

A Brave New Philanthropic America—Addressing Racial Justice

Presented by: Lakshmi Iyer & Edgar Villanueva

By 2044, America will be a majority people of color nation. How are we addressing the needs of these communities now?

Lakshmi Iyer

- Focused on the corporate perspective.
- Racial inequities manifest itself in numerous ways, factor in many areas: health, education, career, wealth, infrastructure, justice.
- Racial inequity is a result of structural racism, embedded in policy & business.
- Ex: housing. History of homes/neighborhoods denied to communities of color, leading to certain zip codes led by majority white communities/more home ownership among white communities.
- Practices that started decades ago still affect these communities today, though maybe not as transparent.
- As demographics change, with US becoming majority people of color, how can we address these disparities?
- FSG partnered with Policy Link to see if companies can advance racial equity while adding to bottom line.
- Companies created business value by advancing racial equity:
- PayPal's model was based on improving small business, i.e. lack of assets and accessing capital, both of which are disproportionately affecting communities/businesses of color. Also, increased declines they faced accessing capital.
- PayPal's Working Capital Loan program offered features that helped address these issues with: flexible payments, fixed fees, no credit check, and quick funding. Great results for PayPal and the businesses: 90% were paid back. Also, 25% were to credit-starved communities, majority communities of color. This was not their intention, but a result, but they did review the results and reflect on this.

Edgar Villanueva

- Asked room what percentage was corporate vs. traditional funder (~50/50) and how many were having conversations internally around racial justice/equity (~60%).
- How are we doing this?: initially, consultants and bringing in those to help orgs lead/open discussion about race and inclusion.
- Diversity: focus is on composition/makeup. Who's present/who's in the room? Representation.
- Diversity has decreased in philanthropy recently, and employees of color have not moved up to positions of power. Still overwhelmingly led by white men.
- Inclusion: focus on relationships & experience. Diversity AND engagement leads to empowerment to speak up and lead conversations. Note: one representative is not enough. Statistically, need at least three of a demographic to empower group/demo to speak up.

- Equity: focus on outcomes and root structures. How are we operating/using our power to create ownership? Who is getting the money and how are we getting it there?
- Even what we ask for may be discriminating against communities of color. i.e. if you're asking for data that some communities don't have (housing, lineage, etc.) you may be excluding certain communities from inclusion in your work. Know the history of your communities and what some challenges/blocks may occur and how do we address those blocks?
- Beware the 'quick fix' methods, as we often want to find a 'solution' rather than reviewing what may take decades to fix decades of discrimination.
- Question: Can a company 'do the work undercover' before really involving the Board? Can they lead the conversation, when they are diluting it currently for the Board? Maybe look at ways to involve the Board with the results of your work, so they can see how much improvement can be had through this lens/focus. Also, if you can show the business ROI that affects their bottom line, they may be more interested in listening. Also, stress that letting these communities 'crumble' affects all communities, so investing in these areas benefits everyone.
- Question: other examples of companies that focused on communities of color? Yes, Gap created 'This Way Ahead' focused on hiring from communities of color. Results were increased retention overall across the company for those employees, so they solidified this program with a commitment to 5% hiring from these communities company-wide.