

● Our Policy Lens on  
**Racial Equity**



LSC



# Our Policy Lens on Racial Equity

**S**tructural racism, cultural racism, and individual-level discrimination [generate racial wealth, health, and opportunity disparities](#) that [systematically undermine](#) the success of Black, Indigenous, and people of color (BIPOC) households.

Families of color face barriers to [economic mobility and opportunity](#) that negatively impact wealth building. White family wealth is [nearly ten 10 times greater than](#) Black family wealth and eight times greater than Hispanic family wealth. The gap in net worth between Black and white families is particularly pervasive—it [persists at nearly every income level](#), meaning that even when Black and white households have similar income, the latter are likely to enjoy more overall wealth.

Racial health disparities caused by inequity are ubiquitous. Black, Hispanic, and American Indian or Alaska Native (AIAN) people [fare worse than whites on many measures of health](#), from diabetes rates to infant mortality. Nationally, life expectancy at birth for Black people is [3.6 years shorter](#) than that of white people, and that gap can be even more pronounced depending on [where a person lives](#). Everything from [real estate](#) and banking to [education](#) and the [tax code](#) is predicated upon structural norms that impose barriers to opportunity for people of color.

LISC is committed to advancing racial equity in local communities and eliminating the racial wealth, health, and opportunity gap across all of our work streams. We are supporting Black and Brown entrepreneurship by

creating access to capital for business owners of color. We are working to increase wages and help people build twenty-first-century job skills with our investments in Financial Opportunity Centers. We are promoting housing affordability and homeownership opportunities. And we are investing in quality child care, primary schools, and health care serving communities of color. These are just some of the concerted ways that LISC is hoping to address the racial equity gap.

Creating communities of opportunity for all is a multisector, shared responsibility. We believe that the federal government—which in many instances established policies that have exacerbated the wealth gap—can join us in facilitating the dismantling of inequitable systems by adopting policies and approaches that intentionally address racial wealth inequality.

LISC has released a comprehensive set of policy priorities and proposals that we intend to promote with members of Congress and the Administration in the coming months and years. While in some respects all of these proposals will positively impact BIPOC households and communities, we highlight below a subset of the proposals that we believe can be particularly impactful with respect to closing the health, wealth, and opportunity gap for families and communities of color.

## Economic Development

Ensuring opportunity for all necessitates federal policies that adequately address the root causes of the racial wealth gap while fostering broader economic inclusion of Black and Brown communities in regional economic growth. Inclusive economic development programs that support all communities have transformational impacts on individuals, families, businesses, and neighborhoods, and are a critical component of closing the racial wealth gap. LISC has identified the following economic development policy proposals as particularly meaningful given their abilities to address the racial wealth gap:

- **Increasing community development funding streams for disinvested communities.** To help reverse years of disinvestment or deleterious investment in communities of color, we are supporting larger investments in programs like the [Community Development Block Grants](#) provided through the U.S. Department of Housing and Urban Development (HUD) and the brownfield remediation initiatives of the U.S. Environmental Protection Agency (EPA).
- **Supporting investments in community-based arts and cultural activities,** to help integrate culturally appropriate arts and design activities into economic development planning.
- **Reauthorizing the Economic Development Administration to advance equitable economic development** through an explicit focus on promoting racial and geographic inclusion in the development of Comprehensive Economic Development Strategy (CEDs) plans across the nation.
- **Supporting structural changes to New Markets Tax Credits, Opportunity Zones, and the Community Reinvestment Act** to help ensure that private capital generated through these initiatives inures to the

- benefit of BIPOC-owned enterprises and the residents of communities of color.
- **Ensuring equitable implementation of Inflation Reduction Act programs,** including the Greenhouse Gas Reduction Fund at EPA, so they are meeting the needs of Black and Brown populations and communities.
- **Increasing investments in community development financial institutions (CDFIs),** which are increasingly being called upon to fill the gap left by traditional financial institutions in serving BIPOC populations.
- **Strengthening the Small Business Administration's capital and technical assistance programs** to address the gap in the provision of their services to entrepreneurs of color, including through permanent authorization of the [Community Navigator Pilot Program](#).
- **Supporting the expansion of the Minority Business Development Agency.** LISC supported the [recent codification](#) and elevation of the Minority Business Development Agency (MBDA), and supports efforts to fund the MBDA at \$110 million annually to ensure it has the necessary resources to meet its mission.

## Education

Education access, quality, affordability, and availability are important components of any strategy to address [inequities](#) faced by BIPOC populations, especially those in low-income communities. While educational attainment does not solely determine economic mobility or wealth, it has been shown to be a [key determinant](#) of economic success. LISC believes all community members deserve equitable access to quality educational options. There are several education policy proposals that are essential to bridging the racial wealth gap. They include:



- **Providing equitable access to quality education in quality spaces.** The [quality of buildings and indoor and outdoor spaces](#) profoundly impacts child learning, and directly influences the health and well-being of children and staff. LISC advocates for policy solutions that promote equitable access to capital for facilities, including: providing a dedicated federal funding source for child care and early learning facilities; robustly funding the Credit Enhancement for Charter School Facilities Program (CEP), while incorporating racial equity incentives in CEP’s application review process; and establishing dedicated technical assistance and capacity building supports for child care operators, including home-based providers.
- **Investing in community colleges and industry sector partnerships.** Families of color, especially those with low income, face [multiple barriers](#) to postsecondary educational attainment. LISC advocates for the adoption of federal policies that support equitable access to postsecondary education opportunities. Expanding Pell Grant eligibility, investing in community colleges, and promoting partnerships between two-year colleges and businesses are among the LISC-supported federal policy actions to strengthen postsecondary supports and decrease the racial wealth gap.
- **Adequately resourcing historically Black colleges and universities.** [Historically Black colleges and universities \(HBCUs\)](#) were established to serve the educational needs of Black Americans at a time when they were largely denied admission to traditionally white institutions. They currently enroll 10 percent of all Black students and produce almost [20 percent of all Black graduates](#). Nearly 50 percent of HBCUs are located in economically distressed communities. LISC’s policy proposals would expand funding for HBCUs and increase their capacity to support their local communities through investments in neighborhood revitalization, affordable housing, and economic development.

## Family Income and Wealth Building

The racial wealth gap is rooted in longstanding discriminatory policies that actively prevented the accumulation of wealth, limited educational options, prevented families from building credit and owning a home, and broadly undermined opportunities for good-paying jobs in Black and Brown communities. Ensuring financial stability for all requires that we address these past practices by promoting policies and programs that actively increase the income and wealth within communities of color.

LISC has identified several policy proposals that will support income- and wealth-building opportunities for BIPOC families, including:

- **Promoting opportunities to build savings.** LISC supports efforts to increase federal support for matched-savings and savings accounts, including [“baby bonds”](#) for every American child, to support asset accumulation and help close the racial wealth gap. We also call on Congress to provide more funding for HUD’s Family Self-Sufficiency program—initiatives that help families save for education, homeownership, or starting a small business.
- **Strengthening protections against predatory lending.** The prevalence of predatory payday lending is particularly high in communities of color. Effectively closing the racial wealth gap requires that we address debt traps that [disproportionally undermine Black borrowers’](#) financial stability.
- **Expanding access to income supports,** which lift millions of families out of poverty and provide them with the financial stability needed to thrive.
- **Fostering digital inclusion.** The digital divide disproportionately impacts communities of color, as broadband availability is [significantly lower](#) in majority-

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African American and majority-Native American counties.

- **Investing in workforce development and financial coaching.** Workforce and financial coaching programming can address the racial wealth gap by providing individuals with the education, skills, and job-readiness preparation necessary to success in the twenty-first century economy, as well as with the skills needed to develop long-term strategies to build credit and savings.

## Health

Significant and persistent [racial disparities](#) in health coverage, chronic health conditions, mental health, and mortality are the result of structural inequities across multiple sectors and health care systems. Poor health and wellness negatively affect the economic opportunity of people of color, which in turn [contributes to](#) the racial wealth gap. LISC’s health policy proposals seek to advance health equity—the condition in which all community members have the opportunity to attain their full health potential—through its work to improve access to health care and positively influence social determinants of health.

LISC supports:

- **Providing incentives for the medical system to finance activities that address broader social determinants of health.** [Social determinants of health](#) are the conditions in which people are born, live, learn, work, play, and age that affect a wide range of health outcomes. LISC supports using the infrastructure of the medical system, including Medicaid funding streams and non-profit hospitals’ [community health needs assessments \(CHNAs\)](#), to support investments that will lead to healthier communities and families.

- **Increasing investments in community health centers (CHCs).** CHCs serve the most vulnerable populations: 91 percent of patients are low-income, 82 percent are uninsured or publicly insured, and 63 percent are minorities.
- **Increasing access to healthy food.** LISC calls for increased appropriations for the Healthy Food Financing Initiative (HFFI) at the U.S. Department of Agriculture (USDA) so more food-access projects can secure financial and technical assistance resources, helping to reduce food-access inequality. We also endorse continued funding for the HFFI program at the CDFI Fund.

## Housing

Our nation’s history of housing discrimination and enforced segregation through government and private-sector practices has resulted in stark housing differences between racial and ethnic groups. For instance, there is an [over 30 percent difference in homeownership rates](#) between white families and Black families. This results in less wealth building and exacerbates racial wealth inequality. In addition, many minority families continue to be denied access to housing in the neighborhoods of their choice due to lax enforcement of fair housing laws. LISC has identified several housing policy proposals that we believe will help close the racial wealth gap:

- **Expanding affordable rental housing opportunities.** People of color are more likely than white people to be [extremely low-income renters](#) and unhoused. LISC supports policies that increase the creation and preservation of affordable rental housing, including expanding the Low-Income Housing Tax Credit and HUD’s HOME Investment Partnership program. We also know we need resources to keep families in their

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homes, including better eviction policies and additional housing counseling supports, and resources for distressed homeowners.

- **Expanding affordable homeownership.** The difference between the homeownership rates of white and Black populations is at its highest level since housing discrimination was made illegal in 1968. We need resources to support affordable and sustainable homeownership for all families and that allow Black and other people of color to access homeownership and build wealth. LISC supports additional down-payment assistance and other affordable homeownership resources, expanding the use of housing bonds, and the passage of the Neighborhood Homes Investment Act to support the development and rehabilitation of single-family homes in distressed communities.
- **Restoring robust fair housing policies.** LISC supports strengthened Affirmatively Furthering Fair Housing and Disparate Impact regulations, while also beefing up enforcement against direct housing discrimination. In addition, LISC supports a national ban on source-of-income discrimination to expand the ability of families to use federal rental assistance programs as a lawful source of income subject to fair housing protections.


## Safety and Justice

Systemic racism influences [every aspect of the justice system](#) including policing, prosecutorial decisions, and reentry following incarceration. Black and Brown communities are [inequitably policed and overrepresented](#) in the justice system. The [data](#) are stark: Black males are six times more likely to be incarcerated than white males, and Indigenous youth are three times as likely as white youth to be held in a juvenile detention facility. [Involvement with the justice system](#) and incarceration have devastating

effects on wealth building, and contribute to the racial wealth gap.

LISC's safety and justice policy priorities include:

- **Fully funding [community-based violence intervention and prevention initiative \(CVIPI\) programs](#)**, which use evidence-informed strategies to reduce violence through tailored, community-centered initiatives. We also urge **funding for [community safety coordinators](#)**, key personnel who lead collaborative efforts to improve safety and quality of life in the neighborhoods and act as liaisons among residents, community-based organizations, developers, and law enforcement.
- **Increasing federal resources for data-driven, place-based, and community-centered approaches to safety and justice concerns.** We advocate for authorization and robust funding for the Byrne Criminal Justice Innovation (BCJI) program—an initiative of the U.S. Department of Justice [Bureau of Justice Assistance](#) that supports comprehensive and community-oriented strategies to reduce crime and spur revitalization.
- **Encouraging comprehensive law enforcement training.** Proper law enforcement training has numerous benefits, including improving relationships with community members in a way that [reduces disproportionate BIPOC contact](#) with the justice system. LISC urges the Department of Justice to:
  1. Support the development of law enforcement training that includes a focus on equitable engagement with local communities, including de-escalation training and education on the value of police partnerships with community developers; and
  2. Support the development of a framework and tools that use community policing principles to create collaborative systems approaches to resiliency and recovery following major incidents.



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- **Funding pre-entry and reentry programming.** Justice reform and reinvestment in underserved communities are social, moral, and economic issues at the heart of forging a national agenda that promotes racial equity. Federal support related to pre-entry and reentry should include adoption of the Medicaid Reentry Act, and substantial funding for the [Reentry Employment Opportunities \(REO\) program](#), the [Second Chance Act Grant Program](#), violence prevention and trauma-informed programs and initiatives operated by the [U.S. Centers for Disease Control and Prevention \(CDC\)](#), and the [Juvenile Justice and Delinquency Prevention Act, Title V—Incentive Grants for Local Delinquency Prevention Programs](#).