RACIAL EQUITY FRAMEWORK

STRENGTHENING THE FINANCIAL SECTOR THROUGH DIVERSITY

Danielle Beavers • Economic Equity Fellow

Sasha Werblin • Economic Equity Director

Greenlining.org

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The Greenlining Institute

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About the Greenlining Institute

Founded in 1993, The Greenlining Institute is a policy, research, organizing, and leadership institute working for racial and economic justice. We work to bring the American Dream within reach of all, regardless of race or income. In a nation where people of color will make up the majority of our population by 2040, we believe that America will prosper only if communities of color prosper.

About the Economic Equity Program

The Greenlining Institute's Economic Equity program works to overcome the lingering effects of redlining. We work to build financial security and wealth for communities of color and ensure that the financial system works for all.

About the Authors

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Greenlining Economic Equity Fellow

As the Economic Equity Fellow, Danielle advocates for a financial sector that looks more like America. She leads Greenlining's work with the Offices of Minority and Women Inclusion to increase workforce and supplier diversity. Danielle believes that increasing the representation of people of color in the banking world is essential to economic recovery and prosperity for the entire nation. She received her BA from Stanford University in Comparative Studies in Race and Ethnicity with Honors, where she engaged with multiple sectors on racial justice issues. While working at the San Mateo Superior Courthouse's Family Law Clinic, Danielle wrote an honors thesis investigating the perceptions of government employees on women of color in cases of domestic violence. She also worked as a researcher while abroad in South Africa, partnering with local leaders to provide housing for undocumented township residents.

Sasha Werblin
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Sasha Werblin is the Economic Equity Director at Greenlining. Sasha was the Sustainable Development Fellow in 2007-2008, where she successfully lobbied for A.B. 624 (Coto): Foundation Diversity and Transparency Act through the State Assembly and organized communities of color to ensure that large foundations in California equitably give to minority-led organizations. In between her fellowship and returning as Program Manager, Sasha ran the successful 2008 reelection campaign for Congresswoman Barbara Lee. She has also worked in Mombasa, Kenya for a Nongovernmental Organization (NGO) empowering underserved communities to be at the vanguard of local development initiatives and built the capacity of local community based organizations (CBOs). Recently, she was a director at a progressive campaign consulting firm mobilizing activists, building membership, and fundraising for humanitarian organizations like Amnesty International, Equality California, and Save the Children. Sasha is a native of Oakland and graduated from Smith College in 2007 with a BA in Sociology and Psychology.

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EXECUTIVE SUMMARY

- The financial crisis devastated communities across the nation and disproportionately harmed low-income communities and communities of color. To help address this, Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act created Offices of Minority and Women Inclusion (OMWIs) at 20 of the federal financial regulatory agencies.

- Financial regulators are working to craft policies that promote economic recovery. To ensure that communities of color also benefit from these policies, decision makers must prioritize racially equitable outcomes.

- Equality of opportunity is not the same as equality of outcome. Seemingly "colorblind" policies can adversely affect communities of color because they fail to recognize that not all communities start on an equal footing. Communities of color often need greater or more targeted resources to produce similar outcomes to the general population. This concept is known as racial equity. Greenlining has developed a Racial Equity Framework to address this concept.

- Greenlining's Racial Equity Framework helps decision makers check for "blind spots" that arise when they cannot directly hear from those they serve. It is a tool to methodically evaluate policies to determine if they equitably impact communities of color.

- This Racial Equity Framework contains a set of Guiding Principles, key values that should run throughout the agencies' culture, including diversity and inclusion, equal opportunity, transparency and accountability, and sustainability.

- The Guiding Questions raise specific questions regarding existing barriers and strategies that agencies can utilize to produce racially equitable results, including gathering information, identifying and filling holes, examining sustainability, and evaluating progress.

- The OMWIs are prime candidates to use Greenlining's Racial Equity Framework within their agencies to produce racially equitable outcomes. This report includes an example of how the OMWIs could apply this framework to their respective agencies' hiring practices.

INTRODUCTION

Financial regulators play a critical role in shaping the financial health of Americans. They oversee financial products, services, and practices, as well as entire financial institutions. This broad jurisdiction and enforcement power gives financial regulators the leverage to shape how the financial sector operates and impacts the nation. The financial crisis of 2008 demonstrated the consequences of a regulatory system that failed to hold financial institutions accountable and protect consumers from a precarious lending environment.

While the resulting crisis devastated communities across the nation, it disproportionately harmed communities of color.[1] In response, elected and regulatory officials created across-the-board economic recovery policies and paid special attention to some of the hardest hit communities. These policies include Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank),[2] which established Offices of Minority and Women Inclusion (OMWIs) at 20 federal financial regulatory agencies.[a] The OMWIs are strategically housed within the regulatory agencies because they play such an important role in how the industry operates on a day-to-day basis. Generally speaking, the offices are charged with increasing diversity within both the regulatory agencies and the private institutions they oversee. The OMWIs have the potential to improve regulators' racial consciousness and change how the financial sector impacts communities of color. To truly embody their mission, they must serve as both a resource for and strategic educator of their respective agencies. This Racial Equity Framework is a thinking tool to help OMWIs empower decision makers in the regulatory agencies to develop and deliver racially equitable policies.

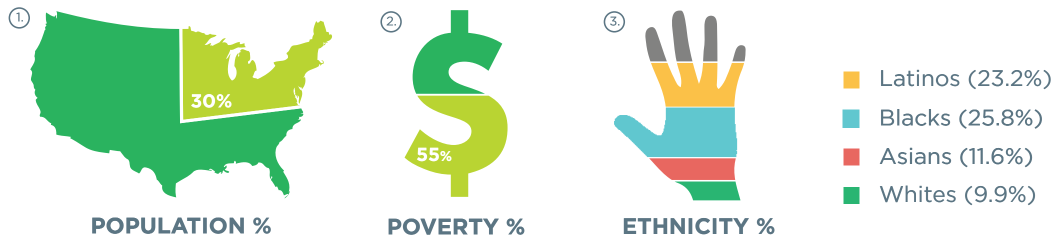
The OMWIs have the potential to improve regulators' racial consciousness...

The Need for a Racial Equity Framework in Public Policy

Public policy created the wealth gap between white communities and communities of color, and so regulators and decision makers need to prioritize racially equitable outcomes to solve this problem. The graphic below illustrates the dilemma that decision-makers must address.

Long before the financial crisis of 2008, communities of color were economically disadvantaged by financial policy. Despite comprising just over **30** percent (1.) of the population, **55.64** percent (2.) of those living below the federal poverty level identify as racial or ethnic minorities.

Looking at poverty rates by sub-group, **9.9** percent of the white population lives in poverty while **25.8** percent of the black population, **23.2** percent of the Latino population, and **11.6** percent of Asian Americans experience poverty (3.).



[a] Offices of Minority and Women Inclusion were created at the following federal financial regulatory agencies: National Credit Union Association, Federal Deposit Insurance Corporation, Securities and Exchange Commission, Consumer Financial Protection Bureau, the U.S. Department of Treasury, Federal Housing Finance Agency, Office of the Comptroller of the Currency, Federal Reserve Board of Governors, and the 12 regional banks of the Federal Reserve System.

Background on and Context of the Racial Equity Framework

This publication is an adaptation of Greenlining's 2012 Racial Equity Framework that focused on the implementation of The Patient Protection and Affordable Care Act (ACA).[4] The original Framework focused on how California's health care system can work with community-based advocacy groups to produce equitable outcomes for the state's communities of color. As a follow-up, Greenlining created a Racial Equity Toolkit in 2013.[5] The toolkit identifies tools, resources, strategies, and lessons learned for policymakers.

Because equitable outcomes are needed everywhere, Greenlining sought to tailor the basic principles of the original Framework to other policy areas, like financial regulation, that greatly affect communities of color. Greenlining's Racial Equity Framework for the financial sector centers around how the Offices of Minority and Women Inclusion (OMWIs) can advocate within the regulatory agencies to ensure that racial equity is prioritized and incorporated within all aspects of policymaking.

Social welfare policies have strongly shaped and continue to impact the wealth building opportunities of racial and ethnic minorities. Researchers on the racial wealth gap argue that policies like the Supplemental Nutritional Assistance Program and Temporary Assistance for Needy Families de-incentivize recipients to save money and build wealth by setting stringent eligibility requirements.[6] Conversely homeowners, who are disproportionately white, receive tax subsidies and write-offs proportional to the value of the home to incentivize wealth building.[7] While these policies are applied equally to Americans of all colors, they ultimately result in the perpetuation of the racial wealth gap.

For decades, one of the worst problems facing communities of color in the financial sector was discrimination that resulted in higher-priced loans and services. More recently, starting with the Gramm-Leach Bliley Financial Services Act of the 1990s, federal policy began to foster the under-regulated lending environment that led to the Great Recession of 2007-2009. This allowed financial institutions to profit from making risky, high-cost subprime loans,[8] for which low-income communities and communities of color were particularly targeted.[9]

Despite years of warnings, from Greenlining and other advocates, on the dangers of reckless subprime lending, federal regulators did not act to prevent the financial crisis.[10] When the subprime bubble burst, all communities-and disproportionately communities of color-suffered tremendous losses of wealth.[11] Latino families saw an especially steep decrease in their home values, while black families experienced a significant reduction or total loss of their retirement accounts.[12] Between 2005 and 2009 Latino, black and Asian American families lost 66 percent, 53 percent, and 54 percent of their net worth respectively. In comparison, white households saw a 44 percent drop in total net worth post-crisis.[13] As the nation moves out of the recession and towards recovery, access to credit, and ultimately homeownership, has tightened — effectively creating a new barrier to wealth building opportunities for communities of color.

In order to protect and promote financial health for all Americans, regulators must use their influence to close the racial wealth gap and prevent another crisis like the Great Recession from bankrupting our communities. This requires that regulators are attuned to, invested in, and are held accountable to all groups, including communities of color.

Racial equity frameworks provide a structure that guides regulators to create and implement equitable policies. These frameworks help check for the "blind spots" in policymaking in addition to providing standard principles that all divisions within the agencies should embody in their work. The result is racial equity on a systemic scale throughout the agencies. To that end, Greenlining envisions a financial regulatory system that empowers *all* Americans by:

1) Requiring the financial industry to offer responsible, wealth building products and services, and

2) Responding to the needs of all communities through accessibility and open communication.

Racial equity frameworks provide a structure that guides regulators to create and implement equitable policies.

Progress on this scale requires visionary change. Financial regulators must change the way they a) interpret their responsibility and commitment to consumers, b) evaluate the impact of internal and external regulations, and c) develop and implement policies and practices.

While there are measures available to assess the potential impact of policies, they are inadequate at thoroughly evaluating policies' racial implications. Regulators must understand the ways in which even seemingly "colorblind" policies can adversely affect communities of color.

For example, Executive Order 12866 mandates that federal agencies implement a Regulatory Impact Analysis to assess the costs and benefits of a policy.[14] Most of the order focuses on the economic impact of policies, while Section 1-11 insufficiently addresses their potential social effects. The broad language states "each agency shall tailor its regulations to impose the least burden on society, including individuals, businesses of differing sizes, and other entities (including small communities and government entities)..."[15]

Today, the majority of babies born in the United States are racial minorities. By approximately 2040, communities of color will constitute the majority in this country.[16] It is shortsighted for regulators to continue using limited policies like Executive Order 12866. The demographic revolution necessitates implementation of racial equity frameworks into policies with major impacts on all consumers. It is impossible to protect consumers in the United States without vigorously protecting communities of color. If the government neither reflects nor understands the nuanced challenges faced by communities of color, widespread wealth building opportunities will never meet their needs. Regulators must have a method of policy development and evaluation that specifically assesses policies' impact on the nation's new majority.

The demographic revolution necessitates implementation of racial equity frameworks into policies with major impacts on all consumers.

Racial Equity Framework

> **Racial Equity** is the condition that would be achieved if one's racial or ethnic identity was no longer a determining factor in one's success.
>
> — *The Greenlining Institute*

A racial equity framework can help regulators develop and implement financial policies that address the needs of diverse communities. It is also beneficial as a tool to assess the racial impact of systems within regulatory agencies. The framework can help decision makers:

1) Improve policies and practices that unintentionally contribute to racial disparities;

2) Eliminate barriers that prevent diverse communities from equitably benefiting from financial policy; and

3) Develop internal and external practices that will produce racially equitable outcomes.

In the Racial Equity Framework, we distinguish between "racial equity" and "racial equality." "Racial equality" describes policy decisions that are enacted without consideration for their impact on diverse communities. This ignores the reality that different racial and ethnic groups have been — and continue to be — discriminated against, both socially and economically. Thus, they often experience unequal outcomes despite an equality of resources. The "racial equality" strategy, sometimes misleadingly referred to as "colorblind," can produce results that actually increase inequality within communities.

In contrast, "racial equity" focuses on achieving comparably favorable outcomes across racial groups, regardless of the resources and input allocated. For all groups to receive comparable benefits, it may require allocating greater or different resources to a single group.[b]

Example of a Government's Racial Equity Framework

Local government bodies have already created and implemented successful racial equity frameworks. For example, the Seattle Office for Civil Rights' Racial and Social Justice Initiative (RSJI) is a robust program that seeks to end institutional racism in local government and promote equitable results for communities of color.[17] The initiative started in 2005 and has been endorsed by elected officials across government sectors.[18]

Each department within the City of Seattle has internally adopted racial inclusion and equity into its strategic plan. A key contributor to the success of this program has been the effort to have the demographics of the City workforce reflect the diversity of its residents. Every quarter, the Department of Finance and Administrative Services collects information on the City's demographic composition and compares it to the wider community makeup.[19] It then develops outreach strategies for departments to recruit employees from underrepresented groups.

The City of Seattle's workforce diversity program has produced a government that is more representative and in touch with its community and is better equipped to produce racially equitable policies and outcomes. This diversity has made real differences in the lives of residents and businesses, including but not limited to:

- Procurement: Since 2009, the City has more than tripled its contracts to minority- and women-owned businesses, from $11 million to $34 million.[20]
- Language access: New policies mandate interpretation and translation services for non-English speaking residents.
- Criminal justice reform: The City Attorney's Office now seeks sentences of 364 days (rather than a full year) for gross misdemeanors in order to avoid federal immigration authorities deporting undocumented residents.

No federal financial regulatory agency has institutionalized a racial equity framework at this scale. Seattle has set a successful precedent for government use of a framework that improves its service to underserved communities.

[b] This Racial Equity Framework recognizes that differences exist within and across groups impacted by racial and ethnic disparities. Markers of difference (e.g. race, ethnicity, class, sex, gender identity, sexual orientation, ability, nationality, age, geography, immigration status) intersect and affect people differently. These additional markers of difference are beyond the scope of this Racial Equity Framework. Decision makers can readily adapt this Framework to other historically marginalized groups to produce equitable policy outcomes.

Elements of the Racial Equity Framework

This Racial Equity Framework consists of a set of Guiding Principles and Guiding Questions specific to the financial sector. The Guiding Principles describe a vision of what the financial regulatory agencies must consider to produce racially equitable policies. Generally, the OMWIs have adopted these basic principles but they are not realized agency wide. It is imperative that OMWI Directors work with other department heads to educate and guide their agencies in shifting internal culture and embed these principles into their procedures. The OMWIs can work with agency heads to provide resources for decision makers to create policies and practices that produce racially equitable results.

The Guiding Questions raise issues relating to equity, access, and fairness that regulatory agencies should consider when developing and implementing policies. There are also specific Guiding Questions that the OMWIs can use with all agency departments to produce racially equitable hiring practices.

Guiding Principles

Diversity and Inclusion: Build a team of diverse stakeholders, advisors, and employees, including but not limited to racial and ethnic minorities, women, youth, and LGBTQ individuals. Resulting programs and policies should be inclusive and representative of the communities that they will impact.

Equal Opportunity: All individuals should have full and fair access to the opportunities and benefits of policies and practices without bias, unnecessary barriers, or extra burden. Information and resources must be made accessible and delivered competently to all communities.

Transparency and Accountability: Maintain openness and fairness to diverse communities, such as low-income communities, communities of color, and geographically isolated communities, in all phases of planning, decision making, program development, program implementation, documentation, program evaluation, and advocacy.

Sustainability: Implement equity-enhancing programs and policies with the institutional support, protections, and enforcement necessary for long-term positive impact in diverse communities.

Guiding Questions

Step 1: Gathering Information

Review the purpose of the public policy or internal practice that will be developed and/or implemented. Begin identifying additional information needed to pursue equitable outcomes.

1) What specific issue(s) does this policy intend to address?

2) What is the purpose of the policy or practice at hand?

3) How might this policy or practice play out differently among diverse groups?

4) If this policy was created to address inequity, what evidence indicates the presence of inequity and the likely effectiveness of the proposed solution?

5) Who are the subject matter experts in this field? Have stakeholder organizations, especially those that serve communities of color, been consulted about potential consequences of the policy?

6) What additional information is missing?

Step 2: Identifying Holes

Identify the impact, both positive and negative, that a public policy or internal practice will have on diverse communities. Envision the consequences of implementing the policy without accounting for the unique circumstances of different racial groups.

1) What unintended consequences could result from this policy if enacted as written?

2) What resources are needed to implement this policy? Would different racial and ethnic groups similarly benefit from the use of these resources?

3) What metrics or benchmarks could measure and compare disparate impacts on different communities?

4) What additional barriers might prevent diverse groups from benefiting fully from this policy?

    a. Consider language spoken, gender, socioeconomic status, technological access, LGBTQ status, ability, employment status, immigration status, education level, geography, environmental exposure, religious beliefs, culture, and history of incarceration.

Step 3: Filling in the Holes

Identify additional steps needed to ensure that the public policy or internal practice will impact all groups equitably.

1) What steps can be taken to prevent or mitigate adverse impacts?

2) What steps could address additional barriers to diverse groups fully benefiting from the policy?

3) Are there further ways to maximize equitable outcomes?

4) Have public, private, and non-profit stakeholders been consulted to identify possible resources and solutions?

Step 4: Examining Sustainability

Make the public policy's development and implementation transparent and sustainable.

1) Does this policy or practice have adequate funding and staff support?

2) Are there mechanisms to ensure successful implementation and enforcement? If not, what tools can be employed to create those equitable outcomes?

3) How will ongoing stakeholder feedback be collected? Will the policymakers be accountable to the public?

Step 5: Evaluation

Measure the equity of the public policy or internal practice.

1) Are there provisions for regular data collection? Can the data be disaggregated by multiple markers of difference including but not limited to race and ethnicity? Will this information be publicly reported?

2) Are there clear benchmarks for short- and long-term success? Is there a clear timeline for meeting these benchmarks? What mechanisms will support the continued success of these goals?

3) What are the consequences of not meeting these goals? How are staff, decision makers, and leaders held accountable? Is there a grievance process for community members and advocates?

4) Who oversees the policy's implementation?

Applying the Racial Equity Framework to the Offices of Minority and Women Inclusion

Greater diversity among financial regulatory decision makers can create more equitable policy outcomes for the nation. Because of their lived experiences, diverse regulators are more likely to understand how "race-neutral" policies can adversely affect communities of color. They will thus be more likely to thoroughly examine how regulations can affect diverse populations.

The Dodd-Frank Act of 2010 created 20 Offices of Minority and Women Inclusion (OMWI) to increase diversity efforts within the financial sector so that decision makers can better understand the needs of communities of color. The OMWIs are tasked with creating new programs, policies, and assessment procedures for internal and external diversity policies and regulations. In this section we will focus on a specific responsibility of the OMWIs: increasing workforce diversity within the agencies. This is an understandably challenging task. While the OMWIs can create hiring policies, they will not do the majority of hiring. It is therefore critically important that the OMWIs obtain buy-in from the agencies and provide targeted resources to hiring managers. This will help hiring managers utilize a racial equity lens that neither hinders nor detracts from employing qualified applicants.

...diverse regulators are more likely to understand how "race-neutral" policies can adversely affect communities of color.

In this section, we use the Guiding Questions to specifically address workforce diversity. OMWI Directors and staff can use these questions to weave racial equity into the fabric of the agencies' hiring process.

Step 1: Gathering Information

Review the purpose of the policy or practice. Identify additional information needed to pursue equitable outcomes.

1) What are the agency's current hiring practices and procedures? How do these vary for different positions?

2) Do OMWI Directors have relationships with decision makers/managers at all stages in the hiring process? If not, how can the OMWI Directors forge these partnerships?

3) Before the OMWIs were established, did the agency have a uniform definition of diversity? What current diversity initiatives exist? How does the agency OMWI define diversity, and how can the offices work to create a uniform vision of diversity across the agencies? How does this definition compare to the definitions issued by the Equal Employment Opportunity Commission (EEOC)?

4) What are the OMWIs' goals, and how are they measured? Are these goals racially and ethnically disaggregated?

5) Have the OMWIs been meaningfully integrated into the agency's overall strategic plan (i.e. are all divisions/offices of the agency aware of the OMWIs' goals)? Have hiring managers been trained on the benefits and necessity of a diverse workforce?

6) Do the OMWIs have public support of the agencies' executive leadership? How do these decision makers support the mission of the OMWIs?

7) Has the OMWI provided hiring managers with diversity statistics across the agency and within their own divisions?

8) Where do hiring managers typically source qualified applicants? Could these channels be broadened to recruit more diverse candidates?

9) Is the diversity of the applicant pool tracked? Are there accountability measures that encourage hiring managers to prioritize diversity?

Step 2: Identifying Holes

Identify the positive and negative outcomes that a policy or practice could have for diverse communities. Envision the consequences of implementing the policy without accounting for the unique circumstances of different racial and ethnic groups.

1) Which divisions/offices/units are the most lacking in workforce diversity? Are there any divisions/offices/units that are resistant to incorporating racial equity into their workforce hiring? How might the OMWIs best engage these offices? How can allocation of resources be changed to ensure workforce diversity?

2) Is each hiring requirement necessary for employees to perform their duties successfully? How frequently are these qualifications reviewed or reassessed? Do any of these requirements unnecessarily exclude potential qualified candidates? How might the OMWI directors take an active role in shaping the qualifications and requirements for vacant positions?

3) Is a particular racial group disproportionately absent from the workforce? Is any diverse group disproportionately absent from either lower-level, management, or executive-level positions?

4) How might additional markers of difference exacerbate racial disparities? (e.g. African American women, LGBTQ, Latinos)

Step 3: Filling in the Holes

Identify additional steps that will create equitable policy outcomes.

1) Does the OMWI supply hiring managers with recruiting strategies tailored to people of color? Are hiring managers able to give feedback on the effectiveness of these resources?

2) How does the agency currently advertise job opportunities? Are the demographics of the readership tracked or analyzed? Are job opportunities advertised in spaces frequented by communities of color such as ethnic media outlets?

3) How can the OMWI staff give input regarding the hiring process of positions that lack diverse employees? Are OMWIs present on or in dialogue with hiring committees?

4) Have the OMWIs partnered with minority professional associations to supply qualified candidates? Can the OMWIs set specific recommendations for the number of diverse applicants that must be considered before an executive hire is made?

5) Who can help the OMWIs identify potential shortcomings in policies and practices?

6) Can applicants, successful and unsuccessful, give feedback on the division's hiring process? How can this feedback be incorporated to further the goal of achieving racial equity? Have the OMWIs assembled a hiring advisory board? Does the board include diverse leaders in the private, public, and non-profit sectors?

Step 4: Creating Sustainability

Make the development and implementation process transparent and sustainable.

1) Do the OMWIs have adequate personnel and financial resources? If not, how can the OMWIs collaborate with other institutions to provide programs and services to create a racially equitable hiring process?

2) Do the OMWIs' objectives have adequate support from offices and divisions in the agency? Has the head of the agency communicated his/her support of the OMWI's goals and objectives to the agency as a whole? How can the OMWIs develop a strong culture of pursuing these objectives?

3) What support for hiring managers currently exists? In order to comply with standards set by the OMWIs, will hiring managers receive ongoing training about how to incorporate diversity into hiring, promotion, and retention?

4) What professional development training is available to the OMWI staff?

5) How will the OMWIs support the EEO and HR offices to make diverse hires? Do all offices have consistent hiring protocols?

Step 5: Evaluation

Measure the success of this policy in achieving racial equity.

1) What current forms of analysis for hiring practices exist within the agency? How will the OMWIs measure success in hiring diverse employees? What metrics or benchmarks will track the progress of these goals?

2) Will the OMWIs create their own demographic reporting mechanisms? Will their reports give the demographic composition of each employment level?

3) What kind of data is needed to measure success? Have the OMWIs consulted with public, private, and non-profit stakeholders on data collection? How do the OMWIs reconcile unique data collection needs with the types of data that are collected at an agency-wide level?

4) How will the OMWIs' analysis be communicated and disseminated throughout the agency? Will the OMWIs collect ongoing data that is publicly reported and disaggregated by multiple markers of difference, particularly by race and ethnicity? How will that information be communicated to internal divisions and their hiring managers?

5) What constitutes short- and long-term success in overall hiring practices and workforce diversity? Can the terms of success be determined in conjunction with stakeholders and partners? What are the timelines for meeting these benchmarks?

6) What is the grievance process for stakeholders?

7) What are the consequences of not achieving diversity goals?

8) Will employees have the opportunity to provide feedback on the hiring process?

CONCLUSION

America's demographic shift follows the worst financial crisis since the Great Depression. Federal policies and regulations designed to protect our economy overlook the complexities of consumers driving the system. Embracing and institutionalizing a frame of racial equity at the regulatory level will help build the financial health of our nation.

Financial regulators have the authority to influence the financial sector from the workforce that runs it, to the products and services it creates. Agency leadership must encourage managers to use the Racial Equity Framework and its Toolkit. This instrument can help craft and evaluate key policies that profoundly impact diverse communities. The Framework and Toolkit provide decision makers with a perspective to assess and analyze the impact of their policies on communities of color. Using both methods can ultimately craft equitable policies that bring all Americans closer to financial security and our nation back to a healthy state. To ensure racially equitable outcomes, we propose the following steps:

1) Agency heads and top leadership should formally adopt the Racial Equity Framework. All divisions and offices should then create a clear implementation plan and utilize it when crafting and evaluating policy.

2) The OMWIs should conduct outreach and training efforts that support hiring, retaining, and promoting diverse staff. A portion of this strategy should include effectively incorporating the Framework into their operations.

The Greenlining Institute will continue to work with the OMWIs and key departments to improve the Racial Equity Framework and to maximize its utility. With active collaboration, this Framework can transform diversity ideals into real world reform on a systemic level. We support visionary regulators who can fundamentally change the way the financial sector works with communities of color and other underserved groups.

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