



Kalamazoo Community
Foundation

Racial Equity Impact Assessment Guide

Presented to:
Kalamazoo Community Foundation
Impact Investment Committee

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Contents

<u>Racial Equity Impact Assessment of Loans</u>	<u>Page</u>
<i>Kalamazoo Community Foundation Racial Equity Impact Assessment Steps: Loan Amounts of \$10,000 to \$250,000</i>	<i>Pages 3 to 4</i>
<i>Kalamazoo Community Foundation Racial Equity Impact Assessment Steps: Loan Amounts of \$250,000 to \$1,000,000</i>	<i>Pages 5 to 6</i>
<i>Additional Racial Equity Impact Assessment Exploration Questions for Kalamazoo Community Foundation Loan Amounts of \$1,000,000 to \$2,000,000</i>	<i>Page 6 to 8</i>



Racial Equity Impact Assessment: Basic Version— KZCF Loan Considerations \$10,000 to \$250,000

Public institutions, non-profits and corporations often make policy-decisions that negatively affect a variety of racial and ethnic groups. Those decisions are often made unintentionally due to internal structures or the absence of diverse views and relationships. Unfortunately, other factors contributing to inequities through legislative policies or even fund allocations or budgets may produce intentional or unintentional exclusion of groups, socio-economic factors preventing communities from fully participating as well as implicit or explicit bias by decision-makers.

Public and private organizations are now using racial equity impact assessments during their decision-making process—often before taking action on certain proposals in order to be more intentional in preventing inequities and institutional racism. Along with governments, non-profits are now using racial impact assessments as actual policy, tools or reference guides to “reduce, eliminate and prevent racial discrimination and inequities and prevent institutional racism.” They use these five questions developed by *Race Forward* as the steps of beginning a race equity impact assessment—and this is a version with additional assessment questions for the Kalamazoo Community Foundation Credit Policy considerations:

Loans of \$250,000 to \$1,000,000

+ [1] Are all racial and ethnic groups affected by the policy, practice or decision at the table?

- KZCF Loan Committee should not consider or act with a final vote on the loan decision if a member who is representative of the racial/ethnic group is not present.
- Loan requests at \$250,000 should have obtained a letter of support from a minority serving organization.
- Local African-American, Hispanic/Latino, Asian-American and/or Native Americans have been informed of the deal or project through at least deep listening and input sessions.

+ [2] How will the proposed policy, practice or decision affect each group?

- The requested amount in its entirety—or at least 10% of the loan capital—is specifically devoted to financing a project, neighborhood or census tract that explicitly benefits people of color.
- KZCF may request that the borrower or intermediary have one social/racial equity outcome measurement [such as the deal or project goal to increase job opportunities for people of color].
- KZCF should consider if the loan amount is adequate to create positive and systemic racial equity [ensuring that the dollar amount approved positively impacts more than just one person of color in the deal].



Racial Equity Impact Assessment: Basic Version— KZCF Loan Considerations \$10,000 to \$250,000 [Continued]

Loans at \$250,000 to \$1,000,000

- + [3] How will the proposed policy, practice or decision be perceived by each group?**
 - While deep listening and input sessions with local communities of color are not a determining factor in approving or disapproving a loan request, KZCF will consider if the potential deal or project has the public knowledge or awareness of a particular segment of the local communities of color.
 - KZCF will determine if the borrower/applicant is an authentic and local owner of color of the business/entity.
 - KZCF will determine if the borrower/applicant is an authentic and external [outside the Kalamazoo area but whose project is located in the area] owner of color of the business/entity.
 - KZCF will determine if the loan intermediary includes a local management and/or staff team of color.
 - KZCF will determine if the loan intermediary includes an external [outside the Kalamazoo area but whose project is located in the area] management and/or staff team of color.

- + [4] Does the policy, practice or decision worsen or ignore existing disparities?**
 - KZCF will not provide loans for the uses detailed in **2.3 Prohibited Uses of KZCF Loan Proceeds** on Page 5 of the Credit Policy.
 - KZCF will review loan applicants and requests to assess if the project involves the industries detailed in **2.4 Additional Racial Equity Lens Review Due Diligence** on Page 6 of the Credit Policy to ensure that the project or intermediary's use of the loan does not heighten local racial inequities in economics, health and education.

- + [5] Based on the above responses, what revisions are needed in the policy, practice or decision under discussion?**
 - KZCF will give added great weight to the loan applicant and/or intermediary that has changed and modified [through their own initiative or in cooperation with KZCF] the deal or use of funds that has positively addressed vulnerabilities or negative racial equity consequences as detailed in REIA Steps 1 through 4 **before** the KZCF final loan decision.



Racial Equity Impact Assessment: Assessment for Economic Policies and Public Budgets —KZCF Loan Considerations **\$250,000 to \$1,000,000**

Public institutions, non-profits and corporations often make policy-decisions that negatively affect a variety of racial and ethnic groups. Those decisions are often made unintentionally due to internal structures or the absence of diverse views and relationships. Unfortunately, other factors contributing to inequities through legislative policies or even fund allocations or budgets may produce intentional or unintentional exclusion of groups, socio-economic factors preventing communities from fully participating as well as implicit or explicit bias by decision-makers.

Public and private organizations are now using racial equity impact assessments during their decision-making process---often before taking action on certain proposals in order to be more intentional in preventing inequities and institutional racism. Along with governments, non-profits are now using racial impact assessments as actual policy, tools or reference guides to “reduce, eliminate and prevent racial discrimination and inequities and prevent institutional racism.” They use these five questions developed by Race Forward as the steps of beginning a race equity impact assessment---and this is a version with additional assessment questions on Pages 7 to 8 for the Kalamazoo Community Foundation Credit Policy considerations:

Loans at \$1,000,000 to \$2,000,000

+ [1] Are all racial and ethnic groups affected by the policy, practice or decision at the table?

- KZCF Loan Committee should not consider or act with a final vote on the loan decision if a member who is representative of the racial/ethnic group is not present.
- If the loan purports to positively impact local communities of color, then the loan request at \$1,000,000 to \$2,000,000 includes the direct participation and partnership involvement of a minority serving organization.
- Local African-American, Hispanic/Latino, Asian-American and/or Native Americans have been informed of the deal or project through at least deep listening and input sessions.

+ [2] How will the proposed policy, practice or decision affect each group?

- The requested amount in its entirety---or at least 10% of the loan capital---is specifically devoted to financing a project, neighborhood or census tract that explicitly benefits people of color.
- KZCF may request that the borrower or intermediary have one social/racial equity outcome measurement [such as the deal or project goal to increase job opportunities for people of color].



Racial Equity Impact Assessment: Assessment for Economic Policies and Public Budgets —KZCF Loan Considerations **\$1,000,000 to \$2,000,000**

- + [3] How will the proposed policy, practice or decision be perceived by each group?
 - Deep listening and input sessions with local communities of color about the project or deal are required.
 - KZCF will determine if the borrower/applicant is an authentic and local owner of color of the business/entity.
 - KZCF will determine if the borrower/applicant is an authentic and external [outside the Kalamazoo area but whose project is located in the area] owner of color of the business/entity.
 - KZCF will determine if the loan intermediary includes a local management and/or staff team of color.
 - KZCF will determine if the loan intermediary includes an external [outside the Kalamazoo area but whose project is located in the area] management and/or staff team of color.

- + [4] Does the policy, practice or decision worsen or ignore existing disparities?
 - KZCF will not provide loans for the uses detailed in **2.3 Prohibited Uses of KZCF Loan Proceeds** on Page 5 of the Credit Policy.
 - KZCF will review loan applicants and requests to assess if the project involves the industries detailed in **2.4 Additional Racial Equity Lens Review Due Diligence** on Page 6 of the Credit Policy to ensure that the project or intermediary's use of the loan does not heighten local racial inequities in economics, health and education.

- + [5] Based on the above responses, what revisions are needed in the policy, practice or decision under discussion?
 - KZCF will give added great weight to the loan applicant and/or intermediary that has changed and modified [through their own initiative or in cooperation with KZCF] the deal or use of funds that has positively addressed vulnerabilities or negative racial equity consequences as detailed in REIA Steps 1 through 4 **before** the KZCF final loan decision.



Racial Equity Impact Assessment: Assessment for Economic Policies and Public Budgets —KZCF Loan Considerations **\$1,000,000 to \$2,000,000: Additional Racial Equity Impact Assessment Exploration Questions**

NOTE: The tips for using REIA on large amounts on funds, the case for making such assessments and the Questions for Consideration are from the Applied Research Center.

Economic policies and public spending and revenue decisions have enormous impacts--positive and negative--on different racial and ethnic groups. A Racial Equity Impact Assessment is a conscious and careful analysis of the effects of public decisions on different racial and ethnic groups. Conducting a Racial Equity Impact Assessment is a useful tool for assessing the actual or anticipated effects of public policies and budgets in order to identify ways to maximize equity and inclusion and minimize adverse and unanticipated impacts---**Applied Research Center**

Additional Tips for consideration of loans from \$1,000,000 to \$2,000,000:

- When addressing large and complex economic and financial proposals, you do not have to analyze them in their entirety. You can focus on particular areas with significant racial impacts, such as public education and health care.
- It is helpful to address the interests of many racial groups when conducting a Racial Equity Impact Assessment. This can help broaden your base of support when advocating for changes and it can also help you avoid pitting different disadvantaged groups against each other.
- It can be helpful to look at proposed expenditures since there can be significant inequities and opportunities in both.
- It is helpful to engage people from different racial/ethnic groups in conducting the racial impact analysis so that their perspectives and ideas can be included in proposed critiques and changes.

**Racial Equity Impact Assessment Guide for Economic Policies, Public Budgets and Large Expenditures:
Additional considerations of loans from \$1,000,000 to \$2,000,000 for Kalamazoo Community Foundation**

Source: Applied Research Center

<p>1. Analyzing Current Problems</p>	<p>A. What are the <i>adverse effects</i> that different disadvantaged racialized communities experience under current conditions, policies, practices, and expenditures?</p> <p>B. What are the <i>causes or contributing factors</i> (e.g. unfair policies and practices, inequitable or insufficient funding formulas) that produce or perpetuate the inequities?</p> <p>C. What <i>data or evidence</i> is available or can be collected to demonstrate the racial inequities, adverse effects, contributing causes, trends and current needs?</p>
<p>2. Developing and Advancing Proposed Changes</p>	<p>A. What steps can ensure <i>public input and participation</i> by the most disadvantaged racial communities and stakeholders in developing proposed policies and budgets?</p> <p>B. What <i>new policies, programs, funding streams</i> are needed to address the needs and inequities that different racialized communities face?</p> <p>C. What <i>changes in existing policies, programs, budgets</i> would reduce racial inequities?</p> <p>D. What <i>new opportunities</i> can be created to enhance equity, inclusion and unity across different racial/ethnic groups?</p> <p>E. What specific equitable <i>outcomes</i> will this achieve and what are the success indicators?</p> <p>F. How can these proposed changes be <i>effectively designed</i> in such a way to make them most viable, enforceable and sustainable?</p>
<p>3. Analyzing Current Proposals</p>	<p>A. Will the proposal <i>reduce, limit or eliminate programs</i> that are vital to or disproportionately needed by, particular disadvantaged racial/ethnic communities?</p> <p>B. Will the proposal <i>increase, expand or create programs</i> that are vital to or disproportionately needed by, particular disadvantaged racial/ethnic communities?</p> <p>C. Will the proposal <i>miss or create opportunities</i> to benefit and unify people across different racial/ethnic communities?</p> <p>D. Will there be enough money allocated to address real racial inequities with fair and sustainable revenue streams?</p> <p>E. Will there be <i>adequate provisions to ensure success and fairness</i>, including sufficient public participating by stakeholders in development, implementation and evaluation?</p> <p>F. What <i>modifications</i> in the proposal are needed to maximize racial equity and inclusion?</p>