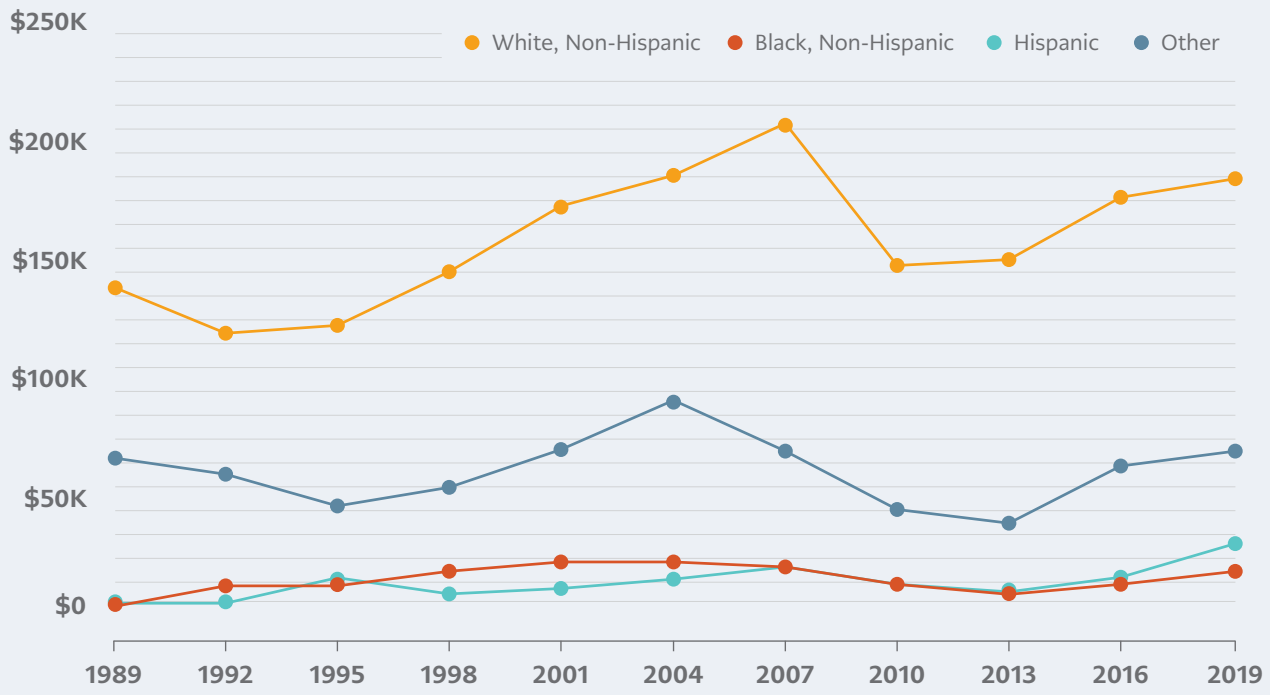
Federal Reserve Bank of St. Louis[21]

Wealth is a measure of our financial resilience. It represents our ability to deal with the economic consequences of illness, unemployment, and financial emergencies. Wealth also reflects our ability to invest in our own future and that of our children. Unaddressed, wealth inequality translates into unfair financial challenges, risks, and disadvantages for many families and their children. An equitable future calls for confronting the wealth divide and the public policies that sustain and intensify it.

Structural racism and sexism that systematically deny economic opportunities to women and Black, Latinx, Indigenous, and Asian people have created dramatic wealth disparities across racial, ethnic, and gender categories.

Net Worth by Race/Ethnicity

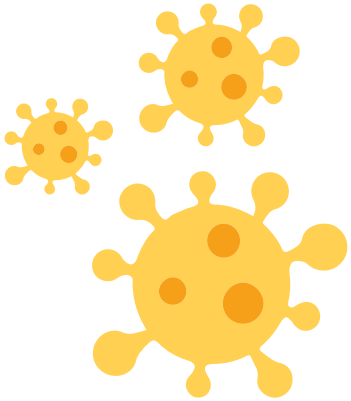
2019 Dollars



Source: Survey of Consumer Finances[25]

At all income levels, households headed by White men have more wealth than households headed by women or people of color.

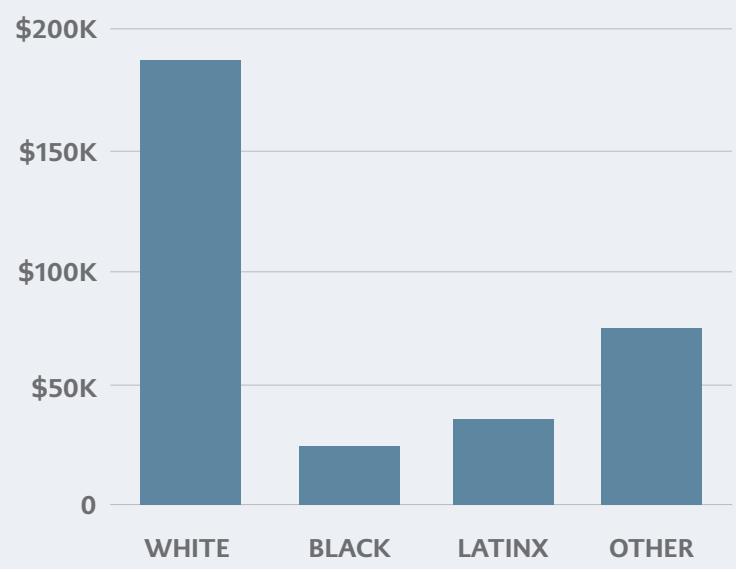
The wealth divide benefitting White men has persisted despite civil rights legislation and gains in income, educational attainment, and homeownership for women and Black, Latinx, Indigenous, and Asian people.[22] For example, the wealth gap between White and Black families is wider at higher income levels.[23] Black and Latinx families that attend college have much less wealth than similarly situated White households. Black families in which one family member has a college degree have two-thirds the median net worth of a White family with a member who has never finished high school.[24]



These wealth snapshots do not account for the devastating impacts COVID is having on Black, Latinx, Indigenous, and Asian families.

Today, the median White family has between five to eight times more wealth than Latinx and Black families. In pre-COVID 2019, a White family's median wealth was $188,200. At that time, a Black family's median wealth was $24,100, or roughly 13% of White families. For Latinx families, median wealth was $36,100, or around 19% of White families. Other families (including Asian, American Indian, Alaska Native, Native Hawaiian, Pacific Islander, other race, and multiracial) have median wealth that lies between that of White families and Black and Latinx families.[26]

Median Net Worth[27]



Along with the racial-ethnic wealth gap, and compounding it, is a gender wealth gap that is fueled by disparities in income, benefits, occupational segregation, as well as caregiving expectations. As of 2015, the median net wealth of single women was $3,210, or roughly 32% of the median net wealth ($10,150) of single men. For women of color, the divide is much greater—Black women have a median net wealth of $200 (6%) and Latinx women have just $100 (3%) in wealth.

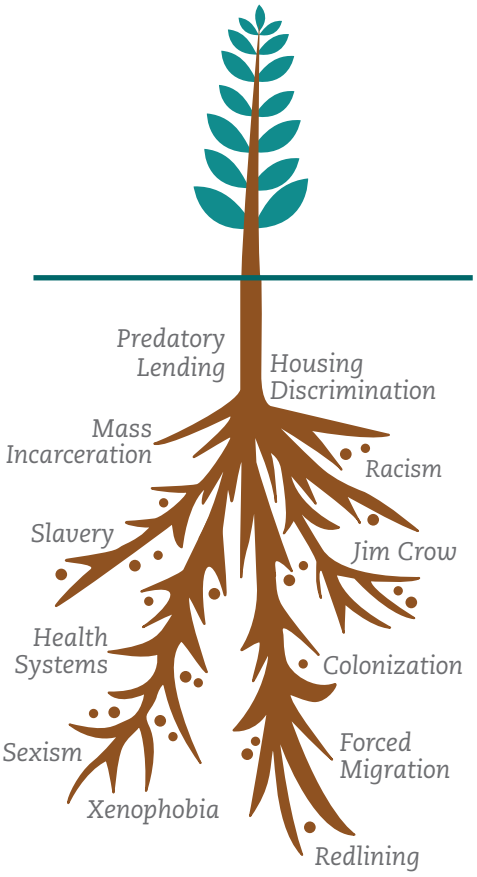
Pernicious wealth gaps leave people vulnerable; when emergencies strike, without wealth to fall back on, they lose ground. Given wealth's central role in allowing families to meet financial needs, weather financial storms, and invest in their future, without a serious reckoning, today's pervasive financial insecurity will continue through future generations.

Root Causes of Economic Inequities

By design, unfair forces have shaped the financial picture of the nation, creating the widespread financial insecurity and enormous wealth gaps we see today.

Structural racism and sexism have a long history of formal support through public policy, institutional practices, social representations, and societal norms that justify the overt results of discrimination and exclusion.

There is no single explanation for wealth gaps, but their roots can be traced back centuries through racialized public policies and practices, which fueled boosts to White families that allowed for intergenerational wealth transfers and created barriers to non-White families.



DISCRIMINATORY POLICIES that limited where Black, Latinx, Indigenous, and Asian families could live or buy housing, start a business (including getting needed loans), or get affordable, quality education stymied any potential for wealth accumulation that could have been passed down generationally or used to develop community assets, such as schools and businesses. Such policies and practices included colonization, slavery, legal and de facto segregation, redlining, employment and housing discrimination, and wealth-stripping (for instance, through predatory lending), as well as policies that reduced access to capital. This disinvestment continues today in part through occupational segregation and income inequality.[28]

WOMEN AND BLACK, LATINX, INDIGENOUS, AND ASIAN PEOPLE WERE EXCLUDED AND IMPACTED IN DIFFERENT WAYS. Black people endured slavery, Jim Crow laws, peonage law abuse, federal redlining, and overt discrimination across all sectors. Indigenous people contended with land theft, government-ordered dislocation, family separation, denial of culture, and genocide. Latinx populations were exploited, providing low income, essential work without rights; excluded from education, housing, and other opportunities by language or status; historically discriminated against (since the Mexican American and Spanish American wars of the 1800s) by skin color, language, or status. Indigenous people, and many Latinx and Asian people, underwent forced migration and assimilation enforced by U.S. foreign and domestic policies. Many non-White immigrants face xenophobia, and some of the federal relief efforts significantly excluded Latinx people.[29] On the other hand, White families have had ample opportunities to build wealth, supported by government initiatives and asset transfers such as the Homestead Acts, the Home Owners' Loan Corporation, the GI Bill, and other public policies.

Today's policies favor the very wealthy, further driving inequality. The legacy of entrenched disparity perpetuates extreme wealth inequality by building on the White wealth advantage via tax, financial, health care, criminal justice, employment, safety net, education, and other systems that are ostensibly "color-blind" but that advantage wealthy Whites over others.[30]

Meanwhile, wealth continues to be extracted from women and Black, Latinx, Indigenous, and Asian people, and their ability to accumulate wealth continues to be impeded by official policies and societal practices.

THESE WEALTH GAPS ARE REFLECTED IN THE WIDE DISPARITIES IN BANK ACCOUNTS, HOMEOWNERSHIP, FINANCIAL WEALTH, STUDENT LOAN DEBT, AND OVERALL WELL-BEING ACROSS POPULATIONS. The wealth divide persists because of structural and historical exclusions from economic opportunities—not because of individual education, employment, or income levels.[31] Wealth disparities have had predictably devastating effects on women and Black, Latinx, Indigenous, and Asian people from COVID.

The breadth and depth of injustices in this country and our belief in equity beckons us to reimagine our systems from the ground up, through an equity and antiracist lens. We know that addressing these issues involves reshaping public policy and collaborating with other sectors. By investing in equity by design, philanthropy can play a vital role in shaping the society we wish to see.

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Opportunity for Philanthropy: A Reimagined Framework

The nation has a lot at stake—persistent disparities in financial security across race, ethnicity, and gender; unacceptable wealth gaps; and a dual crisis that is wreaking havoc on women and Black, Latinx, Indigenous, and Asian people. These disparities will have consequences for the nation as a whole. That reality becomes evident when we recognize that the majority of children under 15 are Black, Latinx, Asian, or some combination.[1] Without radical change, these children will grow into adults whose ability to contribute to society is hampered by trans-generational financial disparities.

Economic security for all requires a radically different approach, to address the current moment and beyond. Philanthropy and financial institutions, in partnership with others, have an opportunity now to reimagine practices, programs, policies, and systems to address the structural racism and sexism that have been embedded in our economy from its beginnings and ensure that solutions are intentionally inclusive and equitable. This reimagining is necessary to ensure that we live up to this country's historical promise of economic opportunity for all by creating financial security for women and Black, Latinx, Indigenous, and Asian people, thereby closing wealth gaps.

To facilitate this reimagination, AFN has mapped an investment framework to move the country from relief to resilience using an intentional equity and antiracist lens. That framework is implemented through three broad strategies:

USING AN EQUITY AND ANTIRACIST LENS.
To foster the effect we wish to have in communities, external and internal practices need to be aligned, with racial and gender equity integration and antiracism at the forefront of economic security and asset-building work. Purposefully applying an equity lens will help to change viewpoints and address enduring legacies of exclusion and discrimination in wealth building.

Using this lens means challenging assumptions, common knowledge, and policies built on "neutral" facts founded on structural inequality. Actions include dismantling racism and sexism while increasing opportunities for women and Black, Latinx, Indigenous, and Asian people, so that everyone in the United States has a real path to economic security and dignity.

CENTERING THE COMMUNITIES MOST IMPACTED.
To ensure a more equitable, just economy and financially resilient communities, those most impacted must be engaged in dialogue and solutions. Equitable interventions build on community strengths and place the well-being and financial security of women and Black, Latinx, Indigenous, and Asian people at the heart of investment strategies.

The intersecting elements of identity (race, ethnicity, gender, age, ability) involve multiple issues and sectors; that complexity needs to be reflected in funding strategies. Increasing equity may require reaching out to people within and beyond the primary target audiences for existing investments. Funders must engage with strategies that support communities confronted with specific systemic barriers: women; immigrants, especially Black, Latinx, and Asian; low-income workers, care workers, gig workers, and small business owners; youth, older adults, LGBTQIA+ people, people with disabilities, and formerly incarcerated people. Different populations living in different places—even within the same city—require different strategies.

OVERHAULING SYSTEMS THAT PERPETUATE INEQUITY.
Greater economic mobility and prosperity for women and Black, Latinx, Indigenous, and Asian people requires structural change by philanthropy organizations working in concert with other sectors. Funders can use local, state, and federal policy, as well as stakeholders' enlightened self-interest, as levers. Advancing systems change means working collaboratively and directly, by investing in organizations and movements led by women and Black, Latinx, Indigenous, and Asian people to build power, organize, and advocate for change, and dismantle what perpetuates inequity. To build a healthier and more equitable society, funders need to be clear about past harms; the systems, policies, practices, and legacies that perpetuate inequity; and what needs to change.

Financial institutions and others can indirectly invest in systems change by funding to scale or pilot projects and research that inform policy change and make capital available to underresourced communities. Funders can participate in incremental, community-based, and/or systemic change with an eye to the longer-term goal of equity.

ANTIRACIST

The deliberate practice to dismantle historically unequal systems based on racial exclusion and bias.

EQUITY

The condition in which race, ethnicity, gender, and other identity factors do not predict life opportunities or outcomes.

From Relief to Resilience: The Framework

Our reimagined framework uses an equity and antiracist lens to highlight opportunities to assist those currently struggling financially while also building economic well-being for all using a ***continuum of new policy changes and proven programs*** *through Relief, Recovery and Rebuilding, and Resilience phases, alongside an overarching Reimagining theme.*

High-Level Framework

1 ***Relief***
Addressing immediate and essential needs for short-term financial stability

2 ***Recovery & Rebuilding***
Addressing short-term goals and increasing financial stability

3 ***Resilience***
Addressing long-term goals and financial security

THESE SOLUTIONS WORK TOGETHER TO BUILD IMPACT over time, remove long-standing barriers to economic opportunity and intergenerational wealth transfer, and reimagine an economy that is rebuilt fully and fairly. While stabilizing families, funders can help to create infrastructure that supports resilience in families, communities, and the economy.

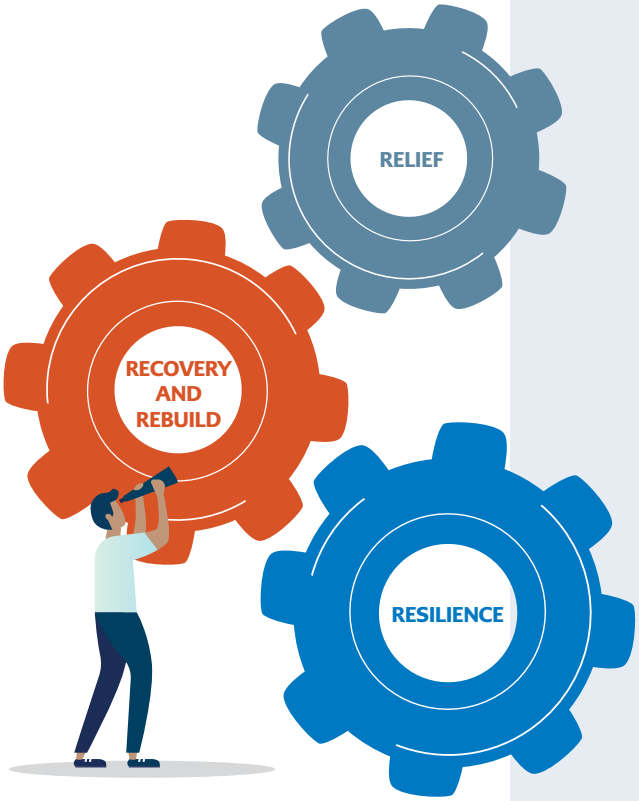
Ideally, grantmakers will support efforts to institute needed programs, practices (judicial and private sector), and policies that are responsive to and empower their communities; that support should take the form of funding and social capital, and be offered in collaboration with other sectors.

The framework's solutions are neither prescriptive nor linear, but rather layered and interconnected. Communities always need access to a range of solutions to address where families are at a given moment, from immediate needs for relief to short- and long-term assistance to build resilience. While the goal is to help people move along the pathway toward resilience, the journey may be nonlinear. Some interventions build on each other and carry over through resilience (e.g., guaranteed income). With this diversity of need and approach in mind, the framework lays out broad categories—Relief, Recovery and Rebuilding, and Resilience—to help funders see where current investment strategies fit and base future funding decisions on community needs. The framework is contextualized to the 2020 recession, which has generated a pressing need for immediate relief that will take time to deliver. The framework is illustrated at a high level above and comprehensively on the following pages.

Reimagining a Just Economic System: From Relief to Resilience Framework

This framework uses an equity and antiracist lens to inform investments along a continuum of interventions that collectively build impact over time, with relief as foundational. The framework focuses on harnessing community leadership and ownership, and collaborating across sectors, to implement strategies at the systems level and with on-the-ground programs. Not exhaustive, the interventions, a subset of which most directly reduce the wealth gaps, create economic opportunities and conditions to assist those with financial insecurity and build economic well-being for all.

The framework lays out broad categories of Relief, Recovery and Rebuild, and Resilience to show funders where current investment strategies fit, and help make future funding decisions strategically based on community needs. Optional and open, the framework's solutions are layered and interconnected opportunities. We invite you to think about where your current investments fit within the framework, and also consider future investments that would complement your work and meet your community's needs. Below are some reflection questions to help you connect your present and future strategies to the framework.



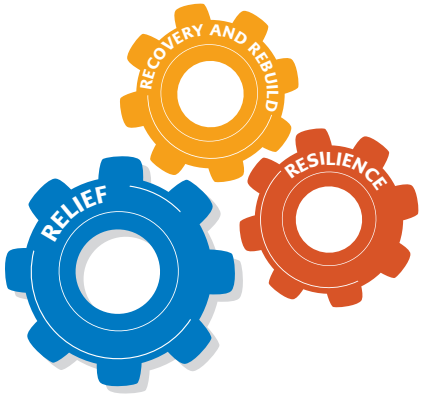
REFLECTION QUESTIONS

1. What is your vision for the foundation in terms of equity and antiracism?
2. What strategies are you already funding with an equity and antiracist lens?
3. What strategies are your peers funding with an equity and antiracist lens?
4. From an equity and antiracism perspective, what strategies remain woefully unfunded?
5. What strategies would complement your existing funding strategy and further equity?
6. What are the greatest needs of the community you serve?

See additional questions in the Recommendations section.

Reimagining a Just Economic System: From Relief to Resilience Framework

Use this framework to lead with systems change; balance long-term gains (systems-change) and short-term needs (programs); target women and Black, Latinx, Indigenous, and Asia people; and integrate racial and gender equity. Reimagining means advancing policies that create a just economic system where race, ethnicity, gender, and other identity factors do not predict financial well-being and all people are treated fairly.



Investments in Systems-Level Changes

In deliberately layered and iterative ways, system-level changes include Relief, Recovery and Rebuild, and Resilience options to improve public policy at the federal, state, and local levels through research, advocacy, community organizing, and civic engagement. The strategies in alphabetical order are mapped against AFN's seven focus areas.

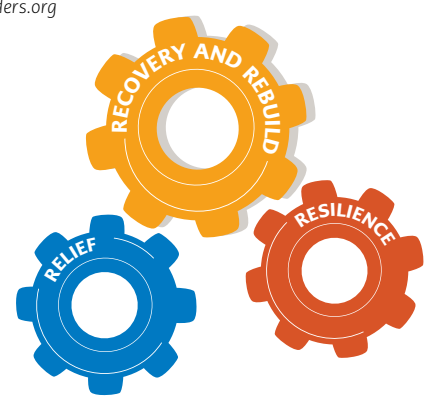
RELIEF

AFN FOCUS AREAS: EMPLOYMENT & INCOME | HOUSING

Addressing immediate and essential needs for short-term financial stability

FEDERAL	STATE	LOCAL
◆ Child care assistance	◆ Adoption of expanded Medicaid	◆ Affordable housing
◆ Comprehensive tax policy reform (expansion of refundable tax credits, more family tax credits and worker supports, + wealth redistribution)	◆ Debt collection moratorium	◆ Anti-displacement initiatives
◆ **Debt relief and protections**	◆ Expansion of Medicare enrollment	◆ Broadband access
◆ Enforcement and expansion of consumer and worker protections	◆ Fines and fees reform	◆ Expansion of affordable housing vouchers
◆ Expanded access to affordable health care	◆ Paid family and medical leave	◆ Fines and fees reform
◆ **Federal job guarantees**	◆ State safety net reform (elimination of asset limits)	◆ Guaranteed income
◆ Mortgage deferrals	◆ State tax policy reform (expansion of EITC+ more family tax credits and worker supports)	◆ Infrastructure for care and gig economies
◆ Predatory lending prevention	◆ Unemployment income reform and expansion	◆ Legal supports
◆ **Quality jobs and labor policy reform comprehensive benefits, (infrastructure for care and gig economies, living minimum wage, + power building)**		◆ Moratorium on evictions and foreclosures
◆ Small business relief		◆ Rent freezes and controls
◆ Social safety net reform		◆ Renter protections
◆ Student debt release		◆ Small landlord assistance
◆ Targeted, continued emergency cash assistance		◆ Suspension of utility bill cut-offs
◆ Transit infrastructure		
◆ Updated protections on debt collection		

Reduce the Wealth Gaps **Highlighted in Case Stories** **Narrative after the tables**



Investments in Systems-Level Changes

RECOVERY AND REBUILD

AFN FOCUS AREAS: BUSINESS OWNERSHIP | FINANCIAL HEALTH

Addressing short-term goals and increasing financial stability

FEDERAL	STATE	LOCAL
◆ Collective bargaining ◆ Expansion of Family Self Sufficiency program ◆ Expansion of safe, affordable, and accessible financial products and services ◆ **Expansion of tax-deferred savings options (investment and retirement)** ◆ **Greater targeted access to capital and technical assistance through Community Development Financial Institutions (CDFIs) for small businesses** ◆ Guaranteed income ◆ Judicial collection practices reform ◆ Simplification of hospital charity care standards ◆ Tax policy reform (making expanded tax credits permanent, expanding EITC to people 65+, + homeownership-related tax credits for low and moderate income workers) ◆ Usury regulation of alternative financial service providers	◆ Expansion of paid family and medical leave ◆ Expansion of tax-deferred savings options ◆ Greater relief and targeted access to capital for small businesses ◆ Judicial debt collection practices reform ◆ State public infrastructure ◆ Unemployment income reform and expansion	◆ Expansion of broadband access ◆ Expansion of transit infrastructure ◆ Guaranteed income ◆ Greater relief and targeted access to capital for small businesses ◆ Local public infrastructure

Reduce the Wealth Gaps **Highlighted in Case Stories** **Narrative after the tables**

Investments in Systems-Level Changes

RESILIENCE

AFN FOCUS AREAS: EDUCATION | HEALTH | WEALTH GAPS

Addressing long-term goals and financial security through asset building and protection

FEDERAL

- **Baby Bonds**
- Buying and forgiving medical debt
- **Criminal justice system reform**
- **Economic bill of rights**
- Employer-provided financial wellness programs
- Expanded access to no-deductible health care
- Expanded pipeline into college (bridging the achievement gap)
- **Federal job guarantee**
- **Green New Deal**
- **Guaranteed income**
- Government-sponsored enterprise reforms for mortgage reserve accounts
- Health equity and health-wealth integration
- Increased capital flows from financial institutions
- Immigration reform
- More targeted funding for CDFIs led by people of color
- More targeted Small Business Administration funding
- Public and private guaranteed retirement accounts (increasing Social Security and SSI)
- **Student loan/affordable college reform**
- **Targeted reparations**

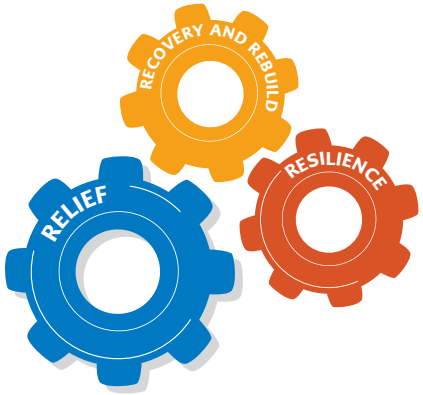
STATE

- Affordable college reform
- **Criminal justice system reform**
- Equitable state public infrastructure/asset investments
- Expanded retirement account access
- State-run portable retirement accounts

LOCAL

- Anti-racist housing laws
- **Criminal justice system reform (ending municipal fines and fees + enabling reentry work)**
- Employer-provided financial wellness programs
- Environmental remediation
- **Equitable local public infrastructure/asset investments (use of social determinants of health framework)**
- Equitable use of Promise Zones and other economic development strategies
- Expanded equitable homeownership
- **Health equity and health-wealth integration**
- Justice debt collection practices reform
- Rent control
- Targeted reparations to correct damages from redlining

Reduce the Wealth Gaps **Highlighted in Case Stories** **Narrative after the tables**



Investments in On-The-Ground Programs

In a deliberately layered way and in concert with systems-level changes, on-the-ground programs targeted to women and Black, Latinx, Indigenous, and Asian people include direct services that supplement systems-level changes by connecting families to resources and ongoing safeguards, helping them navigate crises (Relief), gain stability (Recovery and Rebuild), and move toward financial resilience. Interventions can be integrated with financial coaching, multigenerational strategies, and culturally responsive approaches. The Resilience strategies are layered against AFN's seven focus areas, and the Recovery and Rebuild and Relief strategies are mapped to AFN's 4 B's framework of increasing short-term financial stability: Buffer, Borrowing, Benefits and Backstop.

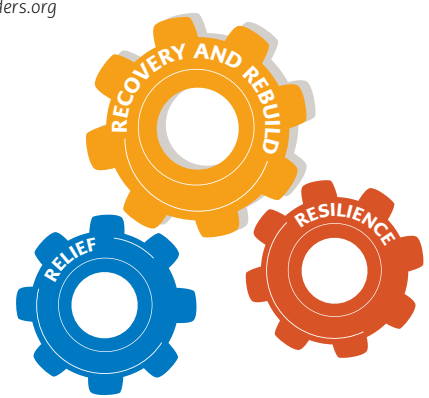
RELIEF

Addressing immediate and essential needs for short-term financial stability

BENEFITS *Accessing cash benefits*	**BORROWING** *Accessing money that will be earned in the future to use now*	**BACKSTOPS** *Using insurance*
◆ Affordable caregiving access (health, child, elder, disability) ◆ Benefits enrollment ◆ Education and preschool/pre-K access ◆ Emergency cash assistance ◆ Eviction and foreclosure prevention ◆ Guaranteed income ◆ Rent and mortgage relief ◆ Small business relief (emergency grants, forgivable loans, + investments) ◆ Tax assistance ◆ Transit and technology access ◆ Workforce development	◆ Debt relief, restructuring, and reduction ◆ Legal services ◆ Safe and affordable credit options	◆ Insurance (access to affordable health care + trusts) ◆ Legal services

STRATEGIES WEAVING THROUGH BENEFITS, BORROWING, AND BACKSTOPS

- *Financial coaching and counseling that meets people where they are for harm reduction or goal attainment*
- *Two-generational and multigenerational strategies for parents and children, especially those that are multilingual and multicultural*
- *Culturally responsive approaches*



Investments in On-The-Ground Programs

RECOVERY AND REBUILD

Addressing short-term goals and increasing financial stability

BUFFERS *Maintaining stored money as savings or assets*	**BORROWING** *Accessing money that will be earned in the future to use now*
◆ Employer-provided financial wellness programs ◆ Financial coaching focused on saving ◆ **Integration of safe, affordable, and accessible savings products (savings products, including incentivized accounts + cash management tools)**	◆ Employer-provided financial wellness programs ◆ Financial coaching focused on credit rebuilding or debt reduction ◆ Integration of safe, affordable, and accessible credit options (credit products, including credit building products, low-interest loans, + lending circles)

STRATEGIES WEAVING THROUGH BUFFERS AND BORROWING

- *Financial coaching and counseling that meets people where they are for harm reduction or goal attainment*
- *Two-generational and multigenerational strategies for parents and children, especially those that are multilingual and multicultural*
- *Culturally responsive approaches*

Highlighted in Case Stories

Investments in On-The-Ground Programs

RESILIENCE

Addressing long-term goals and financial security through asset building and protection

WEALTH GAPS: *Reducing the wealth gaps systems change; programs can complement these efforts.*

BUSINESS OWNERSHIP	EDUCATION	EMPLOYMENT AND INCOME	FINANCIAL HEALTH	HOUSING	HEALTH	WEALTH GAPS
◆ Business training and technical assistance ◆ **Grants and affordable loans through CDFIs and other capital providers** ◆ **Mentoring and access to networks** ◆ **Outreach and navigation** ◆ Worker coops and other shared ownership models	◆ Children's savings accounts ◆ College access and completion initiatives ◆ Cradle to college wraparound support ◆ K-12 financial capability ◆ Promise Scholarships	◆ Guaranteed income ◆ Workforce development (job center services + training and employment opportunities)	◆ Access to a range of safe, affordable, and accessible financial products ◆ Affordable credit (microlending) ◆ Credit building ◆ Debt reduction ◆ Emergency savings ◆ Expanded retirement accounts ◆ Incentivized savings accounts ◆ Insurance ◆ Investment products	◆ Below-market mortgages ◆ Borrower education and counseling support ◆ Community land trusts, resident owned communities, and shared equity models ◆ Down payment and closing cost assistance programs ◆ Foreclosure prevention ◆ Land banks ◆ Production and rehabilitation of affordable units	◆ Community economic development that creates infrastructure and addresses the social determinants of health ◆ Community health clinics ◆ Health equity and health-wealth integration ◆ Nurse-family partnerships	◆ Citizenship programs ◆ Debt relief (medical, municipal, + student loan) ◆ Financial coaching with a racial equity lens ◆ Guaranteed income ◆ Multigenerational strategies

STRATEGIES WEAVING THROUGH ALL SEVEN CATEGORIES

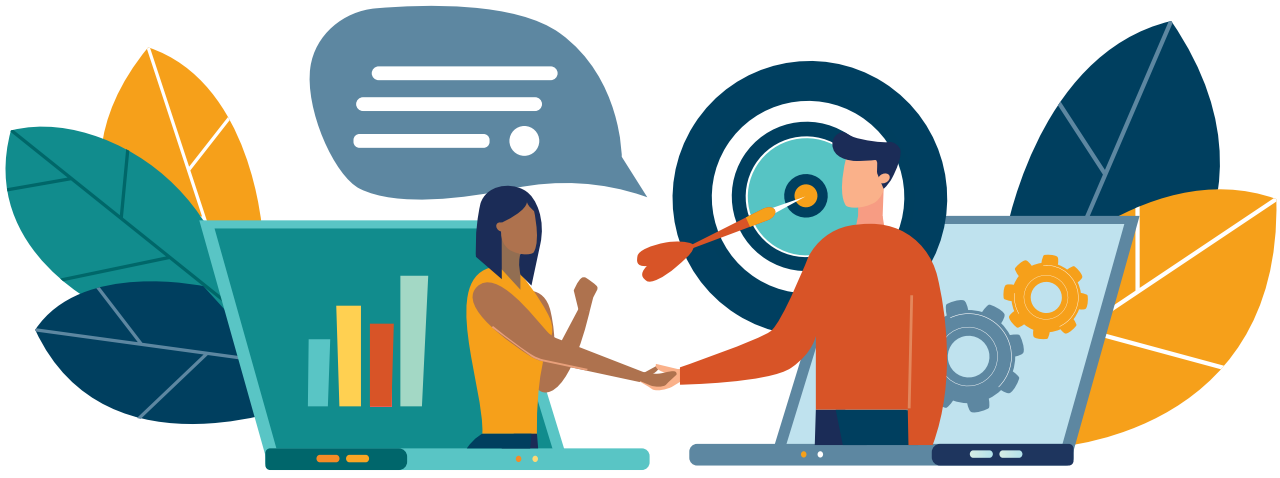
- *Financial coaching and counseling that meets people where they are for harm reduction or goal attainment*
- *Two-generational and multigenerational strategies for parents and children, especially those that are multilingual and multicultural*
- *Culturally responsive approaches*

Highlighted in Case Stories

Below we expand on a selection of systems-level changes and on-the-ground programs included in the framework as investment opportunities to address some of the markers of financial insecurity.

Systems-Level Changes: from Relief to Resilience

Our economic, health, safety net, housing, and other systems are interconnected. Thus, a holistic approach that includes philanthropy is needed to equalize and expand opportunity, security, dignity, and a sense of belonging for all. Policy solutions can be implemented along a continuum from universal to targeted with differential trade-offs. A promising middle-ground approach involves using a targeted universalist frame that sets universal goals but acknowledges and accounts for structural barriers.



WHEN ENGAGING IN SYSTEMS-LEVEL CHANGES, COLLABORATION ACROSS SECTORS AND WILLINGNESS TO BUILD POWER IS KEY. The central partner is the community, which has lived experience on which to base the analysis of problems and solutions. Other allies include policymakers and elected officials. Ultimately, change requires collaboration across all sectors—community, public, private, nonprofit, and philanthropy—and working with leaders who are women and Black, Latinx, Indigenous, and Asian. One investment strategy is to fund grassroots, advocacy, and power-building organizations and coalitions to effect the change desired by communities. Another is to pilot and test ideas and then support the translation of on-the-ground work into policy reform.

Funders interested in furthering financial security could can support a range of policy considerations:

QUALITY JOBS FRAMEWORK. Quality jobs are needed to ensure that women and Black, Latinx, Indigenous, and Asian people have access to stable employment and worker protections that allow them to build and safeguard wealth in the mainstream, gig, and care economies. Broadly, the quality jobs framework includes jobs with livable wages, comprehensive and portable benefits, fair work schedules, paid family and medical leave, health insurance, safe working conditions, saving and retirement plans, protection from discrimination, and protection for worker organizing. *Quality* should be defined for specific communities in partnership with the community. The framework can build on and improve upon the precedent established by the CARES Act to include jobs in the care and gig economies, where many women; Black, Latinx, Indigenous, and Asian people; and millennials work. It also recognizes pathways for nontraditional employment, which are important for people who were formerly incarcerated, are survivors of intimate partner violence, or have a disability. Another strategy is to fund workforce development programs that prioritize quality job placement.

ENTREPRENEURSHIP SUPPORT. Small businesses have the potential to generate income and wealth for women and Black, Latinx, Indigenous, and Asian people. To be successful, entrepreneurs need greater access to capital, technical assistance, and customized financial products. Expanded access to capital can be made available through community development financial institutions (CDFIs), which are rooted in communities.

AFFORDABLE HOUSING. Housing security and financial security are intertwined. A range of housing options are needed, and more supply is needed generally. Development strategies span large sites, small sites, scattered sites, and accessory dwelling units (ADUs). When people are ready to purchase, they need access to financially sound homeownership programs that include affordable homes, affordable financing, and borrower preparation. To maintain stable housing, legislation, lender practices, and community-based services are needed to prevent evictions and foreclosures, including among smaller-site landlords. Struggling borrowers need access to a range of mortgage support options, including deferrals.

DEBT RELIEF. As financial security and wealth are uneven, so are burdens created by consumer, student, small business, medical, municipal, and mortgage debt. These burdens are compounded by discrimination in lending, reflected in value assessments, interest rate discrepancies, and lending products offered, as well as the inequitable imposition of governmental fines and fees and default collection judgments. Reducing debt at the systems level is a critical first step in helping families get and stay on the path to financial stability and resilience.

EXPANDED ACCESS TO WEALTH-BUILDING TOOLS. Retirement accounts, investment accounts, homes, and business, leverage savings into wealth. Access to these tools should be expanded, and barriers based on gender, ethnicity, or race should be eliminated. One mechanism for doing this is state-run portable retirement accounts for workers who do not have access to employer-based retirement plans—including women or people of color in low-wage jobs. These products may be combined with behavioral science to increase engagement with employer benefits (e.g., 401(k) opt-out, health savings accounts, and student debt payments).

SOCIAL DETERMINANTS OF HEALTH FRAMEWORK. The social determinants of health framework outlines the conditions people need to thrive, including food and housing security, financial stability and assets, low stress, access to quality health care and child care, safe neighborhoods, clean air and water, freedom from discrimination and racism, a sense of belonging, and hope for a bright future.

Even as we work toward purposeful grantmaking to further equity, we must acknowledge that a level playing field does not exist; race- and gender-neutral policies will not bridge wealth divides. While experts differ on policy options to reduce the racial-ethnic wealth gap,[2] a handful of ideas are frequently lifted up.[3] Some of these are included in economist Darrick Hamilton's Economic Bill of Rights.[4] His proposal covers a suite of policies and practices intended to set a new economic baseline and guarantee dignity to all in a precarious economy.

For those funders who would like to focus on reducing the racial-ethnic wealth gap, supporting the following wealth-building policies would largely benefit Black families and many Latinx and Indigenous families. These policy proposals are big topics; links to more information have been included below.[5]

BABY BONDS, publicly funded trust accounts established at birth and managed until young adulthood that are universal assets to be held by each child. The size of the bonds are graduated based on the family's financial status to help low-wealth families build wealth.

FEDERAL JOB GUARANTEES with living wages, comprehensive benefits, and worker rights. Job guarantees increase financial security by setting a wage floor and reducing racial disparities in employment and income.

COMPREHENSIVE CRIMINAL JUSTICE REFORM that offers restorative solutions and accountability, ends wealth extraction, shrinks the criminal justice system, and reallocates resources to the communities who have suffered from unjust policies and practices. Black, Latinx, and Indigenous people are disproportionately policed and punished through incarceration, judicial and administrative fines and fees, and cash bail for non-violent offenders.[6] Reforms of fines and fees, reentry planning, and policing can reduce financial disparities, improve financial security, and support healthy communities.

GUARANTEED INCOME that provides regular, reliable, and unconditional cash to supplement household income and enhance the existing safety net. A current big bet for economic security and mobility is the temporary expansion of refundable Child Tax Credits as monthly direct payment to low-wage workers for one year as part of the 2021 American Rescue Plan.

STUDENT LOAN FORGIVENESS to address the long-standing effects of discriminatory economic and education policies on Black, Latinx, Indigenous, and Asian families. Borrowers with debt balances under $10,000 make up over 60% of all defaults, and these loans are disproportionately held by women and Black and Latinx people. Focusing on low-balance loans is one strategy that would have a significant impact on racial-ethnic wealth equity.

TARGETED REPARATIONS with corrective financial damages to address the legacy of slavery, treaty violations, racial profiling as part of overincarceration, legal racism (e.g., redlining, disinvestment in public education, immigration status discrimination), land seizure from Indigenous communities, and other injustices in wealth building, with a commitment to vigorously enforcing existing civil rights and prohibiting discrimination.

In Reality,

some policy changes that would be beneficial for Black, Latinx, Indigenous, and Asian people would not necessarily have a significant impact on the racial wealth gap, in part because they would also benefit other groups. Those changes include, for instance, reducing the cost of higher education and increasing homeownership rates.

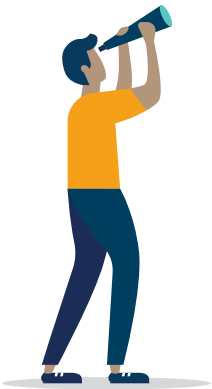
Reducing disparities in homeownership rates ***and*** *financial gains is projected to have some impact on the racial wealth gap. Tools such as the* ***Racial Wealth Audit*** *framework developed by the Institute on Assets and Social Policy–Brandeis University and Demos can help funders and policymakers assess the impact of public policy on the racial-ethnic wealth gap.*

Clearly, more nuanced assessments and solutions are needed to address the needs of Black, Latinx, Indigenous, Asian, and other populations, as well as specific regions. People from cultures that value collectivism and interdependence may align with community wealth-building approaches that foster community and honor their traditions. Women may benefit from targeted policies that bolster their short- and long-term financial security, as outlined in On the Margins: Economic Security for Women of Color Through the Coronavirus and Beyond by Closing the Women's Wealth Gap.[7]

On-the-Ground Program Changes: From Relief to Resilience

Individual-based strategies that are community relevant, culturally responsive, and strengths-based will always be important for improving the economic security of families and helping move the needle on the wealth gaps; ***however, they alone are not sufficient to advance economic equity.***[9] *In general, on-the-ground programs can supplement or bridge policies for financial resilience and include tailored supports, such as:*

Advancing systems change is the way forward. At the same time, funders can invest in direct services to families. Direct services connect families to resources and ongoing protections, helping them navigate crises, gain stability, and move toward financial resilience.



FINANCIAL COACHING WITH AN EQUITY LENS *that tailors practices to meet the specific needs of people and communities who have been historically shut out of financial opportunity. Practices include adapting approaches to be trauma-informed, honor cultural values, and/or reduce barriers due to systemic racism. In coaching delivery, it involves acknowledging and accounting for historical harms and building trust; organizations also engage in self-reflection and training.*

Numerous research studies show that financial education training does not result in financial security,[9] *nor economic equity.*

SAFE AND AFFORDABLE FINANCIAL PRODUCTS *that are accessible and relevant to build savings, rebuild credit, reduce debt, and help manage cashflow.*

The Relief, Recovery and Rebuilding, and Resilience strategies span nonprofit service delivery improvements, private system changes, policy-practice reforms, and multiyear funded innovations at the local, state, and federal levels. Multiple systems need to change and be connected to one another to address inequities effectively. Philanthropy alone cannot resolve the challenges we currently face, but it can play a critical role in leading the way toward economic security for all.

Endnotes

1. W. Frey, Less than Half of US Children Under 15 Are White, Census Shows, Report, June 24, 2019, The Brookings Institution.

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6. A. Nellis, *The Color of Justice*. The Sentencing Project, 2016.

7. D. Derbigny, *On the Margins: Economic Security for Women of Color Through the Coronavirus Crisis and Beyond*, Closing the Women's Wealth Gap, April 2020, https://womenswealthgap.org/wp-content/uploads/2020/04/OnTheMargins_April2020_CWWG.pdf.

8. Flynn & Mabud, Ford Foundation Racial Gap Evaluation.

9. Asset Funders Network, *Moving Beyond Financial Education: A Grantmaker's Guide to Investing in Impactful Financial Capability Programs*, 2018

Funder Recommendations to Implement Equity Integration

Small and large grantmakers can facilitate greater economic security for families today and future generations if they keep in mind furthering equity and dismantling structural racism and sexism. We recommend beginning to implement equity integration with reflection individually, in teams, or as organizations **across four domains: inward, outward, around, and onward.** Consistently using an equity and antiracist lens requires alignment between intentions, strategies, practices, actions, and results, both internally and externally. Coherence increases the chances of realizing the short- and long-term impacts we hope to see.

The high-level recommendations below are gleaned from AFN's past briefs, reimagined to center equity in all realms, supplemented by further research, and accompanied with tools and reflection questions. Operationalizing equity in all of the domains requires time and effort, and often support from outside experts who specialize in diversity, equity, and inclusion.

Inward / within the foundation

Applying an equity and antiracist lens internally, within the entire foundation or as part of a specific program or strategy, furthers equitable grantmaking and external outcomes. It involves operationalizing equity in multiple ways, such as:

INTERROGATING CURRENT INTERNAL AND EXTERNAL REALITY and being transparent about findings of inequities. Use the Race Matters: Organizational Self-Assessment by the Annie E. Casey Foundation to assess where your organization is through a racial equity lens.[1]

MAKING A COMMITMENT TO EQUITY AND ANTIRACISM and setting a vision of what equity looks like for the foundation or strategy. Embark on a culture change process.

ADOPTING EQUITABLE AND ANTIRACIST POLICIES AND PRACTICES (including hiring, procurement, and grantmaking) intentionally and systematically.

DIVERSIFYING STAFF AND BOARD. Women and Black, Latinx, Indigenous, and Asian people are underrepresented in foundations as staff and board members. To effectively advance equity, philanthropy can work to become more inclusive and reflective of the communities it serves.

TRAINING STAFF AND BOARD on understanding systemic racism, undoing conscious and unconscious bias, emphasizing an equity approach, and embedding equity into the operations and philanthropic work, usually through outside equity consultants. Repeatedly engage in critical dialogue as new shared definitions and analyses unfold.

REDESIGNING GRANTMAKING AND INVESTMENT STRATEGIES to both support the most-affected communities and address needed systemic changes. Consider managing your endowment differently. Expand grantmaking to align with your vision and mission—beyond the required 5% minimum payout requirement or by borrowing additional funds, as the Ford, Kellogg, Kresge, and MacArthur Foundations did in early 2020. Be deliberate about where you invest your assets; use local financial institutions led by people of color. Had more endowments been invested at the local level, more businesses owned by people of color could have accessed PPP loans early on in COVID.[2]

SELF-REFLECTING REGULARLY. Adopt a learning mindset. Building an equity and antiracist culture requires an upfront investment of financial resources and time,[3] and it is also an ongoing daily process that requires sustained time, energy, and commitment.

MEASURING PROGRESS AND ADAPTING BASED ON LEARNINGS. Track changes in organizational culture via disaggregated staff engagement and satisfaction data by role, level, compensation, tenure, performance, professional development, and race to identify disparities.[4] Determine how you want to hold yourself accountable.

INWARD REFLECTION QUESTIONS

1. What is our vision for the foundation (or program or strategy) in terms of equity and antiracism?
2. How is our commitment to equity and antiracism reflected in our mission, goals, and work plans?
3. Where are we now in terms of equitable policies and practices?
4. What steps do we need to take to be more equitable?
5. What resources do we know about that can help us change our culture?
6. How are we putting our money where our vision and values are?
7. How would change affect our target communities?
8. How can we engage in continuous self-examination to identify and counter defensiveness or attitudes reflecting White fragility?

Outward / with grantees

The Relief to Resilience framework uses an intentional equity and antiracist lens to support programs and policies that confront systemic barriers and address equity now and in the long term. Without intention, bias can creep into the grantmaking process. Intentional equity approaches to grantmaking take effort. Grantmakers might need to change guidelines and practices across a range of areas—grantmaking, program-related investments (PRI), procurement, and impact investments. Changes must encompass a range of issues and approaches, including:

LISTENING TO THE NEEDS AND VALUES OF THE COMMUNITY AND GRANTEES, with humility. Gather input regularly from those with lived experience regarding what is important; what is disrupting the community; what is working; and what institutions, resources, or tools the community needs to make gains. Solicit and act on feedback about your grantmaking and evaluation processes, while examining your own conscious and unconscious biases to ensure you are not perpetuating inequities or overlooking potential partners that do not fit narrow parameters. Embrace new approaches, ideas, and solutions proposed by broader perspectives. Consider participatory grantmaking strategies to give communities voice in the grantmaking process and allow them to participate in developing shared goals.

DOING IN-DEPTH ANALYSES of challenges, root causes, and community needs using original and secondary research. Connect systemic dots. To better understand needs, harness data that are disaggregated by race and gender, such as from the National Equity Index, developed and maintained by PolicyLink and the University of Southern California Equity Research Institute. Focus efforts on geographies and populations that have the greatest disparities. Do your homework to understand how your intervention will be received by the community or opposed by others. Be willing to work with new community-based organizations led by people from the target population. Be prepared to use your influence and tools to protect those organizations against negative reactions to change.

INVESTING IN ORGANIZATIONS LED BY THOSE MOST IMPACTED BY THE SOLUTIONS THEY OFFER. Due to systemic racism in philanthropy, organizations led by people of color, especially Black women, tend to be smaller and have less access to funding.[5] Seek out and invest in organizations and movements led by women and Black, Latinx, Indigenous, and Asian people who already have the trust of and connection to systemically marginalized communities and who understand culturally relevant approaches. Fund organizational capacity building, communities of practice, and the leadership development pipeline for women and Black, Latinx, Indigenous, and Asian people.

INVESTING IN A TWO-PRONGED APPROACH THAT ENGAGES IN BOTH ON-THE-GROUND PROGRAMS AND SYSTEM CHANGE. When connected, direct service and system-change efforts are mutually reinforcing. Programs must be relevant and linguistically and culturally responsive to the communities they serve. Interlocking systems (including but not limited to economic, housing, health, and philanthropic systems) are the drivers of pervasive financial insecurity and disparities. Systems change can be generated in a number of ways. Funders can invest in movement building, power building, and advocacy organizations that are championing the changes desired for their constituents. Indirectly, grantmakers can fund research or pilot studies that inform policy change. Grantmakers also can deploy their power and privilege to influence policy changes at national, state, and local levels, as well as federal, state, or local fiscal and budgetary policy. Take conscious risks; system-level changes require boldness, longer time horizons, and cross-sector collaboration.[6] As part of your decision-making process, conduct racial equity impact assessments (such as the one offered by Race Forward)[7] to thoroughly examine how different populations will likely be affected by a policy or program.

BALANCING SHORT-TERM NEEDS AND LONG-TERM GAINS. Invest in smaller, community-based organizations that are providing services to the communities most impacted by the crisis. At the same time, fund larger organizations that can advance structural solutions and take risks now.

FUNDING DEEPLY AND FLEXIBLY. Flexibility allows organizations to pivot as needs change, such as during COVID. Multiyear funding stabilizes organizations, allowing them to provide needed support to communities to achieve outcomes that require time and collaboration, especially as structural racism and sexism have yet to be dismantled. Reduce administrative barriers for applying, reporting, and renewing to improve access and inclusion for grantees and the communities they serve.

TRUSTING GRANTEES. Build strong relationships with grantees through ongoing, in-depth conversations. Be transparent and responsive. Do your homework on potential grantees, and then focus on giving them power to make decisions and freedom to do the work through streamlined processes and paperwork and unrestricted, multiyear funding. Allow grantees to define success and measure progress, and support them beyond funding. Work on reducing the power dynamics inherent in the funder-grantee relationship.

OUTWARD REFLECTION QUESTIONS

1. What outcomes related to economic equity and justice do we wish to see in communities?
2. What is our analysis of the problem, root causes, and current environment, and how is that analysis authentically informed by the affected community members?
3. How connected are we to existing leadership in the communities we plan to serve?
4. How are we treating grantees in our grantmaking process?
5. How equitable are our grantmaking guidelines and practices?
6. What are we asking of our grantees when it comes to equity?
7. How do we hold ourselves accountable for driving system-level changes?

Around / collaboration

To reimagine and rebuild our systems, we need all hands on deck, working together locally and nationally. Grantmakers will need to build on existing relationships and forge new ones with impacted communities, each other, grantees, policymakers, the private sector, academia, nonprofits, advocates, and the public.

The decision-making table must include substantial space for women; Black, Latinx, Indigenous, and Asian people; and people with lived experience. As a convener, philanthropy can use its power, privilege, influence, and voice to actively promote transformation; educate and inform decision-makers and the public; and overcome resistance from stakeholders in power who protect the status quo. As local leaders, community foundations, which are anchored in specific geographic areas, are uniquely positioned to facilitate movements that include diverse communities in planning and decision-making.

Together, grantmakers can learn from each other's experiences, coordinate across portfolios, and act collaboratively, increasing opportunities and amplifying benefits in the communities that need them.

AROUND REFLECTION QUESTIONS

1. Who is missing from the decision-making table?
2. How substantial is the presence of people of color, women, and people with lived with experience at the decision-making table?
3. How could we bring in those who are missing?
4. How are we using our social capital to advance change?
5. What could we do more of?
6. Among stakeholders, where do we anticipate the most resistance?

Onward / ongoing practices

Using an equity and antiracist lens is an ongoing process for philanthropy. It includes research, evaluation, narratives, and self-accountability.

SUPPORT RESEARCH by women and Black, Latinx, Indigenous, and Asian people to build the evidence base for the impacts of systemic harm, understand context, and elevate "invisible" populations in data, such as Asian, Pacific Islander, Indigenous, and LGBTQIA+ people. More evidence helps raise awareness about disparities and ways to reduce them, and supports advocacy for needed changes. Using data disaggregated by race, ethnicity, and gender allows grantmakers to see where the gaps and opportunities for community and structural change investments are and track results over time. As tenure evaluation at academic institutions considers professors' ability to raise funds, philanthropy-sponsored research by women and Black, Latinx, Indigenous, and Asian people can also support more equitable progress along the pathways for faculty at those institutions.

RETHINK EVALUATION. At a high level, better measurements for financial security and economic equity are needed. Achieving equitable financial resilience is a long game that requires shifts in evaluation strategies for programmatic and system-change efforts: longitudinal and disaggregated data sets, extrapolations, and patience. The strategies need to reflect the new equity framework. For grantees to meet these requirements, grantmakers have to support evaluation and data collection. More work is needed to make these shifts in evaluation thinking and practice.

TELL A BETTER STORY. Starting now and as new research and evaluations are released, philanthropy needs to help shape a narrative, in partnership with women and Black, Latinx, Indigenous, and Asian communities, that changes hearts and minds to transform what is possible. Although philanthropy knows that the root causes of disparities are systemic, the public largely believes that financial outcomes are the result of individual behaviors.[8] Building and realizing an inclusive, long-term vision requires constructing a new narrative of what financial security is, why inequities exist, and how economic equity can be created. Spreading that vision means connecting to grassroots power and other stakeholders.

STAY ACCOUNTABLE. To guide change and ensure long-lasting impact, philanthropy will need to define what success looks like inwardly, outwardly, around, and onward, and regularly measure its progress. The inward section discussed some internal measures. External measures could involve increases in the diversity of funding portfolios and improvements in financial well-being for the communities served. For around, one measure is increased diversity at the decision-making table. Ongoing assessment and accountability from philanthropy helps sustain change over the long term.

ONWARD REFLECTION QUESTIONS

1. What have we done in terms of equity?
2. What have we learned?
3. What do we do with this knowledge?
4. How do we tell the story?
5. What is missing from the mainstream narrative?
6. How equipped are grantees to collect and report disaggregated data to track impact over time?

Conclusion

Systems are broken; people are not. Women and Black, Latinx, Indigenous, and Asian people—who have been excluded from economic opportunity for too long—urgently need systemic reform aligned with supportive programs to create conditions in which they can thrive.

The systematic exclusion has led to pervasive financial insecurity and health disparities that cost lives and impede well-being. Compounding the pain is the reality that structural racism and sexism are still entrenched in our institutions and systems. Inaction will only increase harm. We face a great challenge, and foundations of every size can make a difference in righting past wrongs by committing to equitable solutions.

Changing the trajectory requires intentional focus, action, collaboration, and results. It is time to envision and create just and fair inclusion in an economy where all, with nuanced attention to race, ethnicity, and gender, can participate, prosper, and reach their full potential. For the good of families, future generations, the nation, and our own integrity, we invite you to join us in committing to and acting on embedding equity into the fabric of all our work.

Endnotes

1. The Annie E. Casey Foundation, *Race Matters: Organizational Self-Assessment*, January 12, 2006, https://www.aecf.org/resources/race-matters-organizational-self-assessment/.

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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

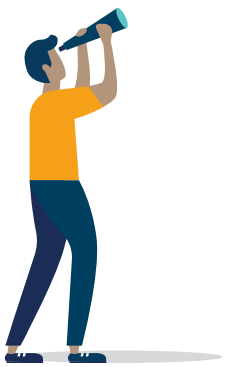
Recovery and Rebuild

Resilience

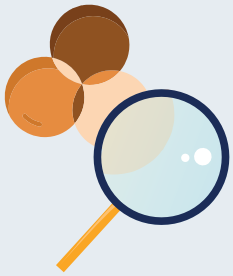
Service Delivery + Systems Change

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:

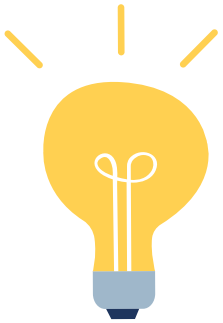
- ☑ **Bringing staff and board on the equity journey together to gain a deeper understanding of systemic racism.**
- ☑ **Engaging equity trainers in the Bay Area.**
- ☑ **Relying on information from an affinity group, Justice Funders, that is focused on embedding racial equity in philanthropy work.**
- ☑ **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

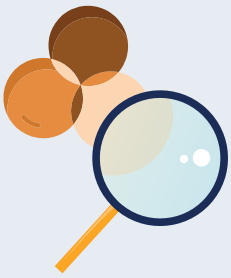
Relief

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.

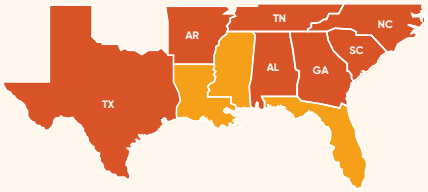
PRIORITIZED GEOGRAPHIC AREAS WITH THE GREATEST DISPARITIES. The Urban Institute, a national SPRD partner, developed the Debt in America Interactive Map, which informed the foundation's intentional focus on debt reduction strategies, chosen because nearly one-third of U.S. households have debt in collections. 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

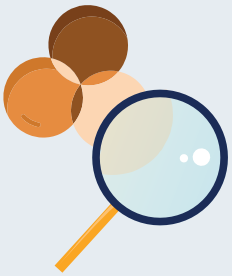
Resilience

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

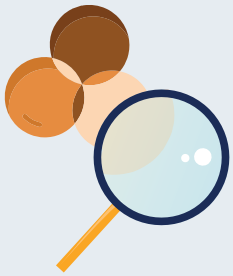
Resilience

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

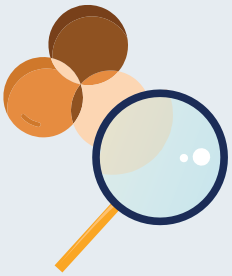
Resilience

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

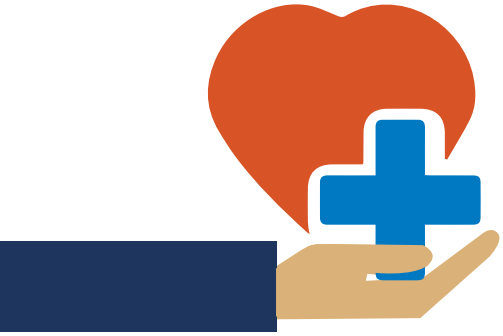
INVESTMENT STRATEGY

Resilience

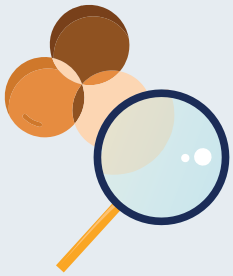
Service Delivery + Systems Change Along the SDOH

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

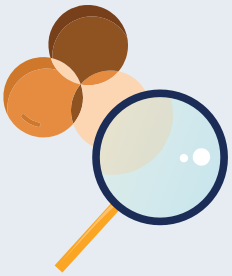
Inward

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

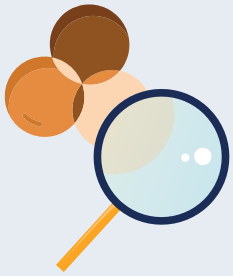
Resilience

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.