



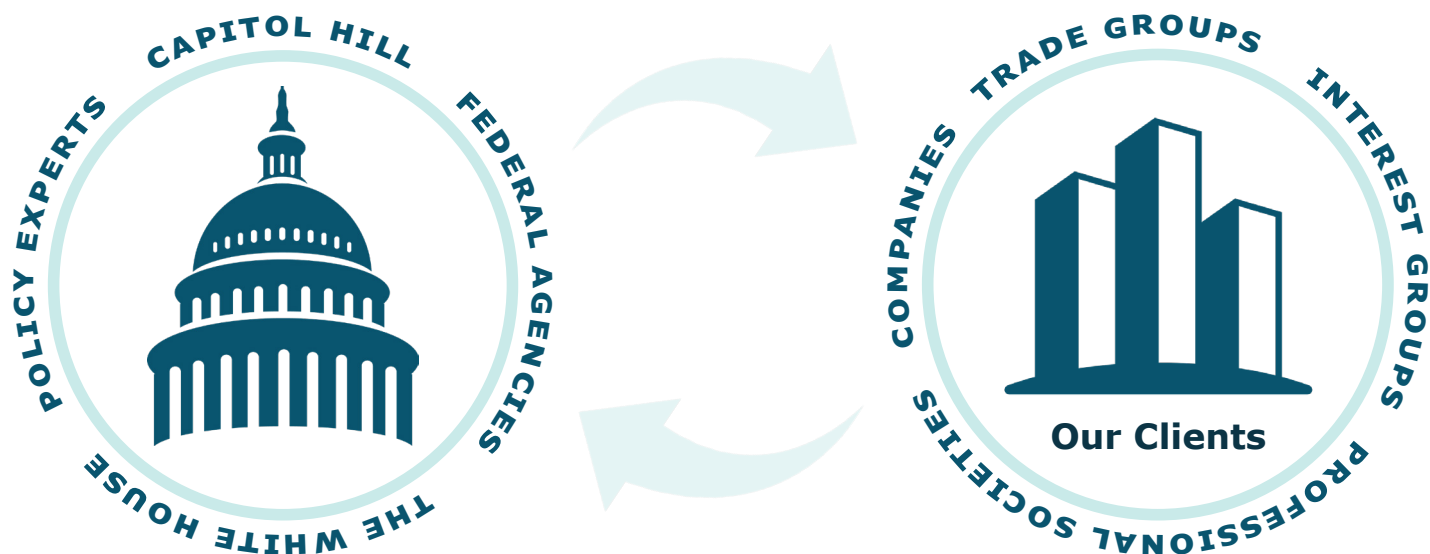
DIVERSITY, EQUITY, INCLUSION AND JUSTICE

**Policymakers' Expectations for
the Business Community**

**Based on 2020 Research Insights
Published April 2021**

About Ballast Research

Ballast Research provides feedback from policymakers directly to government relations professionals, helping advocates (1) make better use of policymakers' time and (2) provide resources and materials most useful to those in government.



Our Promise

Confidentiality: All participation in our research is confidential and not for attribution.

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I'm always trying to increase the communication quality between the regulated community and the regulators. When we do a better job of that, we'll see better outcomes and better public policy.

— Senior Director, Federal Agency

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Executive Summary

Through interviews with more than 60+ people, including public sector officials, and, more importantly, racial equity subject-matter experts, Ballast sought to better understand how policymakers and policy influencers were impacted by the events of 2020, and what that audience expects from organizations across all sectors in promoting racial equity and combating racial injustice.

Respondents were asked broad-ranging questions about the current state of social justice work, the role of private organizations and key sectors in furthering this work. We explored specific examples of approaches that they've seen work and how certain organizations are leading the way. This report is an overview of key findings culled and analyzed from these interviews. While not a comprehensive or proscriptive strategy, it aims to illuminate current sentiment about diversity, equity, inclusion and justice from people closest to the work and offer some guidance from policymakers on the new table stakes tactics in which all organizations can invest.

A special thanks to the experts who shared their deep knowledge, candid observations and policy prescriptions with our team. It's with their expertise that we're able to begin to map out the new landscape and ways every organization can contribute.

Key Findings

- Issues of racial equity, from health inequality to police brutality, captured and kept the attention of policymakers and their constituents in 2020. The killings of George Floyd, Ahmaud Arbery, and Breonna Taylor galvanized the private sector to make public commitments to not just support diversity but to further racial justice.
- This sustained attention on long-festered problems has raised expectations from all sectors of society. Words and actions grew bolder as the space grew more crowded.
- Policymakers on both sides of the aisle are linking racial equity to their portfolios, whether or not they explicitly focus on civil rights and racial justice. Other key issues, such as the COVID-19 pandemic and climate change, are being considered through an equity lens.
- Private sector organizations will be critical allies. While many interventions are bespoke to specific industries, all companies can fulfill policymakers' baseline expectations: internally, to promote racial equity throughout their company culture; and externally, to contribute to the society-wide fight for racial justice.
 - Internal: Diversifying senior leaderships is a critical first step, but policymakers looked for leaders to make more structural changes that create an inclusive workplace and pathways to promotion for people of color.
 - External: Private sector leaders in DEI can leverage all their power to make change. It begins with making thoughtful financial contributions to nonprofits and programs with connections in key communities and a history of success. They also use their political capital to advocate for equity issues writ large.

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A Note of Thanks

We extend our deepest gratitude to the experts who shared their insights, observations, and policy prescriptions with our team. It's with their expertise that we're able to begin to map out the new landscape and ways every organization can contribute.

Producing this report was truly a team effort at Ballast. Thank you to our external affairs team, especially Jessica Kirchner and Ben Whitman, who were instrumental in connecting us with DEIJ experts in addition to cultivating and serving our policymaker audience.

Thank you, too, to our research team, in particular Matthew McCarthy, Alan Yablonski, Mackai Tapleshay, and Michael Griffin, who designed our qualitative methodology and helped develop an analytical framework to get the best data possible.

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1. The Focus on Racial Justice Intensifies

“Change is slow, but the environment is going in, what we might say is, the right direction.”

— Policy Expert, Education Nonprofit

The United States in 2020 was marked by loss and tragedy. Each crisis the nation endured, from the global COVID-19 pandemic to the economic crash, disproportionately impacted Americans who are Black, Indigenous and people of color (BIPOC). BIPOC contracted and died from COVID-19 at higher rates. While many people turned to remote work, a disproportionate number of Black workers were either classified as “essential” and continued to work in risky environments, or lost their jobs due to the economic fallout of lockdowns.¹

While the world was much changed in 2020, one thing that remained constant was police violence against Black communities. The brutal killings of George Floyd, Ahmaud Arbery, and Breonna Taylor in the spring were far from the first instance of police brutality that pushed for a national reckoning on race.

In 2020, concerns about racial equity continued long after the initial news cycle ended and penetrated further into the national consciousness. In households, board rooms, and offices, interest in addressing systemic racism surged and, notably, persisted.

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Everyone is talking about race.

We had this racial uprising this summer. People are becoming more aware of what’s going on. People are realizing this is actually a thing.

Every time you turn around, people are having these conversations.

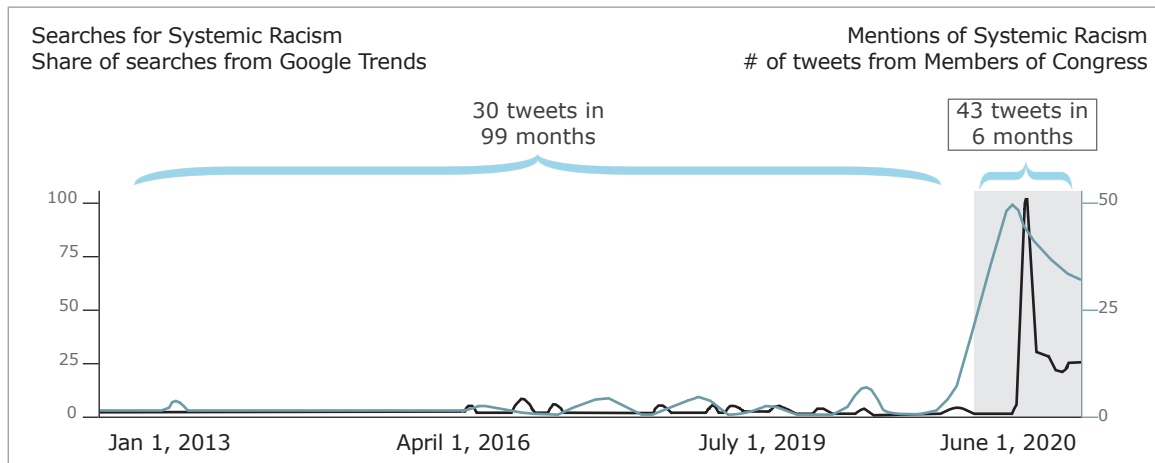
— Senior Staff,
Civil Rights Organization

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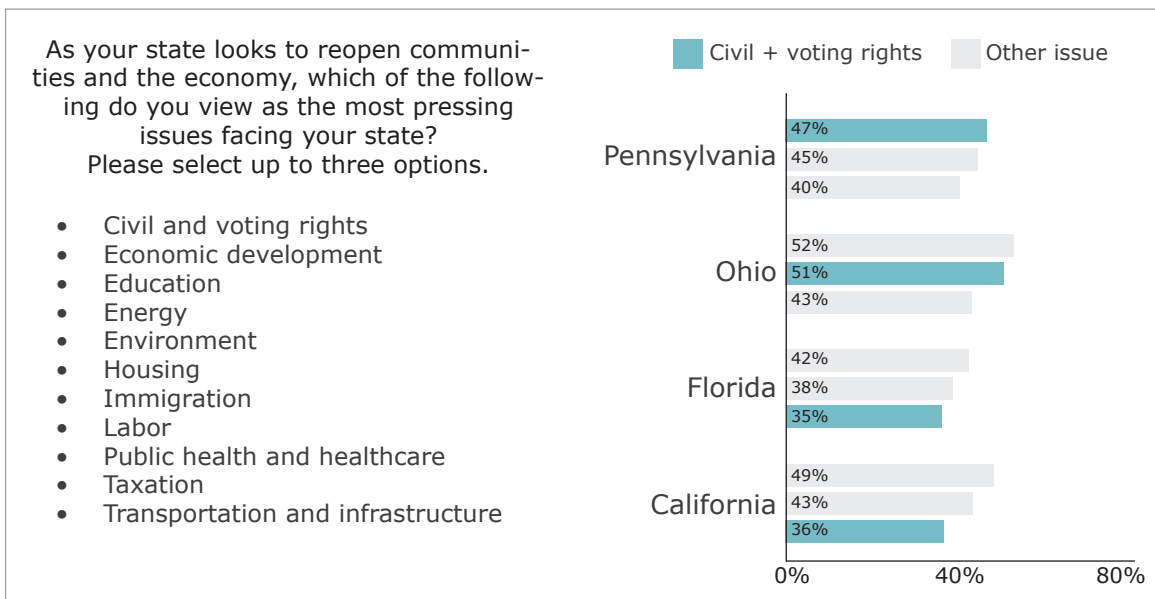
[1] Report • By Elise Gould and Valerie Wilson • June 1. (2020, June 1). Black workers face two of the most Lethal preexisting conditions For CORONAVIRUS-RACISM and economic inequality. Retrieved March 26, 2021, from <https://www.epi.org/publication/black-workers-covid/>

Policymakers followed this trend.

As public interest in racial equity peaked in summer 2020, Members of Congress spoke more frequently on their social media channels about systemic racism.



The trend extended beyond the Beltway. In statehouses across the country, policymakers identified civil and voting rights as a top issue alongside — or in some cases, ahead of — health and economic development, while both were extremely pressing issues as COVID-19 spread through communities. In our 2020 survey of select states, policymakers across the country consistently prioritized racial justice issues as a top concern.



The private sector was similarly jolted into action. Corporations pledged and redirected billions of dollars to initiatives and organizations that combat racial injustice. Many organizations audited their internal culture and processes to identify inequities and pledged remediation. Yet, this intensified focus on racial equity won't inherently lead to substantive change.

2. Higher expectations among policymakers and experts

“Diversity is good, but it’s insufficient.”

— Senior Staff, Racial Justice Organization

Summer 2020 reset expectations of engagement on racial equity. At the most basic level, the new environment has a bias toward more engagement. A Republican Legislative Aide said that 2020 “completely changed the landscape. People are definitely looking for a statement because they see silence as complicity.”

This shifted risk was noticed by people in the public and private sectors. Most policymakers spoke about the risk in alienating potential talent and customers, especially among younger generations. Silence on racial injustice was not only complicity, but also bad for business.

Within the first two weeks after George Floyd’s murder, a Clutch.co survey found that 49 percent of employees said their company had issued a statement about his death and the resulting protests.² A McKinsey survey found that between May and October 2020, one-third of Fortune 1000 companies had issued a statement in support of racial justice.³

As a Democratic House staffer noted, “Before the protests we weren’t hearing from anyone who wasn’t already involved in these issues, so your civil rights groups, for example. Afterwards, we’ve seen more engagement from the corporate sector.”

Timing matters too. As acknowledging and addressing systemic racism has become a mainstream and commonplace stance, hesitation can be seen as equivocating a lack of commitment both by policymakers and broader public.

“The companies that are not responding in that first swing are certainly getting pummeled faster and harder because communities are more mobilized online,” a Democratic senior staffer at a federal agency noted. “No one is perfect, but obviously the response needs to be faster than it used to be.”

People are definitely looking for a statement because they see silence as complicity.

[2] Roddy, S., Sjoerdsma, D., & Huang, S. (2020, June 10). How businesses are responding to the death of George Floyd and the resulting protests. Retrieved March 26, 2021, from <https://clutch.co/hr/resources/how-businesses-are-responding-george-floyd-death-resulting-protests>

[3] Fitzhugh, E., Julien, J., Noel, N., & Stewart, S. (2020, December 09). It’s time for a new approach to racial equity. Retrieved March 29, 2021, © Ballast Research 2021 from <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/its-time-for-a-new-approach-to-racial-equity#>

Beyond the quantity and speed of statements, policymakers noticed that their substance changed.

"Statements got bolder and bolder," a Director at a Civil Rights Nonprofit told Ballast. "I shouldn't say bolder and bolder, because it's hard to say that 'Black Lives Matter' is a bold statement. But, at the time, it was. It went from 'Everyone's equal,' to, 'We should have a more racially just society,' to the clear 'Black Lives Matter.'"

Policymakers expected equally bold action to match bold words. Increasingly, policymakers see investing in DEI efforts as a business imperative. Experts cited research on the positive financial impact of having a diverse workforce. They also see bottom line risks for companies that don't engage. "Millennials and Gen Z really demand inclusivity," a Deputy Assistant Secretary at a federal agency said.

Whereas in the past companies had to make the case for investing in DEI, the question from policymakers is increasingly: "Why not?" The shifting frame justifies gatekeeping access in some offices. A Democratic committee staffer told Ballast: "If a company has an anti-social justice, anti-social equity person as their CEO, I'm less likely to take their visit."

“

Change the overall culture of your company, and make sure that it's supportive enough.

Be open enough so that when you do hire [BIPOC] to participate in your company's business decisions, they feel free to express what they think without having to adjust around the company's overall culture. Be open and inclusive to that change.

— Policy Advisor,
House (D)

”

3. Connecting the Dots

“People might think that it’s good if a company announces a switch from unpaid to paid internships. They may not understand how much that could actually change the structural wealth of a family, because that gives that person the ability to get out of poverty. Then that’s a whole generational change.”

— Senior Staff, Civil Rights Nonprofit


Racial inequality manifests in many ways across industry and policy areas. Increasingly, policymakers are highlighting the equity implications across their portfolios, whether or not their expertise directly focuses on civil rights and racial justice.

The shift in framing is also reflected in the policy substance. For instance, education, and specifically the safe reopening of schools, was a top priority for policymakers at every level of government. While school closures touched all families, policymakers emphasized the disproportionate impact on students of color.

“The pandemic has permanently upended a lot of the way we live, and I think one of the more critical aspects of that will be how we educate kids,” a Republican Chief of Staff in the House told Ballast. “Most of our Members would agree that it’s our job to provide the infrastructure in terms of things like broadband that enable states and localities to provide equitable education opportunities.”

Policymakers are making explicit links to equity across top policy issues in 2021. Racial equity is, individually, a pillar of the Biden Administration’s key priorities. But policymakers are also looking at three other focus areas — **COVID-19, economic recovery, and climate and sustainability** — with an equity lens.

This framework will have an impact on corporate priorities as well, by bringing new sectors and new funding to racial justice programs.



The pandemic has permanently upended the way we live, and I think one of the more critical aspects of that will be how we educate kids.

Racial justice across new vectors:

COVID-19

By late spring 2020, it was apparent that COVID-19 was disproportionately impacting communities of color. "People of color are the ones that are, for the most part, on the front lines," a senior staffer in the executive branch said. "They are driving the FedEx and Amazon trucks, they are in stores with customers who don't want to wear masks."

This recognition is already leading some health care companies to forge new partnerships with civil rights organizations.


"Health care leaders see racial equity in terms of health disparities during COVID and the high rise of infection and diseases that relate to Black people," a Senior Vice President at a foundation told Ballast. "A lot of the pharma folks are opening their doors."

Economic Recovery

Racial equity experts universally point to systemic problems in the financial services sector that made the pandemic-induced economic crisis particularly acute for BIPOC.

Lack of access to credit, the lingering effects of redlining, and other historic policies that prevented accumulation of wealth among Black Americans persist in their relevance as policymakers have focused on tools like the Paycheck Protection Program, administered by large banks, to shore up the economy.

Programs like this were destined to fail communities of color. Thanks to past racist policies, lack connections to large financial institutions in charge of funding. When banks prioritized funding to existing clients, it left out many BIPOC business owners. Analysis of Small Business Administration data by the Associated Press found that minority-owned businesses were often last in line for funding.⁴



People of color are the ones who are, for the most part, on the front lines.

A senior director at a leading racial justice organization asked us, "When you say that they're 'committing large sums of money back to the community,' who's getting it? What are the qualifications to get it? Most of the time, the businesses that need to get help, don't. The banks have other businesses that are not minority-owned that get the first information that this money is available, and they get the money."

These types of critiques found open ears in Washington and helped revise policy programs to try to provide more equitable distribution of assistance.

[4] Minority-owned businesses were last in line to receive loans, latest PPP data show. (2021, January 4). Retrieved March 26, 2021, from <https://www.cbsnews.com/news/minority-owned-businesses-were-last-to-receive-ppp-loans-adding-to-their-despair/>

Racial justice across new vectors:

"When the second round of PPPs came open, there was really a push to give CDFIs and MBIs lending so that we could make sure more of this money was getting to people from underrepresented populations," a director at a federal agency told Ballast.

Climate Change and Sustainability

Environmental justice is featuring more prominently in conversations around climate policy and sustainability initiatives. In recent years, the prevailing conversation has swirled around more technical subjects, such as the amount and type of plastic pollution in oceans and decarbonization of power generation.

While those subjects remain important and many public sector policymakers are eager to return to them post-COVID, policymakers are now focusing on applying an equity lens to issues of energy and pollution.

A policymaker in Florida remembered a fight about expanding a storage facility in his district. The facility was near a community that had suffered dangerous water pollution in the past. "Often, things have been located in communities of color that would not have been located in white communities," the policymaker told Ballast. "The site was polluted to the point that every day they still pump water out of the aquifer, filter it, and put it back. People were up in arms that we might let any kind of development happen over there."

Ultimately, the government conducted an environmental study to show the community the proposal wouldn't cause harm again.

The policymakers noted this transparency was key to rebuilding trust. "I'm glad we did an environmental study so that people recognize that we're not trying to shove something dangerous down their throats."



4. Opportunities to Make Change

“These are complicated issues. Start tackling them, not just sprinkling them in, like using the term ‘systemic,’ or just hiring and showing the camera more Black and Brown faces. Those things can be surface level.”

— Senior Staff, Racial Justice Organization

A problem as wide-ranging and longstanding as racial inequity warrants an equally wide-ranging array of potential policy interventions.

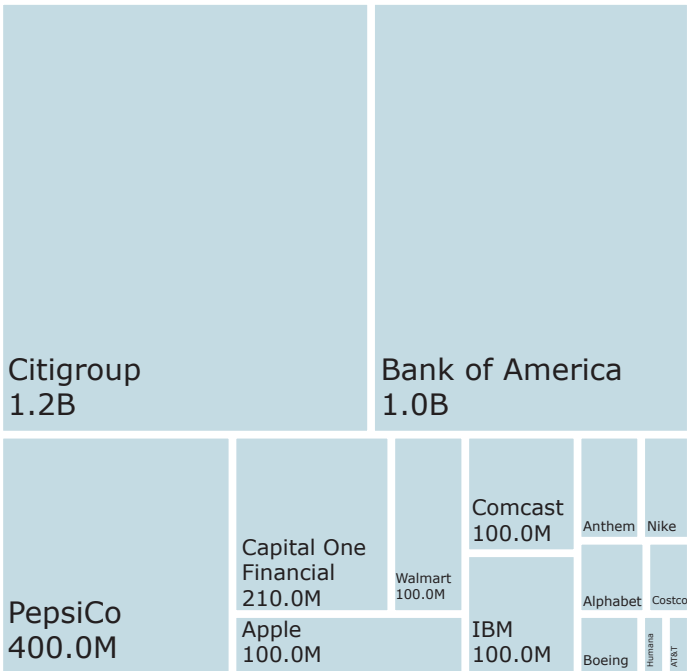
There was broad consensus among DEIJ experts that any credible approach must be multifaceted. In practice, that means looking internally at addressing processes and culture that limit advancement for BIPOC, but also looking at how an organization can use its power to address issues at the societal level.

“If companies want to have credibility in this space, it’s not enough to do talking points about how they stand with Black lives or whatever else,” a Legislative Director in the House of Representatives said. “They need to also make the investments that reflect that, as well.”

Policymakers offered an extensive list of policy changes, many stemming from their personal portfolio and policy expertise. Depth was central to all the suggestions. For instance, many policymakers said that diversifying staff was important, but that absent culture changes that make the workplace more inclusive and welcoming for people of color, simply hitting diversity quotas was more an empty gesture.

Two themes were echoed among the respondents, regardless of their varied backgrounds and specific expertise: providing thoughtful financial support and diversification of leadership. While not sufficient by themselves, both these actions were praised as key steps that can contribute to changing an organization’s culture and that signal the level of seriousness and commitment to DEIJ policymakers want to see.

Corporate donations to racial justice organizations (2020):



Intervening effectively:

Thoughtful Financial Support

The flood of new funds directed toward organizations that work on racial justice was noticed and appreciated by practitioners.

But substantive differences in how funds are allocated belie variations in commitment and sincerity. Policymakers are looking for organizations to give thoughtfully, which means doing the homework to understand an issue and theory of change; trusting experts and allowing them flexibility; and entrenching detailed accountability mechanisms into programs.

Doing Homework



"You can't just throw money at a problem and expect it's going to get fixed if you haven't analyzed the root cause. That process itself is absolutely vital."

— Senior Leadership, Racial Justice Nonprofit

Trusting Experts



"Realize that there are global grassroots groups led by people of color, people who are champions of racial justice, and have been leading this charge for a long time. They are experts in their own lives and in the changes needed."

— Senior Staff, Racial Justice Nonprofit

Sharing Accountability Details



"Pledging money is different than saying, 'We're going to have a detailed grant program to work in these different sectors, in these different cities.' That's what I haven't seen."

— Senior Staff, Civil Rights Nonprofit



Intervening effectively:

Diversity in Leadership

Internal-facing policy prescriptions focused on empowerment of BIPOC. Many experts cited this as a foundation for culture change. It starts at the top, by diversifying corporate boards and executive suites, and goes all the way to the bottom of the ladder, to ensure that BIPOC new to the workforce have mentorship and pathways to leadership.

"If you look at C-suites, the first thing I asked a lot of the males — and white males in particular — is 'who are you mentoring?'" said a Deputy Assistant Secretary at a federal agency. "If you're mentoring people just like you, that may be an issue, because you don't just get to the C-suite. You're groomed to get there and have to groom the next generation of people. You can't wait for the interviews."

1. Board Diversity

"Companies should work on diversifying their board, their leadership at the company. That is super important. Instead of just having the only minority on the leadership team being the D&I lead, you should have the people on your board also that can be in the issue too."

— Senior Staff, Hill Committee (D)

2. Elevation and Empowerment of DEIJ Function

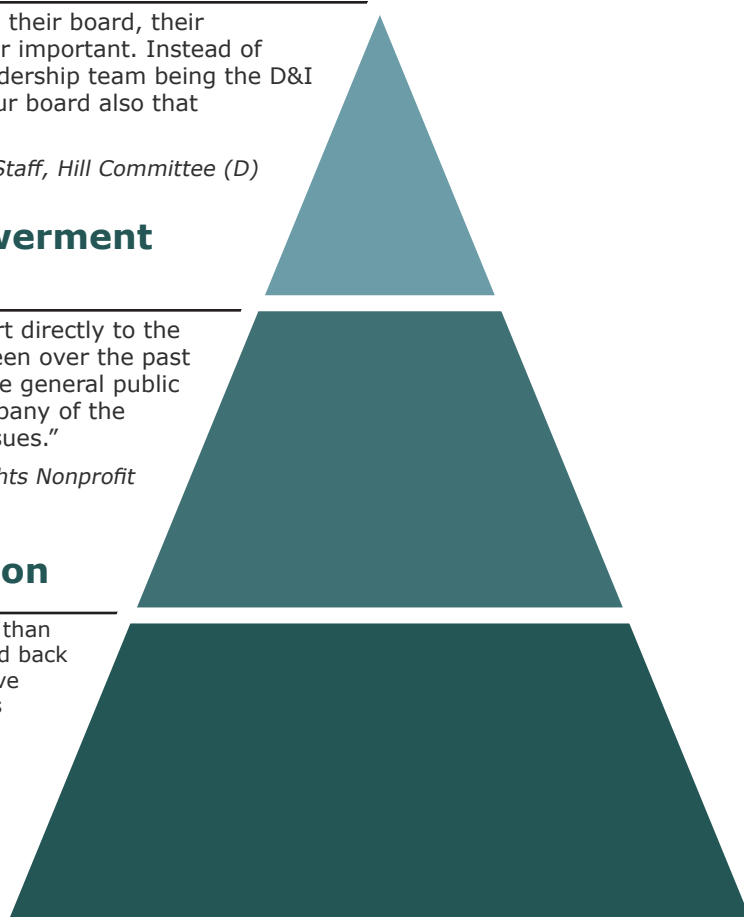
"Having the Chief Diversity Officer report directly to the CEO is an improvement that we have seen over the past couple years. It's a signal not only to the general public but also to stakeholders within the company of the importance of diversity and inclusion issues."

— Senior Staff, Civil Rights Nonprofit

3. Pathways to Promotion

"A lot of people, who believed in me more than I believed in myself at some point, reached back in order to help me move forward. You have to be very purposeful in finding individuals to cultivate into leadership roles who look like the people you're trying to serve."

— President and CEO, Nonprofit



Intervening effectively:


Accountability at the Top

Leadership also provides accountability mechanisms. Policymakers emphasized the value of buy-in from senior leaders. Firstly, alignment at the top smooths any changes below the C-suite level. “It comes from the corporate mindset or corporate commitment at the CEO level,” a Senior Staffer at a Civil Rights Nonprofit told Ballast.

A staffer at another civil rights organization noted that diverse leadership ensures racial equity programs don’t stall out at sub-decision making levels. “The reality is, until the board and other parts of the organization actually reflect the people, nothing ever changes. I have been in multiple organizations where there were HR programs, racial equity groups, and all of this stuff. There would be one BIPOC racial equity officer, but the board is still all white, so nothing ever changes. Or, if it does change, it’s tokenizing. Like ‘We’re going to make sure that we have one black leader.’ Well, that doesn’t actually make systemic change, and it doesn’t change the culture of a place.”

Creating accountability at the top pays reputational dividends in Washington, too. Policymakers take organizations seriously who both have leadership committed to racial equity and structures in place to ensure progress.

“When institutions or industry-specific companies say, ‘We’re going to start this department and install an initiative to do this, and they report directly to the CEO,’ that speaks at a louder volume,” a Legislative Director for a House Democrat said. “There’s no going through 20 different steps. There’s not some committee that meets once a month over drinks. It’s, ‘No. This is serious, and the CEO has demanded the report by the end of the quarter, and we’re going to follow up.’ That sort of thing is more powerful.”



The reality is, until the board and other parts of the organization actually reflect the people, nothing ever changes.



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