Philanthropy & The City

WHAT DOES AN INCLUSIVE AND EQUITABLE RECOVERY LOOK LIKE?

The Center on Philanthropy & Public Policy
Sol Price School of Public Policy
University of Southern California
Philanthropy & The City

*What does an inclusive and equitable recovery look like?*

Elwood M. Hopkins
James M. Ferris
February 2022

This series was sponsored by:

[logos]

With additional support from The Center’s Philanthropic Partners.
Forward

As The Center on Philanthropy and Public Policy embarks on its third decade, we want to shine a spotlight on the opportunities for innovative, creative solutions for the most pressing problems in our neighborhoods and communities and the role that philanthropy can play. To do so, we want to build on various strands in our work to date that accentuate those strategies where philanthropy works at the intersection of the sectors – through public policy and partnerships with government and business, as well as efforts to support greater philanthropic collaboration. It is through this work, that we have come to appreciate the wide array of possibilities for philanthropy to drive change within our cities.

It is at this scale that you can see, feel, and touch the problems. It is at this scale that you are more apt to see how the various systems come together to create a place and impact the quality of life. It is at this scale that lays bare, especially since the pandemic, the disparities and inequities that exist and encourages us to do better. It is also at this scale that you can involve all of philanthropy in its various shapes and sizes and bring the community together – including all sector and folks from all walks of life – to imagine and forge solutions to enduring problems. The opportunities for change expand exponentially.

In this belief, The Center organized a four-part series: *Philanthropy & the City*, to bring together leaders from across the nation with a wide range of experiences, perspectives, and vantage points to share their insights and ideas for building more vibrant, equitable and resilient cities. The series, originally conceived as a large in-person national forum in Los Angeles in the spring of 2020, represented a cumulative expression of nearly a decade of The Center’s research and programs around urban policy, practice, and problem-solving. Most notably, these prior dialogues included the national inquiry into place-based philanthropy and public policy, *Prioritizing Place*, a assessment of decades of place-based initiatives, as well as *Drawing on Detroit*, a distillation of insights from the philanthropy-led recovery of Detroit in the aftermath of its bankruptcy.

The historic events of the last two years – convergence of the global pandemic, ensuing economic downturn, and widespread reckoning around longstanding racial disparities – brings into sharp relief, deep structural issues and creates commensurate leadership opportunities for those concerned with equitable recovery in our cities. As Henry Cisneros so poignantly notes in the keynote session of the series:

“We've known for a long time that cities are places where we live and they're places where we work and they're places where we trade and they're places where we learn, and they're places where we assemble to do great things together, religious, political, or otherwise. But cities have also been the places where we achieve some measure of equity in American society, since immigrants arrived with nothing to the East side of New York and made a life, investment banks, name for Jewish immigrants from New York, Bank of America named by an Italian American in San Francisco. We've known that that's the dynamic, but I think we're entering into an era where conscious attention to the equity
agenda with city resources and the other resources they can bring to bear is the next great role of our cities in our society.”

This report provides a summary of the four sessions held in March and April 2021, moderated by Elwood Hopkins, Presidential Fellow, The Kresge Foundation. They focus on new models of local governance, the anchoring role that community foundations can play, the next generation of place-based initiatives, and the greater recognition of how corporations can contribute to the social good. We conclude with a set of key threads across the four conversations that offer lessons that are particularly poignant for our cities to meet this moment, and for philanthropy to play an important role. They offer new ideas and approaches, remind us what matters, and suggest what is needed to enable and empower bold leadership in our communities.
Philanthropy & The City: What Does an Inclusive and Equitable Recovery Look Like?

Introduction

A fundamental change in philanthropy over this generation, rather than doing good, has been a focus on greater impact. In the early years of this era dating back to the 1990s, marked by venture philanthropy, the emphasis was on strategic giving and nonprofit capacity building. This was followed by a set of strategies that aim to scale impact: philanthropic collaboration, public policy engagement, and partnering with government and business.¹

We see all of these strategies play out in our neighborhoods and communities where leaders can reach out and solve problems, understanding how the various systems come together to create more inclusive and resilient places. The opportunity to drive change grows exponentially in our cities as philanthropic actors from all quarters can be engaged and empower networks across the sectors. This has come into greater focus in the last two years. As issues of equity and race have been laid bare, there is an amazing possibility for our cities to meet the moment, and for philanthropy to play an important role.

In that vein, we summarize the conversations that comprise the series on Philanthropy and the City and underscore how the vitality and promise of cities and emerging models for working across the sectors for local problem solving can play a transformative role. We conclude the report with some through lines of the discussion that lift up new ideas, innovative approaches, and the bold leadership that is needed to realize the promise of philanthropy and the city.

The Sessions

The New Local Problem Solving

Henry Cisneros, Chairman, American Triple I Partners, LLC & Vice Chairman & Equity Owner, Siebert, Williams, Shank, LLC, and Former Secretary, U.S. Department of Housing and Urban Development (HUD)

Rip Rapson, President & CEO, The Kresge Foundation

This keynote conversation considers the new landscape of cross-sector problem-solving structures emerging in cities. This trend toward what Bruce Katz has termed “new localism” has been observed for some time.² But as Cisneros and Rapson argue, the trend has accelerated in

response to the current crises as philanthropic, private, and nonprofit actors step up to engage in substantial partnerships with city governments. They share concrete examples and suggest that some may contain the seeds of new urban governance models and implications for an inclusive recovery.

Steadfast champions of cities, Cisneros and Rapson each argue eloquently for the importance of cities in the advancement of society. For Cisneros, cities are among “the most important inventions of human civilization.” They are “living organizations” that have served many changing functions throughout history and create “new economic rationales” for society as a whole. But, to date, leaders have failed to bring the necessary intentionality around the racial equity function of cities. Today, philanthropy has “no choice” but to support philanthropic/public sector partnerships that help cities to do just that. Only in this way can cities be “platforms” for pursuing equity.

Rapson concurs that cities are evolving in their functions, and racial equity, healing, and reconciliation are increasingly paramount. “If we are to create a crucible for racial justice,” he asserts, “it will be in cities.” They are, after all, the places where societies assimilate changing identifies and undertake healing processes. Speaking directly to the theme of the session, he imagines “new problem-solving machinery,” calling on philanthropy to “get out of its passive crouch,” to “shape shift,” and to adopt catalytic roles relative to the public and private sectors.

The two men reflect on how the world has changed during their careers. Cisneros recalls first coming to “the business of cities” in 1968, a year rivaling 2020 as one of the most tumultuous in American history. As a young adult working at the National League of Cities, he was exposed to some of America’s great mayors: Cleveland’s Mayor Stokes; New York’s Mayor Lindsay, Chicago’s Mayor Daley; Baltimore’s Mayor D’Alesandro. He was inspired to run for City Council and then Mayor of San Antonio. And, although he subsequently served such posts as a Presidential Cabinet Officer, business executive, and member of many national commissions, nothing would ever equal the “complete engagement” he felt as mayor. “I felt like an orchestra leader, not only for city government but all the other sectors I could call on.”

Moreover, Cisneros has seen city leaders grow in power and influence relative to their state and federal counterparts. He notes the three former mayors sitting in the President Biden’s cabinet emerged as national leaders in areas ranging from racial equity to climate change. He references the evolving tradition of local, cross-sector partnership configurations that mayors and other local leaders have stood up over time to solve problems in cities. He highlights, for example, metropolitan level planning partnerships in Dallas, Houston, and San Antonio that have led to the multi-city economic powerhouse of the “Texas Triangle” and the need for both cross-sector collaboration and grounded resident engagement.

For his part, Rapson reflects on how the philanthropic landscape has changed dramatically during his career with the arrival of more players, more money, and more complicated relationships. He notes more blurring along sectoral lines as funding streams are blended and integrated. And, he identifies five new functions philanthropy is performing: (1) “table setting,” bringing together the
sectors for collaborative problem solving; (2) capacity building, especially in developing nonprofit infrastructure gaps (like CDFI’s in post-bankruptcy Detroit); (3) de-risking complex financial transactions that the market cannot take on alone, (4) acting as “guarantor” of the “civic commons,” assets whose preservation signal that a city is here to stay; and (5) using their resources as bridges to attract federal and state funding.

Building on Rip’s point about “table setting,” Cisneros notes that urban problem-solving is less about programs than it is about process. And, very few processes are more important than collective goal setting. He describes the Target 90 strategy he set in motion in Texas, a seven-year regional planning process that culminated in, among other things, DFW Airport. Utilizing a tripartite leadership model, he refers to repeatedly, there were three co-chairs: a Black legislator, a Latino organizer, and a white business leader. The goal-setting process for Target 90 led to genuine trust building among the more than 500 participants. And when it came to implementation, this painstakingly built trust meant that a sufficient base of support had been established. Of the 140 goals associated with Target 90, virtually all have been accomplished. Trust also enabled leaders to step out of their conventional roles.

As an example, Cisneros explains how community organizers involved in Target 90 asked him to go to Baltimore to learn about a new education strategy. The ambitious model removed all financial obstacles to public school students wanting to attend college. It was not the Mayor of San Antonio’s job to manage school districts or focus on college education; but, no one objected to him playing that role. Ultimately, the strategy was replicated in San Antonio with the local chamber president taking on fundraising. The city even passed a sales tax increase aimed at expanding workforce training programs associated with the program.

Cities can be microcosms for the nation as a whole. And in this current moment, Detroit serves as a “mini-America” in many respects. Rapson reviews the historical sequence of Detroit’s municipal bankruptcy, auto manufacturer bankruptcies, recession, and corruption scandals. He asserts that the only way to achieve a “clarity of forward purpose” after such events is through cross-sector partnerships. With this in mind, The Kresge Foundation enlisted cross-sector partnerships to recreate every public system: land use planning (through a community engagement process that led to a new intermediary); small business finance (through the growth of entrepreneurial ecosystem); early childhood development systems, parks systems (through a riverfront conservancy); food systems (through a conservancy for the nation’s oldest market); and, most audaciously, a new transit system (catalyzed by the philanthropic sector).

Rapson reflects that, although these innovations were immediate responses to emergency situations, they found sustainable forms that have adapted and endured as the city discovered a new equilibrium. The result is a set of flexible and quasi-permanent structures that include public sector representation at the table. He situates these partnership configurations in a gradually unfolding history of local governance in Detroit. “None of these things ever come to a final conclusion because we have structural inequality that is always testing how well we are solving the problems. Whatever we learn, we will have to keep applying and developing.”
Amidst the current outcry for reckoning around racial injustice, Rapson explains how Kresge committed to a comprehensive view of racial equity and inclusion. While it was tempting to exclusively fund activism, Kresge curated city-based funding packages in Memphis, New Orleans, Detroit, and Fresno that supported a range of endeavors – organizing, human services, education, arts and culture, and economic development. Each set was “an exercise in comprehensive development and all-in commitment to racial equity.” For the sake of movement building, the sixty or more grantees were connected to national intermediaries and networks.

There followed a rich discussion focused on the role of small businesses in urban economies. “The net under a city,” explains Cisneros, “is its small businesses.” While corporations are often praised for creating jobs, small businesses – in the aggregate – often create more jobs. Further, they tend to drive employment among people of color. While it is hard to find a city where small businesses are the single driver of economic growth, they are critical for long-term economic resilience and attraction of big employers. Rapson agrees, arguing for the creation of supportive ecosystems around these businesses to bring them technical assistance and capital. “It is impossible,” he says “to separate small businesses from larger community development.”

Finally, they address the current federal response to cities, advocating for federal funding strategies that use local cross-structures to deploy resources in ways that advance equity. Funding can be distributed by metropolitan planning organizations, cross-sector tables, councils of governments, and local governments with networks of philanthropic, nonprofit, and private partners. Rapson vividly recounts the story of post-bankruptcy Detroit: Obama Administration officials organized federal funding to support the organized expression of community needs that Kresge facilitated. Referencing his experience as HUD Secretary, Cisneros advocates “turning the traditional model of federal grants and aid of federal agencies like HUD on their head” to incorporate community priorities. HUD’s field offices must become mechanisms for listening to local needs and decategorizing funding across silos and agencies for local flexibility.

It is this kind of transformative thinking that can enable us to meet the historic moment we now confront.

**Community Foundations as Local Anchors**

Fred Blackwell, President and CEO of The San Francisco Foundation  
Helene Gayle, President and CEO of The Chicago Community Trust  
Antonia Hernández, President and CEO of The California Community Foundation

The second installment in the series focuses on the fascinating array of roles that local foundations can play in their cities and regions. As a starting point, each speaker reflects on the degree to which they bring their previous career experiences – ranging from community organizing and legal advocacy to public administration to medicine and public health – to bear on their work. These influences have translated into unique agendas being set at each of their institutions.
They further consider how community foundations are distinct from other philanthropic institutions, including the uniquely contextualized roles they can play in their cities. Blackwell describes community foundations as catalytic financial intermediaries that aggregate, leverage, or unlock capital in the philanthropic, public and private sectors for communities, enabling them to “punch above their weight.” The speakers describe how community foundations identify untapped capital sources to be steered into communities, a function that depends on deep familiarity and affection for places where the foundations exist.

Blackwell, Gayle, and Hernandez each argue that long-term identification with a geographic place is what has positioned community foundations to convene local leaders around shared visions, mobilize donors, close “the proximity gap” between donors and neighborhood leaders, pool and align diverse funding streams, forge philanthropic partnerships with city governments or private sector players, and take informed risks. Increasingly, community foundations have outsized influence by asserting strong points of view around racial equity and economic inclusion and evolving from a passive role of responsive grantmaking to more catalytic funding.

Blackwell observes the diversity of people who play a role in the San Francisco Foundation: its employees, board members, grantees, donors, and community leaders. This inclusiveness has positioned the foundation to play key convening roles, as it does with the Partnership for the Bay’s Future. Hernandez and Gayle echo this observation, and they describe major cross-sector partnerships that their foundations are undertaking which build on this connectivity such as the Chicago Community Trust’s “We Rise Together” initiative around inclusive recovery or the California Community Foundation’s comprehensive immigration efforts that combine English literacy, leadership development, and policy advocacy.

One traditional community foundation role, of course, is custodian of donor-advised funds. There are inherent challenges to administering them in a relevant way: someone establishing a donor-advised fund even a few years ago could hardly have foreseen the funding needs of 2020. Further, some donors may not fully understand the lived experience of low-income families or people of color. There is a thoughtful discussion about the creative roles these three presidents play in balancing respect for donor intent with need to advance inclusion to address unprecedented challenges. Again, each foundation’s identification with a city – with the specific circumstances of place – is often the key to this reconciliation.

Hernandez points out a crucially important shift: community foundations are expanding their capacity to partner directly with the public sector and to advocate for policy change. This means they must build the internal infrastructure needed to comply with government partnerships or support the external infrastructure to shape policy change. Finally, many types of foundations, not just community foundations, have intensified their support for community organizing and power-building infrastructure for communities of color.

Turning fully to the profound crises of global pandemic, economic downturn, racial reckoning, and civic unrest, the three presidents reflect on how they have led and adapted their foundations during this time. Each leader has sought to balance immediate short-term aid and stopgap
funding with a larger mandate: seizing the opportunity of the historical moment – and the structural inequalities that have been laid bare – to undertake bolder, long-term agendas. Their work during these times has renewed their sense of opportunity when it comes to addressing the entrenched barriers that divide our society: racial wealth gaps, food deserts and food insecurity, uneven access to health care, and inequities in the criminal justice system or education. These longer-term agendas involve philanthropy leveraging public and private sector resources.

Ultimately, the presidents agree that these long-view visionary efforts represent the highest functions of community foundations, and these efforts have been the ultimate guiding star of their work in all three communities.

The Next Generation of Place-Based Philanthropy

Terri Ludwig, President of the Ballmer Group Philanthropy
Dr. Robert K. Ross, President and CEO of The California Endowment
James Shelton, Chief Investment and Impact Officer, Blue Meridian Partners

The third session in this series enlists three leaders steeped in philanthropy and community change to comment on setting new directions in place-based initiatives. Dr. Ross opens the conversation by reflecting on the evolution of The California Endowment’s fourteen place-based initiatives, the “Building Healthy Communities (BHC)” sites. These efforts, predicated on the idea that health disparities play out spatially, lead to a reengineering of The Endowment’s approach. One new approach is seen in the fact that there are fourteen BHC initiative sites, not two or three. Ross explains that the challenge is not to pilot and replicate a model but to create parallel learning communities that can import expertise based on needs. He underscores the importance of humility before the complex process of social change and of being “proximate to the lived experience of vulnerable populations.”

Ludwig shares insights from her leadership of Enterprise Communities Partners prior to joining Ballmer Philanthropies. She reflects on the inflow and outflow of capital in low-income neighborhoods, the local infrastructure for capital absorption, and the importance of ensuring that – when capital does come into communities – it leads to economic mobility for households. She comments on the role of community development financial institutions (CDFI’s) and their ability to not only finance housing, but small businesses, health care providers, childcare, and other community needs.

She further explains that leaders responsible for these capital streams genuinely want to understand the impact of their investments. Opportunity 360, for instance, is a data platform that allowed capital providers to understand the interdependent systems in which they were investing. This holistic understanding of results is especially important as we look at racial equity in the context of place-based philanthropy today and track pathways of economic opportunity. The Ballmer Group, for example, strives to help households find multigenerational routes to mobility. This effort entails rationalizing differently scaled systems and interventions as a
streamlined continuum so that progress can be tracked and measured with reliable data.

Shelton’s comments connect the experience of an individual human being’s developmental progress with population-level changes. He shares thoughts gathered during his time at the US Department of Education and the Chan Zuckerberg Initiative that are informing the way Blue Meridian is approaching place-based philanthropy in this moment. Drawing on his own life experience growing up in Southeast Washington, D.C., he recognizes the significance of growing up in a “resourced home” and having access to experiences outside of his neighborhood. Talent, after all, may be equally distributed; but, opportunity is not. People are raised with “headwinds or tailwinds” that propel them in life or inhibit their productivity due to factors beyond their control such as zip code or race.

Shelton emphasizes that solutions must be proximate or spatially accessible. They can’t be dropped down without adaptation to local circumstances. Referencing the work of Raj Chetty, Shelton explains how research has advanced place-based philanthropy around opportunity: studies show that people in low-income neighborhoods often have much less proximate access to networks that lead to employment, education, health care, and socioeconomic mobility. Many solutions, then, must be hyperlocal constructions that reflect local circumstances, creating relationships that increase access to opportunities for people in places where they live.

A particularly thought-provoking set of insights focuses on how local, place-based solutions can be brought to larger scale. Instead of mechanically replicating successful pilots, the emphasis should be on investments in the infrastructure, institutions, and networks that distill local learnings and drive scalable solutions. Such investments restructure the way local grassroots groups inform large-scale change, help local leaders ascend into larger systems-change efforts, and contextualize how top-down resources are deployed. And, the learning can be both horizontal (across communities) and vertical (into policy).

Ross offers an illustrative example. Early in the planning year for Building Healthy Communities, he visited a grassroots group called Youth Justice Coalition in South Los Angeles which had what was then an audacious, even quixotic goal. Their vision was not reform at the margins, but transformation: close the juvenile detention facilities. It succeeded, not because of prestigious research institutions, but because of young organizers who knew how to use data and formulate compelling narratives.

Ross further reflects on how The Endowment has shifted from a zip code-based approach to a more regional one because regional economies are so central to questions of economic inclusion and regional leadership bases have such influence on state policy. For example, in the State of California, the power dynamic behind changing local conditions is based at the county level, not the city or municipality. Finally, he describes how The Endowment is using social justice bond

---

financing to invest in a profusion of intentional efforts that will support power-building efforts by region. This approach involves network and coalition building, the institutionalization of community wealth building, and the growth of power-building ecosystems.

Building on this theme, Ludwig offers aloud how work in one place is accelerated when practitioners are linked to national networks. She references a network that includes 80 place-based efforts which have shared, scalable interests. One such interest is the aspiration to equip places and “backbone organizations” that can track longitudinal data, create greater alignment, and continuously improve strategies moving forward: “we’ve made investments in a software company that works with social service providers so that we can monitor population level outcomes.”

Ludwig further explains that while Ballmer funds work nationally, it also invests deeply in Washington State, Los Angeles, and Southeast Michigan, where the Ballmers’ hearts and business interests are. One way they approach the streamlining and nesting of systems in places is to invest in leaders who are working on that integration. This approach includes not only grantees, but also the building of their team at Ballmer. Individuals must have an array of skills that are relevant to organizing, systems analysis, and power-building. “And humility may be the theme of the day,” she added, because individuals “must be good listeners and be willing to collaborate.”

The conversation then shifts to the leadership traits required to mount effective place-based change: leaders must be grounded in local realities, able to negotiate across sectors, and skilled at informing policy discourses. The accretion of place-based work in communities has led to the formation of place-based leadership groups connected to the larger associations. Ross notes that younger leaders intuitively have global perspective and think about scale naturally. Shelton agrees, adding that younger leaders gravitate towards power-building networks. Today’s youth know they can “throw a question out into the world, and an answer will come back.” Ludwig describes how groups like Govern for America or Public Allies cultivate young people as problem-solvers. Ballmer supports a cohort of such organizations to deploy their collective intelligence for communities.

The three reflect on how place-conscious change becomes a context for cultivating leadership pipelines at different levels. “I don’t like the idea of a leader ladder,” cautions Shelton, “because the different forms of leadership are not more valuable than others.” Instead, he describes them as pathways that allow people to work at increasingly larger scales and to share their essential skills with others so that other communities needn’t reinvent the wheel.

Shelton adds, “we can look for successful tools and interventions, but if you don’t figure out how to align them all and compound the benefits, the likelihood they will have full impact is low.” He references Blue Meridian’s strategy, “Place Matters,” which “creates a container” for cross-sector partnerships around cradle-to-career interventions.

In a final statement that resonates with all the speakers, Shelton frames the fundamental challenge as the building of coalitions that unleash the creativity of young leaders who can figure
out to solve problems themselves in the long-term. “Bet on the people in these communities,” he said. “Invest in them over the long-term as Ross describes. And then build institutions that spread the work and develop the people, as Ludwig describes.”

**Session Four: Corporations, Philanthropy and Inclusive Markets**

**Lata Reddy**, Senior Vice President of Inclusive Solutions at Prudential Financial and Chair of The Prudential Foundation  
**Shamina Singh**, Founder and President, The Mastercard Center for Inclusive Growth.

*The fourth and final session in the series is a conversation with two corporate leaders on an emerging narrative about the role of the corporations in society.* In modern discourse, corporations are often critiqued as exploitative or extractive. But, there is also a deep counter-tradition of corporations advancing social purpose and acting as engines for economic growth in our cities. This alternative view is the starting point from which Reddy and Singh begin.

Reddy and Singh open the discussion by recognizing that the challenges of Covid-19, the related recession, and civil unrest are an opportunity for their companies to play expanded roles for their employees, contractors, customers, and families. Corporations, after all, are made up of people. They are microcosms of the world. As such, Prudential and Mastercard sought to keep individuals employed, allowed businesses to defer rent, and provided for mental health support and the provision of basic needs. Reddy notes that “listening to the lived experience of employees took on new importance and a different kind of emotional resonance” in 2020.

“It is easy to get it right in the good times,” agrees Singh, “but companies with purpose at their core” show commitment to their people in the hard times. During these times, she continues, it is incumbent on leaders to stand with and for their employees. On that score, Mastercard dedicated half a billion dollars toward understanding and addressing racial equity in the United States, much of it leading to transformed procurement practices. “It is important to go beyond intellectual problem-solving to embrace decency as a central value.”

The two speakers differentiate their companies from many others that separate philanthropy and corporate social responsibility functions from revenue-generating lines of business. Propelled by the civil rights organizing that intensified following the death of George Floyd – and the disproportionate impact of Covid-19 on people of color – many corporations made public statements and philanthropic commitments around racial equity. For some corporations, these promises were unrelated to their core businesses. But, other companies saw the moment to embrace a purpose-driven corporate culture. Purpose-driven companies like Prudential and Mastercard recognize that they can bring speed, scale, credibility, insights, expertise, and efficiencies to social problem solving.

Both Reddy and Singh are breaking down these walls and acting as cross-functional leaders who see tools like grants and social investments as but two arrows in a larger quiver. And rather than engaging in social goals that have no relationship to their company’s core business competencies,
they do the reverse: they seek to use their tools as part of the larger suite of services and expand consumer markets comprised of low-income people and people of color.

Reddy identifies a continuum of resources such as flexible corporate cash, philanthropic dollars, program-related investments from the foundation’s corpus, double bottom line investments from the balance sheet, and time and expertise of employees. She reviews the array of corporate capacities that can be brought to bear on social problem-solving like retirement services, asset management, insurance offerings. More generally, Prudential brings an understanding of how addressing financial security can contribute to a wide range of socioeconomic problems.

As an example of how these resources are deployed, Reddy describes how her team at Prudential helped develop new financial products for low-income households and catalyzed more inclusive practices in asset management, retirement earnings, and insurance offerings. These products could only be created through the interaction of business lines with more philanthropically-oriented thought. She also cites a partnership between Prudential’s Real Estate Investment Business and a nonprofit called Youth Build that trains young people in the construction field. Youth Build had been grant-funded for a while, but the partnership with the line of business enabled the creation of a “glide path” for mentoring by Prudential employees and hiring by 200 large developers and their construction contractors. “It is an ecosystem we have created and can influence.”

Similarly, the Mastercard Center for Inclusive Growth has created an array of financial solutions aimed at small businesses and entrepreneurs. Singh explains that Mastercard uses the term “commercially sustainable social impact,” which means “doing well as a company by doing good in the world by doing what we do best.” For Mastercard that means using their data analytic networks, products, people, marketing capacity, along with capital from an impact fund, and philanthropic assets to address social problems. “Working in the payment spaces,” she continues, “is a vested interest and vested opportunity to help people thrive in the digital economy.”

 Singh also describes how her Center is promoting industry standards that recognize the role of data science for social impact and the need to protect people’s personal data. With the Rockefeller Foundation, they created a new nonprofit that is focused on responsible use of data. She also references a partnership with Unilever which, through its supply chain, can help provide credit to small businesses owned by women and people of color. In this way, they discovered new ways to measure credit worthiness among micro-entrepreneurs.

Singh also points out that – while optimization of shareholder interest drives much corporate behavior – shareholder interests are also evolving. And in some cases, there are shareholders with definitive intentions around social goods. When Mastercard went public, 11% of the stock was used to create an independent Mastercard Foundation. “When you have a foundation as one of your largest shareholders,” she explained, “it does influence your investments.”

The conversation delved into the recurring theme of scale. When people discuss how to bring
solutions “to scale,” they often turn reflexively to government as the scaling mechanism. But, as these two speakers illustrate, there is nothing quite like the free market or corporate structures to deliver something at a large scale. Reddy emphasizes that corporations can create place-based change at scale by framing narratives about economic inclusion, developing market-oriented solutions, and supporting backbone organizations that lead to cross-sector collaborations at scale.

There was also a discussion around the scale of change that happens when corporations collaborate with one another as well as other partners to create industry practices, new fields, and community conditions that are conducive to expanded economic opportunity. Although competition defines market activity, Reddy and Singh agree that there is ample room for collaboration among corporations, especially when it comes to growing new markets or making markets more inclusive. Big, exponential change depends on bringing together corporations with complementary assets and looking for ways that they can do things collaboratively.

Finally, there was a candid reflection on the fact that corporations, especially older ones, are increasingly under scrutiny for their history and the degree to which past business practices may have driven racial inequity or economic inclusion. Reddy shares the process through which Prudential and its employees have looked squarely at their corporate history, both the good and the bad, and sought to come to terms with this history while transmuting the experience into better practices today. “As a legacy company, Prudential has ridden the waves of American history and has not always been on the right side of history in its practices.” In order to move forward, they hosted a town hall with thousands of participants called “Opening Our Past,” with Professor Khalil Gibran Mohammed to understand the impacts of the company and the insurance industry in general and to plan a better future.

**Leadership in Cities: Critical Takeaways**

These four rich discussions generated some cumulative and recurring themes that define the cutting edge of philanthropic and public sector leadership in cities. They also surfaced some unique standalone insights worthy of highlighting. Among the takeaways from this series are:

1. **The idea of “scaling up” place-based solutions is no longer understood as a question of replicating successful pilot projects.** The idea of pilot replication has been largely supplanted by a more fluid, co-creative, network-based learning process that enables local leaders to import, adapt, and integrate ideas from other places. In this new framework, it often makes sense to seed simultaneous solutions in parallel. Achieving scale is less about reproducing place-based initiatives as whole methodologies and more about field-building – the creation of networks, learning channels, peer cohorts, leadership pipelines, and coalitions that spread learnings in an open-source way.

2. **The new disruptor in urban problem-solving is the cross-sector translator.** The leaders who are creating transformative efforts in cities today are increasingly “translators” who can find
points of intersection between the government, business, philanthropy, and nonprofits. There is an essential trust factor that allows these disruptors to be effective, and it is earned in part by individuals who take time at different points in their careers to work in different sectors. These individuals can bring the relationships and insights of one sector into another and learn how to engage each sector in a way that makes the best use of its strengths. They can also craft narratives that help to redistribute roles across sectors in new ways.

3. **In an era of renewed local problem-solving, community foundations are well-positioned catalysts.** The characteristics that differentiate community foundations from other philanthropic institutions are precisely the traits that prepare them to lead inventive change strategies in cities and regions. Foremost of these is their complete identification with the places in which they are located. Other traits are their established function as convenors of diverse populations and leaders, their grounded histories as part of a city’s legacy, and staffing structured comprised of individuals who are change agents with deep intelligence about what it takes to get things done. This includes a willingness to forge direct partnerships with local governments.

4. **Power-building has become the driving principle of much philanthropic investment in cities:** In recent decades, much philanthropic initiative has focused on strategies that support programs for economic and social mobility, and increasing access to real world opportunities for low-income households. While this remains an important framework, power analysis and power-building strategies have become an increasingly central emphasis. Fueled largely by activism in the wake of George Floyd’s murder, philanthropy has dramatically increased its support of strategies that aim to deconcentrate power and empower people of color. Long-term philanthropic investments are now being made in coalitions, backbone organizations, and infrastructure of power-building. The most sophisticated strategies integrate organizing and activism with social services, economic development, and other program areas.

5. **Corporations are participating in societal problem-solving in a more holistic way.** Whereas corporate philanthropy was once seen primarily as an independent offshoot of business, it is increasingly understood as just one integrated component of a corporation’s wider array of resources. In fact, corporate philanthropy, social investments, and other non-revenue-generating expenditures are increasingly seen as catalytic capital that can be used to create new financial products and services or to grow consumer markets in low-income communities of color. Relatedly, corporations are increasingly able to collaborate with their competitors in these efforts. And in at least one case, shareholder dynamics are being transformed; the Mastercard corporate foundation is a major shareholder of its parent company.

6. **With federal resources increasing, the challenge is how to funding can land in communities in ways that can drive racial equity.** In many cities, cross-sector configurations, interagency governance structures, and a variety of local coalitions and decision-making bodies are working with cities to secure, allocate, and distribute federal resources in smart ways. While much funding will likely go to backfill municipal debt or
finance conventional uses, some recovery funds can be distributed in transformative ways that engage new partner organizations and reach previously excluded populations. Indeed, if this happens, it will be due to the new cross-sector governance structures that philanthropy has helped to construct.

The *Philanthropy & the City* series was steeped in the sobriety of ten committed leaders who have steadfastly led their beleaguered institutions through one of the most challenging years of their lifetimes. And yet these conversations were imbued with thoughtful reflection, an appreciation of the transformative potential of crisis, and a seasoned, grounded optimism for the future.