

Pocket Guide: Equity to Reduce the Racial Wealth Gap

This pocket guide is for use by policy advocates, lawmakers, and program administrators to review whether a proposed policy or program advances equity, specifically racial equity, to help reduce the racial wealth gap. Prioritizing racial equity creates inclusive economic prosperity, especially for economically and socially disadvantaged individuals, families, and small businesses in underserved areas affected by systemic oppression. Economically and socially disadvantaged is defined as a status related to opportunity advancement barriers resulting from individual and/or historical systemic discrimination and community disinvestment based in explicit or implicit racial, ethnic, or cultural prejudice and bias.

Defining Equity

When policy advocates, lawmakers and program administrators want to advance racial equity within proposed policies and programs, sometimes equity is misunderstood. Below is a brief definition of equity from the lens of racial equity and why equity matters and is different from equality.

Equitable/equity-centered is not the same as equal-focus/equality



"Equitable and equity-centered" programs and policies improve socioeconomic mobility and expand racial inclusion by addressing long-standing systems barriers and providing support and resources for people of color and other underserved communities who are disadvantaged due to bias. Equitable/equity-centered programs and policies acknowledge and address the data, including lived experiences that document and verify how racial, ethnic and cultural prejudices are the root causes of deep and widespread social and economic disparities affecting generations.

Example of a proposed equity-centered policy/program: A progressive allocation of a need-based subsidy or credit for all eligible individuals or small businesses in a zip code that has been traditionally dis-invested or has been impacted by redlining. Equity in eligibility is also considered by identifying household income range and the following factors: race and ethnicity; dependents; student debt; medical debt; household value; the average or median income of low- and moderate-income households (especially in neighborhoods impacted by redlining or disinvestments). Considerations could also be census data on the area population being unbanked and underbanked, and possibly even using geographic health department data on area community health status that often correlates to economic security and wealth.



Equal-focused and equality policies and programs stall inclusive economic growth. Unlike equity-centered and equitable, an equal-focus lens incorrectly assumes that fairness occurs when everyone is provided the same level of "one-size-fits-all" supports and resources. In reality, an equal-focus/equality lens misinterprets equal supports to mean an equal start and equal status to advance. It does not fully account for the historical root causes of structural bias and does little to help reduce the generational racial wealth gap. Equal-focus perpetuates unfairness and disregards data that systemic barriers and bias have setback the economic advancement for people who are in underserved areas and who are associated with a community traditionally affected by racial, ethnic and cultural bias, and possess little to no assets compared to groups not affected by such bias and located in non-underserved areas.

Example of an equal-focus policy/program: A flat-dollar subsidy/credit for all eligible individuals or businesses with a household income limit that offers an additional flat-dollar subsidy/credit for those in underserved zip code areas. This equal-focus policy/program incorrectly assumes everyone—even those who receive an additional underserved subsidy/credit—equally possesses similar financial and social capital for an equal outcome benefit.

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Is this equity-centered? Review four considerations and questions.

1) Inclusive community engagement. Beyond appearances!

- **Diverse representation.** Is there diverse representation from the communities that are most affected by the racial wealth gap, while avoiding tokenism and homogenous representation? Has a diverse array of representatives, who are accountable to the impacted communities, either been actively engaged and shared their stories, been involved in some or all parts of decision making, and/or given input on the design and implementation?
- **Community assets and resources.** Have the households, local businesses and institutions in the targeted communities that would benefit from reducing the racial wealth gap also been involved in sharing how their local, place-based assets and conditions in rural, micropolitan and metropolitan areas would affect implementation of the proposal or program?
- **Political will.** Does this proposal or program have, or can it amass political will of the communities most impacted, including allies in the private, non-profit and public sector, in order to obtain strong support from policymakers and representative elected officials who can pass this law, or fund and implement this proposal or program?

2) Data driven. Numbers and narratives!

- **Document the racial wealth gap.** Document both the quantitative and qualitative data –and note who compiled this data– about the root causes and associated issues that create and perpetuate economic disparities and racial bias upon communities most impacted. *Questions to consider:* a) How does the target community's lived experiences validate and inform how, what and why?; and, b) Does this proposal seek to address those systemic root causes, based on the data?
- **Equity impact indicators.** How can qualitative and quantitative baseline data measures assess that positive changes have occurred from this equity-centered proposal or program, to show a reduction in barriers to the racial wealth gap, so that similar proposals and programs can be created? Based on available data, in what ways can implementors anticipate impact and mitigate unintended consequences?

3) Strategic analysis. Breakdown the game plan!

- **Racial inclusion.** What's the plan for racial inclusion and a reduction of economic and social disparities for those who have been historically impacted by the racial wealth gap? What resources, assets, and tools do staff and institutions need to embed racial inclusion and racial equity in the implementation and evaluation of this proposal?
- **Feasibility.** Is it timely and attainable or overly ambitious? Is it feasible and does it directly address the root causes, major systems barriers, and status quo policy culture associated with the racial wealth gap, or does it need improvement because it lacks thought about foreseeable costs, human capacity, and physical resources that might be needed for implementation, sustainability, and evaluation? Is there a balance between the capacity to achieve these goals against the time-sensitive needs or expectations by the communities that need these benefits?
- **Transformation.** Will the proposal bring progress that expands the participation, representation, financial access opportunities, or support for groups that are economically and socially disadvantaged, especially those located in historically under-resourced areas? (e.g., Will it strengthen financial security for the next generation whose parents and grandparents have been affected by the racial wealth gap?). Will it improve how organizations and institutions embed the practice of equity and inclusion by leaders and staff who implement and assess policies, programs, practices, and budgets on a regular basis?

4) Accountability. Own it to own it!

- **Investing thoroughly in racial equity.** Was this proposal created from a lens of cultural humility to embed a culturally appropriate approach that fosters racially equitable systems change? How will the people who implement and/or monitor the activities understand equity related to racial and ethnic bias and practice cultural humility as part of an ongoing process of cultural competence needed to improve outcomes? Do/will the individuals involved possess the skills and experience working directly with diverse and socioeconomically underserved communities of color to navigate working with the community, its institutions and organizations?
- **Sustaining efforts.** Who are the people and organizations who will oversee and document the process for public accountability, continued progress, as well as to serve as a model for others to adapt for racial wealth gap systems change? *Questions to consider:* a) Are there provisions to ensure process-based measures and outcome measures to guide sustainable implementation by using mixed methods use of quantitative survey indicators and qualitative data such as community focus groups, interviews, etc.; and b) Is this proposal realistic and adequately funded, with mechanisms to ensure successful implementation and enforcement? Will people have sufficient tools and resources to implement and assess progress?

Content adopted from Pocket Guide developed by [Financial Inclusion for All Illinois](#) (FIAI) and the following organizations.

FIAI Steering Committee and Racial Wealth Gap Committee: Heartland Alliance, Small Business Majority, LISC Chicago, COFI (Community Organizing and Family Issues), POWER-PAC IL, JARC Chicago (Jane Addams Resource Corporation), Legal Action Chicago, Woodstock Institute