

State of the Industry Address

"Because Equity"

Prepared Text with Graphics

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Thank you. How was President Clinton?

It was a great honor to be there with him for the signing 20 years ago and no less an honor today.

How many of you were there for the signing on September 23, 1994?

It was a great day ... in almost all ways.

His staff had set me up for a brief meeting with the President after the bill signing. There was talk of a commemorative pen. The secret service put a pin in my lapel and restricted me to the auditorium after they swept it, to keep me "clean."

But when the ceremony ended, something went wrong. No meeting, no pen.

It's hard to imagine something going wrong with the secret service.

Ever since, I have been searching for an explanation.

I found it two weeks ago—just after that little security incident at the White House you might have heard about.

I showed up at the Treasury Department for its 20TH anniversary ceremony for the fund. The guard said, "No Mark Pinsky on the list. Stand aside!"

Half an hour later, when I finally got in, I figured it out:
That is me... so there must be a guy out there named "Mark Pinksey" ...and he has my pen!





But he does not have President Clinton on his side, and he doesn't have the opportunity I have to talk to you today.

Welcome to OFN's 30TH anniversary Conference. We have come together to learn about, join in, and lead toward opportunity. For all.

Thank you to our sponsors, all 51 of them!

Special thanks to Bank of America, our lead sponsor for the 8TH year running. Dan, your commitment to OFN and the CDFI industry encourages us all.

Thanks to JP Morgan Chase, our platinum sponsor, notably for your support for OFN's work on equity and CDFI industry collaboration.



I want to shout out to our gold sponsors, as well:

To Wells Fargo for all that you do and specifically for the Wells Fargo NEXT Awards for Opportunity Finance, now concluding 8 years and almost \$67 million in awards. We have a big night ahead tonight!

And everyone wants to be there when we reveal our theme for 2015!

To Goldman Sachs *10,000 Small Businesses* for lifting up the CDFI focus on small businesses and for the first-ever Small Business Leader Award for Mission-Driven Lenders, which we will celebrate tomorrow.

To BBVA Compass, which stepped up to the gold standard this year for the first time and is ready to make some noise!

Can I ask the staff and board members from our six Colorado co-hosts to stand? Thank you for helping OFN make sure everyone gets to enjoy Denver and not just a hotel.

I want everyone's help sending my deepest gratitude to the OFN staff, who work year round so that you can get the most from OFN.





Please help me show appreciation to Donna Fabiani, Lina Page, and the entire OFN team for this extraordinary event!

Finally, I want to call out—against his wishes—Martin Paul Trimble, who led OFN from 1989 to 1995. Martin is the person who brought me into this work, taught me what it means to align capital with justice, and who motivates me every day by his passion and love for the power of communities.

OFN is proud to honor and recognize the leadership that all of you, your predecessors, and your peers bring to making OFN and the CDFI industry what we are today.

I want to start by remembering two industry leaders we lost recently, Jody Raskind and Fred Cooper.

Jody was a microenterprise hero. She shepherded microfinance programs at the Small Business Administration and the Department of Agriculture for more than two decades. Jody is a big reason that microfinance is part of the small business landscape.

Fred, after a successful career in the CDFI industry, filled a series of important jobs at the CDFI Fund, including a stint as deputy director, before going into business helping countless CDFIs in a wide range of ways.

Our hearts go out to their loved ones and we grieve for them. Our loss reminds us to value our lives, our families, and the opportunity we have to make the world better in our lifetimes.

CDFIs focus forward, even as we respect the past. For that reason, today, OFN is celebrating 30 years of leadership in our own, unique way—by recalling the journey so far, then pivoting to embrace bigger responsibilities and new challenges ahead.

That means two things:

First, it's time to acknowledge publicly—and celebrate—what we talk about privately: industry leadership is passing to new hands. We are in a generational transformation.

Second, we are celebrating where we came from and where we have been by crowdsourcing our industry's history—in the form of three short videos, more than 50 interviews, historical documents, and a new website, 30.OFN.org.

One person I interviewed called this effort “the people's history of the CDFI industry.” Please visit and use 30.OFN.org, and while you are there, please add your voice. Make history!

Our collective history links our past to our future; the mission that drove the industry's founders 30 years ago to the goals we aspire to over the next 30 years.



The video you saw this morning, “Origins,” answered the question, “Where did we come from?” I hope you feel the connection to Chuck Matthei’s vision 30 years after the fact. Chuck is the person most responsible for who we are as a movement and as an industry.

The video you just saw about our success at turning a good idea into the CDFI Fund answers the question, “How did we get here?”

I want you to appreciate the fact that we effectively hijacked President Clinton’s concept and made it uniquely our own. I remember standing on the White House lawn in July 1993, after the President proposed the CDFI Fund, feeling the joy of that incredible moment, even as I anticipated the political process eroding our vision into just another government program. But that erosion never came.

Because of the work you do day in and day out, the CDFI Fund today is as true to its purpose as I hope OFN is to Chuck’s vision.

The video you will see at lunch tomorrow answers the questions, “What defines us? How have the creative tensions of mission and money... performance and justice... rich and poor... hope and despair... rural and urban... movement and industry... hewed a group of organizations and people that give life and meaning to capitalism with a conscience?”

All together, the three videos, the 50 interviews, and the historical documents start to answer a question that I heard from someone who you might think an unlikely source, and even that fact seems important:

Describing the cycles of boom and bust in the economy and banking, Dan Nissenbaum of Goldman Sachs said this: “What is it about CDFIs that have denied the laws of nature in some ways? What is it about that?”

After 30 years, it’s a good question: what is it about CDFIs?

We take on challenges that are complex, overwhelming, massive, systemic, structural, and slippery. People ask, why even bother trying?

Nelson Mandela said that something is impossible only until someone does it. For 30 years, CDFIs have done more as an industry and as a movement than almost everyone—including most of us—expected. We make it our business to do something impossible every day.

You have helped people, changed lives, and produced structural and systemic changes—
In home ownership models and business ownership...
In how our communities and our customers view themselves and their futures...
In how financial institutions and financial systems relate to our communities...
And in how government works.



Yet you and I see and experience harsh reminders every day about the injustices and inequities that hold us back as a nation, as a people, and as an industry. That is where we must focus now, in our enduring challenge of aligning capital with justice.

Why bother?

Well ... because.

Last December, I was at an event at the home of Dan Ariely, the well-known behavioral economist.

He was eager to talk.

Even as we shook hands he blurted out, "what's the most important word in the English language?"

"Um," I mumbled, "thank you?"

"It's 'because!'"

What? Why?

"Our research"—his favorite way to start a sentence—"Our research found that 'because' is the most important word."

"We asked people to request late check out from their hotel rooms," he explained. "half the people were instructed not to give a reason: to say, I want to check out late.

The other half gave intentionally weak reasons:

'I need a late checkout because I don't feel like going anywhere' or 'because i'm tired.'"

Remarkably, those who gave even a weak "because" got what they asked for almost three times as often as those who did not.

A week later, my family was driving to Yellow Springs, Ohio, our annual holiday trek to my mother-in-law's. In that rare moment when Clara and Nathan, my daughter and son, and Jennifer, my wife, all were awake and not wearing headphones, I mentioned Dan Ariely.

"Did you know that 'because' is the most important word in English?" I asked smugly.

Without looking up from his phone, Nathan asked, "Oh, did you read that article too?"

Wait! What?



Nathan reads Reddit, not the Wall Street Journal, so I wasn't too worried.

"What article?"

Reddit connects to, well, everything.

"In The Atlantic," he said.

Damn!

"No," I said tentatively.

"What about it?"

The article described how digital communications, particularly texting, was shortening phrases. "Because" is the hot, new preposition.

As in, "Because internet."

"Because" is no longer just a subordinating conjunction. Now it's also a prepositional noun.

Who knew?!

More to the point, I thought, irritated by the fact that Nathan and Clara had been dismissing me as "just another capitalist," who cares?

Because fads.

I knew something enduring, because Dan Ariely.

My generational confidence crumbled a month later when I got a text from Nathan.

It read: "'Because' is the word of the year."

"Says who?" I responded with all the defiance I could muster on my iPhone.

"Some language group."

I looked it up, because Google: on January 3RD, the American Dialect Society voted "because" the word of 2013 in a rout—by a 3-1 margin over the runner-up—you won't believe this!—Obamacare!

"This past year," the American Dialect Society gleefully reported in its press release, "the



very old word 'because' exploded with new grammatical possibilities in informal online use. ... As one supporter put it," the release cleverly announced, "'because' should be word of the year 'because useful'!"

Seriously? More useful than Obamacare?

"Because change?" I texted my son, trying to acknowledge my mistake without losing fatherly face.

"No," he texted. "Because growth."

They say that when the student is ready, the teacher appears.

I found myself in a moment I had both dreamed about and feared for years. My 23-year old son was teaching me about generational change.

He was calling me out: it's not a transition, Dad, it's a transformation. It's our turn now. You're not leading anymore. We are.

Because generations.

What started with Nathan's text, accelerated sharply the next evening at the first gathering of the Citi Leadership Program for Opportunity Finance, flared up during OFN's board meeting the two days following, then came to rest over dinner in San Francisco with Nathan and Jennifer on the fourth day.

It shaped how I think about diversity, inclusion, and equity; and as I stand here today it is exerting a pull on OFN's strategic direction.

Stay with me now, because this is important:

I am celebrating not one but two 30TH anniversaries this year.

On August 5TH, Jennifer and I celebrated 30 years of marriage and all the blessings we have enjoyed together.



This year, we celebrated with a little extra pride because it has been a year of progress toward marriage equality. Marriage equality makes marriage a better institution for everyone and it makes America a better place to live, love, and raise families.



I value marriage equality for another reason you could not know: in the early 1980s, working as a congressional aide to representative Ted Weiss, I helped manage the first—and at the time, only—gay rights legislation in Congress. I did not dare to believe then that lesbian, gay, bisexual, transgender, and queer rights would come this far.

It is a lesson about how organized people with a clear sense of purpose can do remarkable things. The marriage equality movement is in no small way a product of the gay rights community's forceful response to the bigotry and prejudice that made the AIDS crisis so much worse than it had to be. 36 million people have died of AIDS worldwide and 35 million people are HIV-positive today. It never should have been so bad ... and yet it could have been so much worse.

I came of age in New York City in the 1980s during the emerging AIDS epidemic.

An all-too current analogy would be an Ebola crisis in New York and San Francisco that the White House, the Congress, the public health industry, doctors, insurance companies, and almost everyone else blamed on the lifestyles of a particular, already stigmatized minority. And because of that bigotry, they ignored, denied, and rejected the danger and risk while people died.

It was that despicable. And it was easy then, as now, to turn away, to explain away the structural and systemic hatred, and to settle for promises of good intentions.

But a small group of people did not let that happen. Peter Staley, a prominent AIDS activist, recently described it as the time when the gay community as a whole came out. Marriage equality now is possible because of the radical public actions of Act Up and many others 30 years ago. They demanded justice and forced the global public health system to admit it was wrong, to confront its own bigotry, and most important, to change.

And still there is so far to go.

Like our other justice goals, marriage equality is one important step on the moral march to social, economic, and political justice. And as we learn time and again—notably in Citizens United and recent reversals of voting rights laws—powerful people will keep working to erode our most important victories.

Because fear.

That is why OFN's 30TH anniversary Conference seems to me an appropriate time for this organization to explain why it seeks to align capital with justice so that we might do more, do better, and do right.

Because equity.

What I have to say is difficult to say. You may disagree with me. You may question me focusing on equity at all. Some of you already have.



Still, my question for you today is this: with our increasingly ample balance sheets and talent... With the siren call of impact investors in our ears... What are we going to do to make the world more equitable? How do we regain our balance on the slippery slope of mission creep?

I know many of you ask yourselves these questions ... I know because you tell me so.

And I feel I owe it to you, to 30 years of effort and achievement by so many, to the OFN staff and board, and to myself to try to talk about OFN, CDFIs, and equity today for six reasons:

First, because leadership.

OFN aspires to change the structures and systems that keep poor people poor and rich people rich. We will not shy away from our most enduring challenge of aligning capital with justice. To OFN, and to CDFIs, leadership always means exceeding authority, and always involves pain and loss.

Second, because legacy.

Our movement is a product of the civil rights movement, the war on poverty, and the faith community's commitment to put its fragile resources to work toward equity. Today those points of departure are hazy history to many in the industry who think differently about equity. We are changing in significant ways, and we need to talk about that.

Because frustration.

Diversity and inequity—primarily racial and ethnic inequity—are issues we have never dealt with well in the CDFI industry, at OFN, and across the OFN membership.

Greg Ramm described to me the racial tension at the Institute for Community Economics as OFN was being founded. Chuck Matthei's commitment to living in an intentional community—a commune—in rural Greenfield, Massachusetts, ran counter to his and others' desire for diversity and equity. Greg later moved ICE to Springfield, Massachusetts, where the organization grew substantially more diverse.

Fourth, because failure.

OFN's focus on diversity has not moved us forward much, if at all, in 30 years. Now we are learning to focus instead on equity, as you heard this morning. We will explore what it means for OFN and the industry further tomorrow at OFN Connect.



Because demography.

This year, for the first time, America's public schools have a majority minority population. By 2043, if not sooner, the nation as a whole will be majority minority. As an industry, we are lagging this seismic wave, and that is not acceptable.

Finally, because core purpose.

Aligning capital with justice—OFN's core purpose—requires that we first align the CDFI industry with equity. You and I may not yet know exactly what that means, but I see no other way forward.

The day after Nathan's "because growth" text, I joined 50 exceptional emerging, mid-career, and executive leaders gathered in Philadelphia for two days at the inaugural meeting of the Citi Leadership Program for Opportunity Finance.

That evening, before a group of leaders we had selected with an emphasis on diversity and who spent the day learning to exceed authority, seemed the perfect time to acknowledge that OFN's long-standing focus on diversity was not working.

I talked about OFN's own shortcomings as I saw them and shared racial diversity data we had analyzed for the first time based on our 2012 Membership Survey data.

You need to know about the decisions that led us to collect those data to understand why we need to talk about equity. So let me share some OFN history.

In 2011, the OFN board set 13 "performance expectations" to help the staff identify member CDFIs that would benefit from additional support to ensure that our members were, indeed, meeting the expectations that hold each member CDFI accountable to the others, as Chuck Matthei and others had envisioned decades ago.

Two of the expectations focused on diversity; that:

- The board of directors reflects the diversity of the communities the CDFI serves, and
- The staff reflects the diversity of the communities the CDFI serves.

We thought we were using a low bar but only half of OFN's Members met these diversity expectations.

Yet we know the diversity of what you do did not seem to square with the diversity of who you are: roughly three-quarters of OFN's Members report that at least 75% of their clients and beneficiaries are low-income, low-wealth, or disadvantaged people and communities. 61% are people of color.

The diversity expectation data are important, uncertain, and—as I learned quickly over the next few days—third-rail data.



You see, from the very first OFN Conference, the membership has had a coded conversation about race, diversity, inclusion, and equity that has enabled us to avoid addressing the issues directly.

From the start, there was a simmering disagreement about whether we were, in today's language, "community development financial institutions" or "community financial institutions." Perhaps you noticed in this morning's video that the first OFN Conference was for "community loan funds."

The critical difference to the people in the room was that community financial institutions were governed, controlled, and operated by people from the community the institution was serving. Community development financial institutions might be—and usually are—governed, controlled, and operated by people from outside the community.

Let me decode it: for some people, "community development financial institution" suggested—and still suggests—white people acting in the best interests of communities of color.

The compromise back in 1986 was to define membership as community development financial institutions but to require in OFN's bylaws that each member CDFI reflect the diversity of the community it serves.

In 2011, the board proposed—and the OFN membership approved—a change to the bylaws that removed the membership requirement of board and staff diversity reflecting the communities served ... on the condition that we would measure diversity via our membership survey, which that vote made mandatory for all Members. We swapped intention for transparency.

I tried to explain all this to the 50 leaders that evening.

The first comment called me out on white privilege—I recall it included the words, "that crap"—and challenged me to get my own house in order before suggesting that the industry do better.

In the 30-minute conversation that followed, others challenged me, OFN, and each other in various ways.

Some of the senior executive leaders in the room said that the industry needed to focus first on racism and not let it get tangled up in what one of them called "all those other 'isms'." Others in that room pushed back arguing that there has to be a place in the effort for gender, sexual orientation and expression, ethnicity, nationality, class, differences in physical and cognitive abilities, and other "isms."



But what really caught me off guard was a generational difference in perspectives on equity. In short, people above a certain age—I'll say 50—tended to put racial equity at the front of their thinking and line up other inequities behind it. While those under 50—and especially those under 40—didn't seem to draw that distinction. If you did not experience the civil rights movement personally in the 1950s or 1960s, you may be more inclined to consider all inequity, well, equal.

Because context.

Toward the end of the leadership evening, a mid-career leader who is African-American said he was glad we were starting to have this conversation. But that it wouldn't mean much unless the OFN board held me accountable in my 2014 job performance goals. He was right.

The OFN board was meeting in San Francisco the next two days.

The board had a lot on its mind. They, too, were seeing the performance expectations data for the first time. And while there was much to appreciate—particularly as we emerged from an unexpectedly successful trip through the recession—my focus coming into the meeting was on the risks of failure across the industry.

The board discussion was as heated and unresolved as the leadership discussion, but longer. We discussed—and argued—about the meaning of the expectations data, the long-standing underperformance on diversity at OFN and across the industry; the lack of diversity in senior positions at OFN and in many member CDFIs; and about a lot of questions that we couldn't answer because of limits to our data. We debated with particular force the seeming generational divide on equity and the challenge of the "isms."

One thing we all agreed on is that one of my 2014 job performance goals needed to address diversity. One of my four goals for this year is this:

It has three components:

- OFN policies & practices
- all-staff training, and
- leading the industry

The board agreed that OFN needed to engage in its own work on diversity, inclusion, and equity before it started an industry discussion. Here's how we are doing that.

In May, in Washington, DC, the board asked board members Don Bowen and Inez Long to talk with the staff working group on diversity, which was getting ready to select one of two consulting firms to guide OFN staff in our work.

2014 OPPORTUNITY FINANCE NETWORK CONFERENCE

Make OFN's Policies & Practices "Best in Class"

- Develop, revise, and complete an OFN Diversity & Inclusion Policy in addition to and in line with OFN's Personnel Policies and Personnel Guidelines
- Complete appropriate diversity & inclusion training for all OFN staff and make the training a regular part of work at OFN.
- Lead the OFN Board and Membership in ongoing discussions to improve diversity & inclusion across the industry

#BecauseEquity



We hired Race Matters Institute, as you heard this morning.

With Race Matters' help, the working group convened all of OFN's staff over three days in August. Over the first two days we tried to learn common language about diversity, inclusion, and equity based on the definitions you heard this morning.

We also learned some tools for addressing racial equity in our jobs. RMI asked everyone to identify one thing they could do in their jobs to learn more or make changes related to racial equity. And OFN management agreed to identify at least one enterprise-wide practice that it could improve because racial equity.

On the third day, we met in breakout groups to practice talking about racial equity in the context of OFN's programs, human resources, and communications.

The OFN staff response seemed mixed along multiple dimensions. Everyone seemed receptive to the definitions.

I think that not everyone understood or accepted the tools.

We have created a new, more inclusive, self-organizing equity working group that is deciding how we will move forward. By 2015, shaped by all of this work and more, we will agree to an organization-wide goal on equity that will be part of everyone's job performance goals.

Some people seem to feel good about the start. Some feel frustrated. Some are angry. But everyone is paying attention.

One of RMI's primary goals was to help everyone understand that racial inequity is structural and systemic at its core. As examples, RMI pointed to the national housing act of 1934, which created the Federal Housing Authority, the FHA, and, with it, a whites-only mortgage market that formalized racial "redlining."

They also pointed to the G.I. Bill, which created opportunities for white men returning from the second world war and barriers for everyone else, in part because states rights, which allowed racist state leaders to elude federal policies.

Both laws help explain today why communities of color bear a disproportionately large share of the hurt from predatory mortgage lending, which set many of them back decades. That reminds us that our challenge is not just to progress toward equity; for many people we first need to recover what was lost in the riptide of inequity.

2014 OPPORTUNITY FINANCE NETWORK CONFERENCE

Key Definitions

- **Diversity** refers to the wide array of differences among people and their perspectives on the world. Yet a diverse organization is not necessarily an equitable organization.
- **Inclusion** means the ability of diverse people to raise their perspectives authentically, and for those voices to matter and impact decisions.
- **Equity** refers to the result of actions so that advantage and disadvantage are not distributed on the basis of race and ethnicity. Requires informed policies and practices.

Where equity exists, diversity and inclusion will also be present.

[#BecauseEquity](#)

Source: Race Matters Institute



I have to tell you that when we started with RMI many people at OFN did not understand that racism and discrimination are structural and systemic—rather than, say, social—problems. Some still may not. They may understand it better than I know, and I believe everyone wants to understand it.

I learned that OFN has not done its job well enough... that I have not done my job well enough.

At the conclusion of our brief time with RMI I felt more discouraged about our work than I have felt, probably, ever.

I questioned whether I can be an effective leader on equity.

Most of all, I felt disappointed in myself.

For 20 years, I have focused on the need for CDFIs to take on structural and systemic injustice, to be leaders, to play a transformational role in a transactional business.

I realized in August that I need to grow and change to do a better job. And I will. This speech is my individual commitment to the work we did with Race Matters.

Based on a recommendation from the NAACP's report on diversity in the financial services industry, OFN management is making it a practice that at least 50% of the semi-finalist pool for all hires are people who would increase our diversity.

I know the OFN team has embraced equity.

Still, I ask: if the OFN staff did not understand that racism is structural and systemic, do you? Does your team? What about all the other "isms"?

And if the people who work at CDFIs do not understand, why do we think we can align capital with social, economic, and political justice?

Because intent?

Perhaps we do understand. Either our work will prove us out ... or find us out.

I believe that in the end we will prevail in our effort to align capital with social, economic, and political justice.

Let me give you one reason why: because OFN board elections.

The 2012 OFN elections presented a large, diverse slate of 13 outstanding candidates for 5 board seats. Engaging our Members to turn out for the board elections has long been



a challenge for OFN, and that year the membership—at least those that voted—elected 5 outstanding board members, four of whom are white.

The board and management immediately—the next morning—wanted to understand better what this might mean. We committed to four steps:

First, we started a quantitative analysis of voting patterns, annual membership meeting attendance patterns, and Conference participation patterns.

Second, based on that analysis, we asked OFN’s governance committee to develop recommendations to make the elections process more inclusive and diverse.

Third, regardless what the data said, the board felt the annual membership meeting was boring and getting more boring, so it created a “fun” committee to, well, spice up the meeting.

Fourth, we started the internal learning process that I just described to focus on diversity, inclusion, and equity at OFN.

The quantitative analysis found a clear pattern of underrepresentation of CDFIs led by people of color and small and emerging CDFIs compared to membership composition ... in the OFN board elections, at the membership meeting, and at the Conference.

Because board elections are the most important way that OFN Members demonstrate their control over and responsibility for OFN, this was a systemic if not a structural problem.

The governance committee developed a new elections process we used last year and again this year with several important changes:

First, the process is transparent. In the past, we simply sent out a letter to members and invited them to participate.

Now we send a letter, promote the process in our e-newsletter, market it via CDFI connect, and ask board members to actively reach out to Members to engage them in the election process.

We hold a series of 4 open Conference calls to demystify the process, make prospective candidates comfortable, and offer support.





We have increased communications about the candidates during the campaign phase, especially through the online Elections Central site featuring candidate videos that we also play throughout the Conference out in the expo space.

Second, it is pointed. We are explicit in all communications related to the election that the board is particularly interested in increasing participation by people of color, CDFIs led by people of color, and by small CDFIs... as nominators, candidates, and voters

Perhaps as a result, the 2013 elections showed a significant increase in voting by CDFIs led by people of color and smaller CDFIs ... in total members voting, in participation in the membership meeting, and in Conference attendance.



In 2013, participation in OFN elections by CDFIs led by people of color increased 57% over 2012 and participation by those CDFIs with less than \$10 million in assets and led by people of color increased by 61%, compared to an overall increase in voting by all Member CDFIs of 51%.

It's only a start. We saw improvements in diversity and inclusion in all phases of the elections process in 2013 and we hope to see improvements in 2014 and beyond.

Fourth, I told you, it's fun!

I invite and encourage all of you to join us tomorrow morning for the 2ND annual OFN Connect and the 30TH annual OFN Membership Meeting and Elections. We will ask you to talk with your peers about diversity, inclusion, and equity and to make recommendations for OFN and the industry. It is your turn to talk.

I was 23 years old—my son's age now—wide-eyed, and ready to change the world in October, 1980 when I went to work on Capitol Hill for Ted Weiss. One month later, Ronald Reagan defeated Jimmy Carter for the presidency, culminating a transformational, 20-year campaign by a youth-led Republican organization to push our nation to the right.

You and I think of the 1960s as a youth revolution—and in fact the 1964 elections marked the first time that there were more students in the U.S. than farmers—but we misunderstand that revolution if we think it was a liberal revolution. Young Americans for Freedom, the radical right organization that hijacked the Republican party and ran Barry Goldwater for President in 1964, routinely counted a membership many times larger than



leftist organizations such as Students for a Democratic Society at its peak.

The Tea Party didn't come from nowhere. It came from Young Americans for Freedom.

Here is the transformational point I am trying to make: sometime between the 1972 and 1976 Presidential elections, the United States reached a tipping point and ceased to be a fundamentally liberal nation, reversing a shift that dates to Teddy Roosevelt in 1901.

Richard Nixon would be a moderate Democrat today while Jimmy Carter was more conservative in many areas than Nixon.

The conservative industry outpaced the liberal movement.

Anyone who voted for President for the first time in 1980 or later has never lived as an adult in liberal America—unless they live in Berkeley.

No wonder there is a generational divide on racial equity. The world looks very different to people who came of age during the Reagan years, the first Gulf War, or 9/11 and Iraq.

And no wonder in 1985 that Chuck Matthei—a radical-left Catholic worker—called on the CDFI movement to graft a conscience on the capitalist or that he had the vision to imagine an industry with capital as well as a movement with a mission. Probably long before almost anyone else on the left, Chuck understood that in the emerging conservative America, capital drives while government rides shotgun.

If we wanted social, economic, and political equity, we needed financial equity.

Our communities needed their own balance sheet leverage. CDFIs needed to perform financially in ways that would give us a seat at the table of plenty where key decisions would be made.

Now we are at the tables and we face a simple, critical question: what are you and I actually saying and doing there?

Financial equity—which we have much more of today than we did 30 years ago—should give us freedom and independence to say what we think is right and to do what we think is best, even when that means acting against our economic self-interest.

It should make us strong voices for the people and communities we serve even as it gives us the balance sheet space to take risk, innovate, and expand our reach.

What we do with that equity—and how we do it—defines us.

OFN believes we must use our financial equity to maximize social, economic, and political equity for the people and communities that we serve.



Good intentions are not good enough; good intentions are for people willing to settle for the possible.

We need to leverage every ounce of justice from our equity—it is our duty and our responsibility. It is what will keep us off the slippery slope of mission creep.

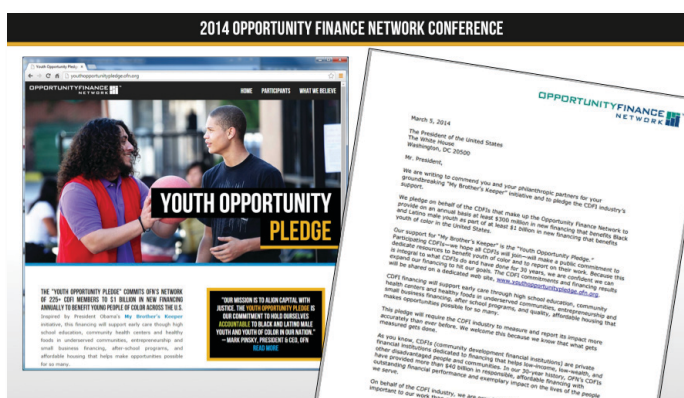
That means more than continuing and improving the exceptional record OFN Members have of lending and investing to benefit people and communities of color, to women entrepreneurs, and to underserved and distressed communities.

That is all necessary but not sufficient.

When President Obama announced his “My Brother’s Keeper” initiative earlier this year, I was underwhelmed—not by the concept but by the details: a group of foundations pledging a modest amount of funding over several years.

That started me thinking about what you do. I saw an opportunity and felt an obligation for CDFIs and OFN to contribute in a meaningful way. More than that, I recognized a challenge that cut to OFN’s core purpose.

About a week later, after much discussion with the OFN board, in a letter to the President, we made OFN’s “Youth Opportunity Pledge” that OFN’s Members would provide at least \$300 million of financing annually starting in fiscal 2014 to benefit black and Latino male youth as part of a larger commitment of \$1 billion to benefit all youth of color, male and female.



We now are analyzing the data you provided from fiscal 2013 to establish a real baseline, and we believe that our \$1 billion and \$300 million pledge is on target.

Some of you question whether this is an empty pledge.

It’s not, and here’s why:

First, it sets an ambitious and measurable goal. What does it say about CDFIs that talk about racial inequity—which we all know has a negative effect on lifetime opportunities—but do not measure our performance? It says we were not really serious, because what gets measured gets done.



Second, credit is a financial transaction with a moral lineage. Only irresponsible lenders extend credit to people they do not believe in. Who here does not want to make a statement of confidence in the future of youth of color?

OFN's Youth Opportunity Pledge is a statement we need to make. Remaining silent would speak volumes. I invite you to add your voice... because social, economic, and political justice—racial equity, gender equity, sexual preference and expression equity, physical ability equity, and all equity-"isms"—is what we must someday, somehow help achieve to make possible the world we envision: a world where all people have the opportunities and resources to act in the best interests of their communities, themselves, and future generations.

And it must start with us. Today.

What is it about CDFIs?

CDFIs unite financial equity with social, economic, and political equity. With equity, we align capital with justice ... because equity!

That is what it is about CDFIs.

The question you and I need to ask ourselves now is, what will it be about CDFIs?

The best way to predict the future is to make it.

Did you come here today to make incremental changes that perpetuate the world as it is? Or did you come to lead transformative change that enables a more diverse, inclusive, and equitable world as it should be?

Do you want to make things just a notch better? Or do you want to change the structures and systems that keep poor people poor and rich people rich?

As an industry, we have 30 years and almost \$50 billion invested. What return do you expect on your investment?

My father's father used to say to his grandkids, "It's *dein* America": it's your America.

It's your CDFI industry. OFN is your organization.

You and I have a choice: Improve things? Or transform them? Make it interesting? Or make history? Change? Or grow?

My son teaches high school math and computer science in San Francisco. On the last day of OFN's January board meeting, Jennifer flew out and we spent the weekend with him. I told him about the impact his text had made on me and on OFN in just ... four ... days.



"What text?" he asked.

I reminded him of the word of the year and "because growth." I explained in too much detail about the leadership discussion, the membership data, and the board conversation.

"What are you talking about?" he laughed. "You wrote 'because change' so I wrote 'because growth.' I was just riffing on 'grow, change, or die'."

I knew at that moment what I would talk to you about today. I just wasn't sure why.

Now I know:

Good strategy means knowing what is core and should never change versus what must change to drive progress.

Generations inevitably drive change. Why? ...well, because die.

And so the really hard and really important work for CDFIs is keeping our focus on aligning capital with justice—our core purpose.

Our nation is the greatest on earth, but it is grounded in property rights that were founded on property stolen from Native Americans,

...it developed economically and socially on the hateful idea that we can make it legal to treat people as property, steal their labor, and sell them as chattel,

...it was and is maintained using laws and economic systems and social structures that defy the values and principles that we claim to stand for,

...laws that are too often practiced through irresponsible, sometimes fatal use of power and force in places like Ferguson, Missouri, most recently.

How you and I manage the tension between our core purpose and core values while driving progress ...will determine whether we are successful.

Because equity.

The power to succeed is in our grasp!

Ours is a powerful movement dedicated to aligning capital with justice.

Ours is an agile industry that uses capital to transform structures and systems. To make capitalism better.

Ours is a unique opportunity to bend the long moral arc of the universe toward justice—one



transaction at a time.

Ours is the responsibility to live and work equitably ... to learn more every day about how we can use our financial resources and knowledge to advance equity, and to share what we learn and what we know with others.

A spiritual leader once went before her congregation and asked, "who knows what I am going to talk about?" No one knew, so no one raised a hand.

"Well," she said, "if no one even knows, why bother talking about it?"

She left without another word.

The next week, in a more crowded sanctuary, she asked again, "Who knows what I am going to talk about?"

This time everyone raised a hand!

"Good! You all know, so there's no need for me to say it."

Again, she left.

The third week she asked again, "Who knows what I am going to talk about?" This time, they were confused: half the people raised hands and half did not.

"That's it!" she said. "This is what I hoped for. I will ask the half of you who know to teach the half who do not."

And with that, she left them to learn from one another... as we have been doing for 30 years. Looking out at you I see a roomful of students ... and an equal number of teachers.

I ask you now to teach and learn from one another, as you have done so well for so long since 65 people gathered in Waltham, Massachusetts.

I ask that as you learn about lending, you think about race. Or class.

Because... equity.

Those of you learning about accounting, look through the lens of sexual orientation and expression. And ethnicity.

Those of you discussing management, discuss gender. And age. And physical abilities. And nationality.



Because equity, learn about our nation's living history of discriminatory housing laws... unjust employment compensation... unequal voting rights and voter suppression... prejudicial immigration policies... separate and unequal educational systems... profiling... religious persecution... and differentials in economic and social mobility.

Because equity, think about "states' rights" and Jim Crow... "three strikes and you're out" drug laws and the new Jim Crow... about armed militias patrolling legal borders... about secessionist movements... about minimum wages... wage inequities, income inequality... and gaping wealth inequality.

Ask about business practices and economic theories and financial systems and social conventions that divide people, families, and communities.

Because equity.

OFN is embracing equity and making it central to all that we do in ways we have not done before: in our lending, in our hiring, in our purchasing, in our language, in our advocacy, in our organizational culture.

It won't be easy—already it's not easy—but we won't turn back.

When we meet in Detroit next year, I will want to hear what you've learned and what you've done to make access to opportunity more equal.

Because that's where we're going.

Because OFN won't turn back.

Because equity.

Thank you.

Have a great Conference!

2014 OPPORTUNITY FINANCE NETWORK CONFERENCE

#BecauseEquity