



# Long Island Racial Equity Donor Collaborative Theory of Change

*February 2020*

**VISION:** The Long Island Racial Equity Donor Collaborative envisions an inclusive and equitable Long Island where all citizens can thrive. It seeks to eliminate the stark inequities between black and white Long Island residents by addressing systemic barriers to full social, political, and economic inclusion.

**CRITICAL FOCUS AREAS:** Challenges to black Long Islanders' economic mobility span several critical focus areas. The collaborative has identified two such focus areas that can benefit from greater investment and sustainable solutions: (1) black Long Islanders' credit and financial health, and (2) wage deficits and career opportunities.

**CREATING A FOUNDATION:** This collaborative, which comprises leading financial institutions, will engage public and private funders in a regional, community-informed capacity-building initiative. Our intent is to serve as conveners, facilitators, and fundraisers while supporting local and regional institutional leaders representing government, nonprofits, and the private sector. With these leaders, we will strategically prioritize targeted investments in critical areas of need for black Long Islanders. Our focus will be on the systems—the organizations, policies, agencies, and programs—that affect Long Islanders' daily lives. We aim to build capacity, catalyze collaboration, and strengthen these systems to better serve and improve the economic outcomes of all citizens. The collaborative will leverage its assets and its stakeholders' considerable strength to plan and prioritize activities to create an inclusive-prosperity agenda for Long Island.



### Financial Health

The fund aims to use small and mid-sized impact grants to:

- strengthen existing organizations' capacity to better address black Long Islanders' specific needs,
- support programming for neighborhoods and populations with greatest needs, and
- maximize regional programmatic efforts' impact and alignment.

Outputs and Intermediate Outcomes

- broaden access to the credit economy and improve access to and use of prime lenders
- increase black Long Islanders' credit capacity
- improve black Long Islanders' debt-management capacity



### Jobs and Wages

The fund aims to use mid-sized and large investments to:

- catalyze collaboration between vested stakeholders,
- building systemic capacity to address black Long Islanders' employment needs, and
- invest in institutional infrastructure (i.e., system governance structures and institutional relationships).

Outputs and Intermediate Outcomes

- improve organizations' knowledge about and targeted responsiveness to the needs of Long Island's black workforce
- create partnerships and formal arrangements that specifically address critical needs
- increase system capacity to create and strengthen existing job pathways and remove barriers to employment

**LONG-TERM OUTCOMES:** We view the relationship between financial health and wages/careers) as bidirectional, meaning improvements to one can improve outcomes in the other. As the collaborative further refines its funding priorities, we will be better able to communicate specific long-term outcomes. The collaborative's year-one strategy will involve strengthening collaborations between stakeholders in each focus area and determining our strategic funding priorities. In general, we anticipate effecting change in the following areas:

- In the area of financial health, the collaborative expects that the activities outlined herein will improve black Long Islanders' overall financial stability and help them accrue wealth.
- Regarding jobs and wages, higher family incomes create opportunities for increased savings, greater stability, and better financial planning.
- We also expect grants to contribute to improvements in workforce readiness and aid the creation of policy mechanisms aimed at sustaining these efforts and related programming.

For each focus area, stakeholder relationships—especially relationships with community-level partners—are imperative to this initiative’s success.

## **JOBS AND WAGES**

As detailed above, a systems orientation will drive the jobs and wages domain. Systems-change initiatives typically focus on intentionally changing how communities deliver services to citizens and make decisions about policies, resource allocation, and programs. They also address the interrelated system components to improve how they function as a whole.

Systems-change initiatives require collaboration because no single entity can amass the resources, expertise, capacity, or authority to solve challenging social problems. This is particularly true for issues related to labor markets involving complex networks of organizations whose overarching goals appear identical but whose priorities and processes are often misaligned. To that end, in assessing the collaborative’s success, requires considering two primary outcome categories: pathways and structures.

By using grantmaking to systemically change workforce systems, we are seeking to improve how pathways function, which in turn improves outcomes for people those systems serve. To effect change for historically marginalized populations, it is necessary to create opportunities and/or make existing ones known. Practitioners and researchers are increasingly recognizing the need to build and strengthen pathways to job opportunities, which requires addressing *pathway capacity* and *pathway connectivity*.

In addressing pathway capacity and pathway connectivity, the collaborative will operate from a systems-change orientation but will draw on the change levers of *catalyzing collaboration* to unify workforce organizations across sectors and of *supporting programs* to help those organizations deliver and grow high-quality workforce-training services for black Long Islanders. Finally, the collaborative will need to examine opportunities to *build the capacity* of the whole workforce system and of key service providers within that system. The collaborative will measure its success by its ability to drive system activities along the dimensions detailed below.

### **Pathway Capacity**

Workforce systems and the entities they comprise often operate on a philosophy that ignores various populations’ specialized needs. People of color, people with disabilities, people who are justice-involved, and aging workers are all populations that workforce systems have underserved. Moreover, workforce systems are often underfunded and/or have limited ability to serve the many people who need their services.

One of the primary dimensions of pathway improvement is *pathway capacity*, which involves workforce systems’ *scale, quality, and comprehensiveness*. Improving pathway capacity involves improving the following elements:

- scale: improving access, increased the number of available slots, and increasing the quantity of programs serving populations of interest
- quality: how attentive programs are to a population’s particular needs (e.g., cultural competency) and how well they meet objective (or agreed-upon) standards of service

- comprehensiveness: improving programs' ability to a population's complex needs

### **Pathway Connectivity**

Workforce systems also comprise complex and intersecting organizations, institutions, and programs. These include employers, K-12 school systems, postsecondary education providers (community colleges and four-year institutions), and private training programs (e.g., Goodwill, trade schools). However, these organizations and institutions often do not work well together, and systems often lack working connections between entities and are rife with inefficiencies, communication breakdowns, and information gaps. Thus, pathway connectivity (i.e., connections between programs or system elements) is the second primary pathway-improvement focus. Improving pathway connectivity involves improving the following elements:

- linkages: increasing coordination between system actors (or groups of actors), improving data sharing, and improving client tracking and transitions between systems
- alignment: establishing complimentary outcomes and processes between entities; helping organizations better meet aligned priorities and goals
- coordination: improving collaboration and communication between systems serving the same populations (e.g., training providers and human services organizations or child care providers)

Although these are two critical areas of focus (connectivity and capacity), improving pathways can require first changing the structures that shape them. These structures include policies, funding streams, and knowledge (i.e., research and data). By addressing these structures, the collaborative is achieving change by shifting incentives, removing (or adding) constraints where necessary, and increasing opportunities. Moreover, these structures can support and facilitate new workforce-system pathways for black Long Islanders.

### **FINANCIAL INCLUSION**

The collaborative takes a capacity-building approach to financial well-being. As indicated in our landscape scan, the Long Island region has several entities providing a range of financial services aimed at improving Long Islanders' lives. Long Island's major challenge is to help these entities function better and, in some cases, scale up. Moreover, the most important question is whether these entities can refocus their service delivery by increasing their capacity to better serve black Long Islanders in need.

Although Long Island has several organizations operating in the financial services space, such organizations have historically encountered obstacles that inhibit their service delivery. These obstacles make their services less effective and threaten the organizations' feasibility and sustainability. Unlike the workforce system, the organizations operating in this space do not form a network or formal system. At most, they can be considered to be operating in the same field. As such, a major challenge is how to identify capacity-building opportunities for partnering, peer learning, and other deliverables.

Monitoring and measuring capacity building is a complex endeavor requiring fluency with diverse concepts and tools and an understanding of how change happens. That endeavor is made more complex by the varying organizational and programmatic structures found in any given field, including financial

services. For simplicity, the collaborative will focus on one of the main components of capacity building: organizational behavioral change. Specifically, it will incentivize organizations and their leaders to adopt new perspectives, learn new practices, and adopt new values. This will likely involve requiring organizations to embark on strategic change initiatives or process changes.

### **Strategic Change**

A strategic change initiative reflects an organization's new scope and objectives and/or vision, as well as the resources required to effect the change. Moreover, it can occur on a large or small scale. One type of change initiative involves shifting resources to address a critical needs area in the community it serves. Another type of change involves adopting a new mission with respect to its operations and its partner organizations.

Organizations in the financial inclusion sector face a rapidly changing landscape. The long-standing barriers to financial stability and inclusion that black Long Islanders face will be exacerbated by these changes. For example, the neighborhood isolation and disinvestment caused by redlining will be compounded by digital redlining (e.g., companies using emerging technology to micro-target predatory loans).

Critical focus areas for strategic change include adopting new organizational structures, implementing new policies, cultivating new cultural norms and behaviors, and creating new models of partnership and alignment with the environment.

### **Process Change**

Organizational practices refer to an organization's overall models and behaviors, which are guided by its norms, policies, and mission. Moreover, organizations have internal and external practices. These include cultural competencies and the organization's work with the wider community. Moreover, building these organizations' capacity is particularly necessary considering the mistrust and past predatory practices in communities of color, as well as the general lack of service capacity. The collaborative will accomplish this primarily through the main lever (*building capacity*), but we are open to using others levers, including *informing policy* (changing rules and regulations to support inclusive and equitable financial-inclusion policies) and *shifting narratives* (altering how people view certain issues and communities of focus). In addition, we recognize it may be necessary to *generate knowledge* (i.e., research) to lenders' and other entities' practices more inclusive.