



How Arabella Can Help Philanthropists  
and Impact Investors Close the Racial Wealth Gap



**Arabella**  
Advisors

“It always seems impossible  
until it’s done.”

— Nelson Mandela

# Why focus on the racial wealth gap?

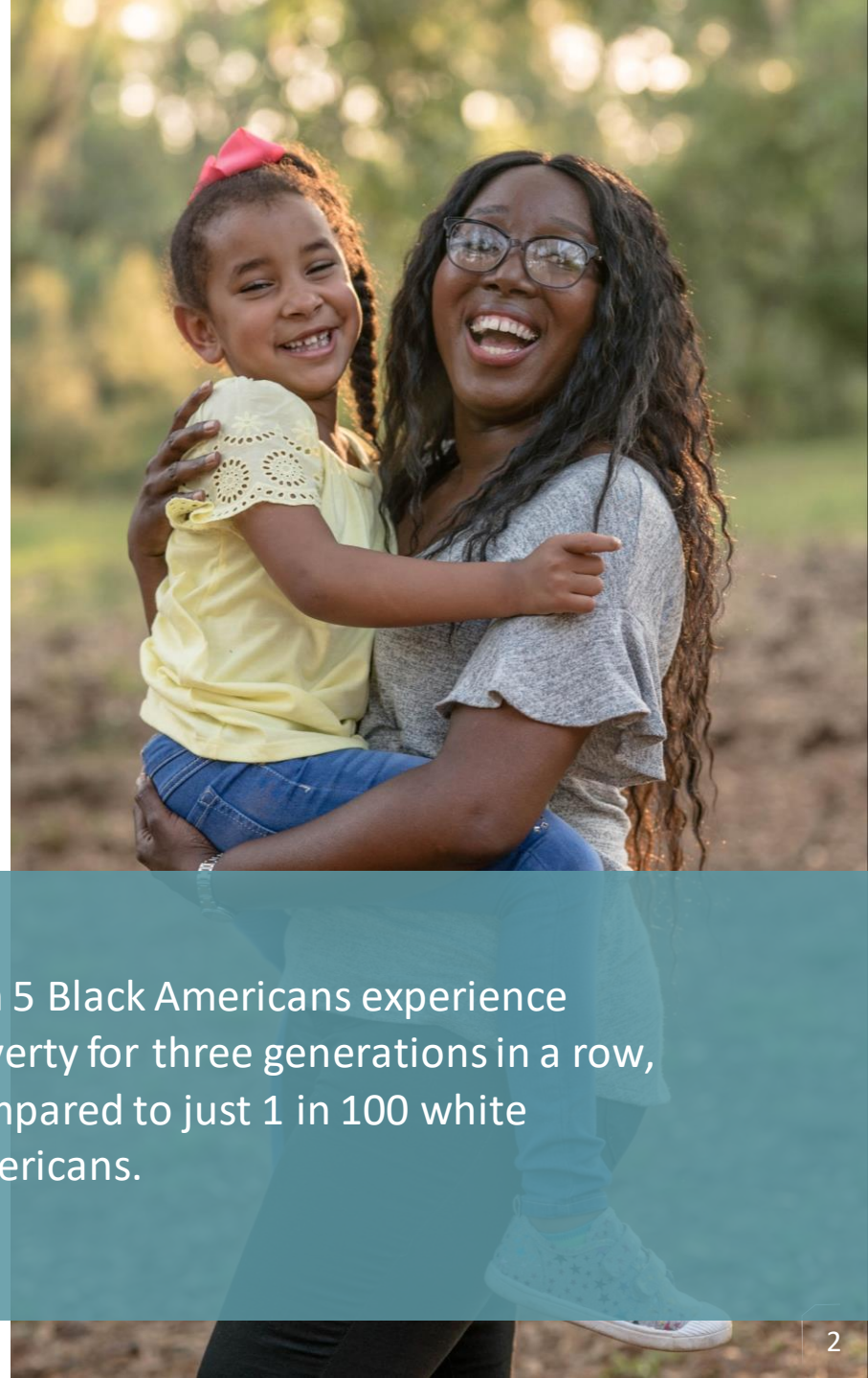
Addressing racial wealth gap is vital to ensure the sustained economic development for all Black Americans. Decades of research show that changemakers aiming to spark economic mobility will make more progress by helping families and communities build wealth and ownership of assets that can be passed down across generations than by solely focusing on increasing income.

Closing racial gaps across the economy is not only about righting historic wrongs. It is also about choosing a more dynamic future, where a group of people prohibited from achieving their full potential, have the opportunity to flourish, to the benefit of all Americans.

Blacks and Latinx Americans have 12 cents in wealth for every 1 dollar in white wealth.

The wealth gap is 6 to 8 times larger than the income gap and drives far more intergenerational inequity.

1 in 5 Black Americans experience poverty for three generations in a row, compared to just 1 in 100 white Americans.





# The racial wealth gap is fueled by 500 years of global and American history.

Policies and systems across all areas of economy society have been shaped by centuries of racial bias.



Solutions must reflect the problem's complexity and depth—and address the role systems and policy play.



Arabella empowers changemakers to give, invest, and shape policy to narrow the racial wealth gap.

# COVID has weaponized the racial wealth gap.

The economic and social harm caused by Covid-19 has been devastating for households of color, in large part because they lack the wealth that has helped more white households withstand the shocks of the pandemic. Three factors have contributed to this inequity:

## 1 Housing instability has increased in the wake of COVID:

73% of white families own their home, compared to just 41% of Black families, 49% of Latinx families, 58% of Native American families, 63% of Asian American families.

## 2 There continues to be widespread occupational segregation:

Workers of color are overrepresented in many of the low-wage jobs most vulnerable to layoffs during COVID and they are in jobs that are less able to employ telework solutions.

## 3 People of color have fewer assets and less liquidity to respond to emergencies:

Prior to the pandemic, typical Black and Latinx households had a net worth of \$17,100 and \$20,765 compared with \$171,000 held by typical white household. They also lack health insurance and face structural barriers to treatment.

# Arabella's racial wealth gap practice helps changemakers by:

Developing strategy and implementation plans that maximize their impact in addressing the racial wealth gap.

Putting strategies into action using a variety of platforms that enable collaboration, rapid response, and policy change.



Using our extensive networks in the community development, racial equity, philanthropy, and private sectors to identify large-scale grant and angel impact investment opportunities.



Rigorously measuring and evaluating the effectiveness, efficiency, and equity of philanthropy and impact investing, allowing them to continuously advance their goals and contribute what they've learned to the field.

# Arabella's Powerful Array of Interconnected Tools

Arabella helps changemakers narrow the racial wealth gap by combining the power of giving, impact investing, and advocacy. With subject matter expertise in wealth inequality and in these three levers of change, we are uniquely able to guide visionaries toward system-level impact.

## Impact Investing

Strategic investments can use markets to scale impact across communities.

## Philanthropy

Grants can provide the first risk-taking dollars that allow society to test bold new ideas.

## Policy & Advocacy

Changes to policies and systems are essential ingredients for root-level change.





Lever for change:

# Philanthropy

Donors can seed new ideas and de-risk initiatives to attract additional investment and test solutions that could be scaled through public policy. Grant making also provides a distinctive opportunity for collective action among donors to focus on specific issues and/or communities.



## PHILANTHROPY CAN:

Provide grants to organizations that help Black and Latinx people and communities build wealth through homeownership, small business development, post-secondary training, and community-based ownership initiatives.

Pilot new initiatives such as baby bonds, which make economic opportunity a birth right and can close the wealth gap.

Partner with local, state, and the federal government to pilot and evaluate new tools and strategies that can measurably increase the wealth of people and communities of color.



Lever for change:

# Impact Investing

Impact investors can use an array of investment tools to address structural biases that make forming and growing companies more challenging for entrepreneurs of color and investing in business that develop products and services that help people of color build wealth and financial capability.



## IMPACT INVESTING CAN:

Support entrepreneurs of color with promising companies who are experiencing bias as they fundraise.

Reduce the cost of capital to Black and Latinx-owned businesses.

Commit to due diligence processes that break away from traditional formulae that perpetuate biases.

Support business that bring jobs, wealth, and promise to under-invested in communities.

Support companies offering products and services that help people of color build wealth and financial capability.

Lever for change:

# Policy & Advocacy

To help close the wealth gap, donors can support advocacy initiatives aimed at transforming tax, ownership, education, and other policies that create and perpetuate economic inequities.



## POLICY AND ADVOCACY CAN:

Build an equitable tax system that encourages wealth building among those at the bottom of the wealth scale, ensures the wealthy and corporations pay their fair share, and does not disproportionately burden BIPOC individuals and those with low incomes.

Create more equitable education policies, from pre-K to post-secondary, to increase upward economic mobility and narrow the wealth gap.

Provide reparations to those impacted by racist and discriminatory policies in housing, employment, criminal justice, and other systems to redress BIPOC communities' historic exclusion from opportunities to build wealth.

# Case in point

## Helping to increase investment in women entrepreneurs



J. P. Morgan Chase & Co. is working to direct more capital to women and people of color who are starting or growing their businesses. It sought Arabella's help defining the challenges faced by these entrepreneurs and outlining ways philanthropy can support inclusive investing.

## JPMORGAN CHASE & CO.

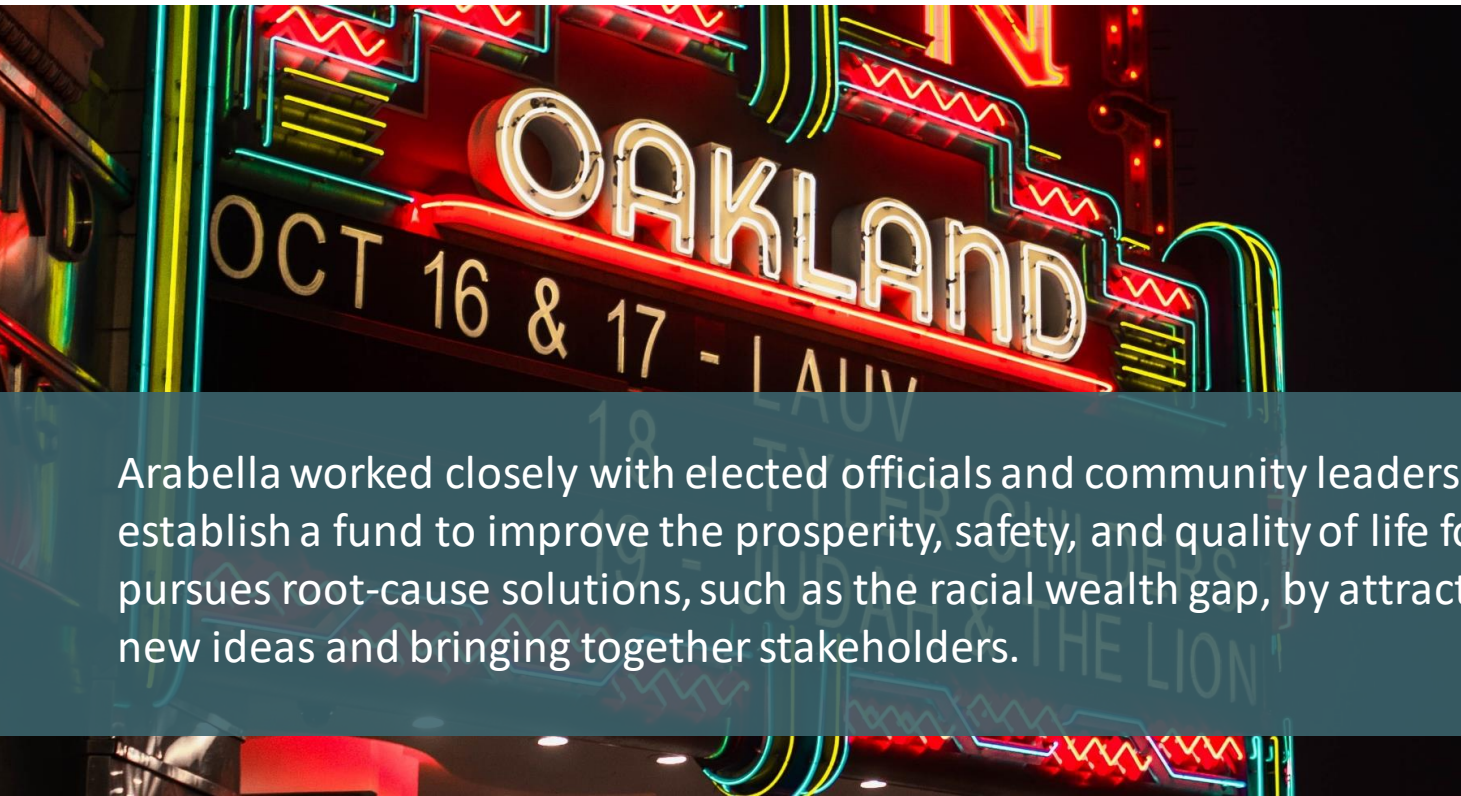
### Our work resulted in:

- Research and data analysis that enabled the field to understand what percentage of investment capital flows to women and entrepreneurs of color.
- Identifying ways philanthropy can unlock capital for promising entrepreneurs, both through their own investments and by supporting inclusive investing practices.
- The development of a report and visually compelling, interactive website to share our findings and generate additional support for the issue.



# Case in point

Establishing and operating the Oakland Fund for Public Innovation, which is narrowing the racial wealth gap



Arabella worked closely with elected officials and community leaders in Oakland, California to establish a fund to improve the prosperity, safety, and quality of life for all Oaklanders. The fund pursues root-cause solutions, such as the racial wealth gap, by attracting flexible capital to test new ideas and bringing together stakeholders.

## Our work resulted in:

- Enabling the fund to bring together leaders from cities, counties, private corporations, philanthropy, and nonprofits to develop and implement strategies to reduce the racial wealth gap in Alameda County.
- Providing grants to support small business owners of color in economically disadvantaged sections of Oakland.
- Equitable deployment of rapid response resources to address local public health and economic needs during the COVID-19 pandemic.

# Case in point

## Creating a place-based model to close the racial wealth gap



The nation's first community development organization located in its largest African-American neighborhood, Bedford Stuyvesant Restoration Corporation is working to develop a first-of-its-kind living laboratory, the Restoration Innovation Campus, that will link business and community to harness an equitable economy for all. Restoration sought Arabella's help to best articulate the vision to funders and develop fundraising structures to support the complex project.



### Our work resulted in:

- Research and landscape analysis to help position the case statement for potential investors.
- Operations and governance recommendations for an innovative model to attract philanthropic capital to implement the vision for the Restoration Innovation Campus.
- Grant support to pilot a tech training initiative that tested the hypothesis that a gap in leadership skills prevents people of color with technical skills from getting jobs. The first cohort of 20 low-income professionals of color resulted in 90% receiving employment in software engineering roles at an average salary of \$106,855/year.

# Case in point

Helping a family of social changemakers explore opportunities to close the racial wealth gap



Arabella has worked with multiple members of a prominent Silicon Valley family to deepen their philanthropic and impact investing programs. The family recently engaged our team to research how to eliminate the wealth gap.

## Our work resulted in:

- Comprehensive research on the landscape of the issue including the current players, gaps, and opportunities in the field.
- Helping the family weigh these opportunities against its mission, goals, and greater portfolio of philanthropic investments.
- Providing the family with the confidence to decide how and when to engage in these issues in a way that will achieve the greatest impact.



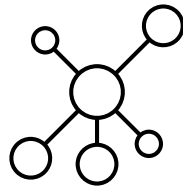
# Transforming Impact

Arabella works at the nexus of funders, changemakers, and policy to advance the most critical issues of our time. At a moment of racial, economic, and climate reckoning, having trusted partners to accelerate this work has become more important than ever.

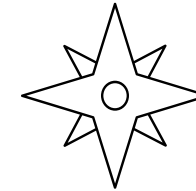
We have been the strategy and implementation partner to some of the most ambitious social-change initiatives of our time, across a range of issues—from gender equality to economic justice to democracy to sustainability.



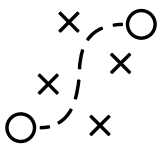
We influence more than \$4B in philanthropic assets annually.



We are the only philanthropic consulting firm that is a member of the Inc 5000.



We bring a multi-pronged approach that combines philanthropy, impact investing, and policy for lasting systems change.



We are creative problem solvers with expertise in addressing complex issues.



We have proximity to keen insights in cutting-edge philanthropy.

# Arabella's Wealth Gap Practice Leaders



## Sharyn Church

### *Managing Director*

As Arabella's Los Angeles-based managing director, Sharyn works with clients across a range of issues—from education to health care, the environment, and social justice. She has more than 20 years of management and cross-sector experience leading nonprofits and businesses in implementing policies, programs, and partnerships to improve educational, economic, social, and health outcomes for vulnerable BIPOC communities. She has also established pioneering stewardship and partnership programs for nonprofits, government agencies, large corporations, large philanthropies, and donors of color. Sharyn has led and managed the successful launch and growth of several nonprofits, including LA-based Inner-City Arts and Children Now, and has served on several city and county policy councils focused on early childhood, trauma-informed systems, and the arts.

Sharyn earned a master's degree in art history and museum studies from the University of Southern California and a bachelor's degree in accounting from the University of Southern California. She also completed the executive education program at the Graduate School of Business at Stanford University.

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## Ben Mangan

*Managing Director*

Ben helps lead Arabella's West Coast practice. Prior to joining Arabella he served as the Executive Director of the Center for Social Sector Leadership at the Haas School of Business at UC Berkeley, where he remains a member of the teaching faculty. Ben also serves as a Senior Fellow in the Aspen Institute Financial Security Program.

Ben has advised companies, nonprofits and governments on wealth creation for the past 20 years. He helps lead the firm's work with clients aiming to address the racial wealth gap. Ben was cofounder and CEO of SaverLife (previously known as EARN) which is using technology to help 500K low-income workers build savings and financial capability in all 50 US states. Ben was appointed by Fed chair Janet Yellen to the Federal Reserve Bank's Community Advisory Council.

Ben serves as an advisor to the DEI-focused startup Kanarys, and serves on the boards of SaverLife and the Financial Health Network. Ben holds an MPP from the Harvard Kennedy School and a BA from Vassar College.

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## Isaiah Castilla

### *Managing Director*

Isaiah is a managing director in Arabella's Washington, DC office. Before coming to Arabella, Isaiah was general counsel and secretary for Democracy Fund and Democracy Fund Voice. As general counsel, Isaiah provided legal guidance on the foundation's strategy development and grant making. Previously, Isaiah was the bolder advocacy counsel at Alliance for Justice where he advised nonprofits and foundations on strategies to maximize their advocacy capacity and led workshops on federal tax and campaign finance law.

Before practicing law, Isaiah was deputy finance director for the Musgrove for United States Senate Campaign, north regional finance director for the Alex Sink for Governor Campaign in Florida, and finance director and counsel for the Progress for Mississippi PAC and Bill Lockett for Mississippi gubernatorial campaign. During his tenure as a campaign staffer, Isaiah executed robust fundraising plans and gained a wealth of knowledge in state and federal campaign finance law.

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## Cyrus Kharas

### *Director*

Cyrus is the co-head of the Impact Investing team. He works across a broad range of Arabella's individual, institutional, and corporate clients, and contributes to the firm's analysis of trends and opportunities in the impact investing field. He has substantial experience in economics, international development, capital markets, and social impact, and brings this expertise to support projects across Arabella. In his time with the firm, Cyrus has managed several projects ranging in focus from climate change initiatives to capital market dynamics for BIPOC entrepreneurs, the latter of which was featured in Arabella's Economy for All report. Cyrus is driven to find creative ways to unlock philanthropic and private capital to solve global challenges.

Prior to joining Arabella Advisors, Cyrus spent several years in Goldman Sachs's investment management division, where he focused on cross-asset class allocation and portfolio strategy. Previously, he was an analyst at Calvert Impact Capital, where he designed and managed portfolios of impact investments for institutional clients with specific impact goals. Cyrus began his career at the US Treasury Department in the Office of International Affairs.

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**Where others see challenge,  
we see change.**



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