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Public Finance Initiative, National League of Cities, and Collaborating Partners Receive \$4M Grant to Elevate Racial Equity in Bond Markets.

BOSTON, Jan. 13, 2022 /PRNewswire/ — The Public Finance Initiative (PFI) and the National League of Cities (NLC) are pleased to announce the launch of the Bond Markets and Racial Equity Project, a bold effort to center equity in municipal bond-funded investments and to measure how social determinants of equity change over time. Funded by a \$4 million Robert Wood Johnson Foundation grant described in a case study on the [Foundation's website](#), this initiative will further identify the factors in a municipal bond issuance that signal progress toward racial equity and income equality to investors and other stakeholders.

The project team will develop a range of tools for cities, public authorities, and their financial advisors to elevate racial equity considerations in bond issuances. Initial lead project partners include the Excellence and Equity in Public Finance Program at the Milken Institute, the Urban Institute, the Government Alliance on Race and Equity (GARE) at Race Forward, and Urban American City, LLC. The Initiative for Responsible Investment at the Harvard Kennedy School's Center for Public Leadership will also serve as a subgrantee.

"We have an opportunity to disrupt long-held patterns of inequality and segregation and to elevate racial equity in new arenas via a program of work that will begin by listening to issuers, investors, and other market stakeholders in national focus groups that we will convene across America," said Lourdes Germán, PFI's Executive Director, who will lead the effort together with NLC. "This project seeks to take what we learn and develop a program to help issuers center racial equity as a key consideration within the municipal bond market, enabling communities and investors to better understand how to effectively leverage the issuance process—and, with this funding, we will develop the metrics, measurement, and reporting to make that possible."

"The Bond Markets and Racial Equity Project is a first-of-its-kind investigation into how public officials can center equity in bond issues in targeted ways that lead to improved social determinants in their communities," said Clarence E. Anthony, NLC CEO and Executive Director. "Along with our key partners, we look forward to enabling more conscientious fiscal decisions, elevating bond markets as an equity vehicle, and supporting individual cities in their impact journeys."

"We are proud to support the creation of tools for policymakers, practitioners, and investors to effectively prioritize equity throughout their work—and to accurately measure the outcomes," said Kimberlee Cornett, Director of Impact Investments at the Robert Wood Johnson Foundation. "We and our partners believe that this essential lens must be developed for the public finance market, which so many communities rely on and so many investors put capital towards."

As the United States has reckoned with systemic racism in its cities, practitioners and policymakers have wondered how the \$4 trillion municipal bond market addresses—or fails to address—race and equity. The municipal bond market is one of the largest pools of private investor capital flowing into America's states and localities, and it thus shapes the character of the built environment in

communities and directly impacts the social determinants of health and equity in a place.

Regulators, elected officials, and other public leaders have called attention to the challenges at hand. Notably, the recent \$1.2 billion federal Infrastructure Investment and Jobs Act explicitly highlights the importance of centering equity across various functional areas of infrastructure investment and of acknowledging the legacy of systemic racism throughout the history of American infrastructure, construction, and maintenance decisions.

Despite efforts to scale up such bonds and create guidance for issuers, however, no common framework currently exists to address racial equity in all phases of municipal bond issues. Additionally, bond issuers lack the training and resources to evaluate equity impacts associated with the infrastructure projects they fund, and they lack long-term data to measure how equity changes in a jurisdiction over time, particularly in low-resource settings with the highest needs.

Throughout 2022, the Public Finance Initiative, in partnership with the National League of Cities, will convene city and public authority leaders through focus groups, online publications, research reports, and more to explore how issuers center racial equity—or fail to do so—in the context of bond issuances or infrastructure projects. Future project outcomes will include a racial equity framework, data tools, research, technical assistance for low-resource jurisdictions, additional guidance on evaluation practices, and other data-driven and impact-focused interventions.

About the Public Finance Initiative

The Public Finance Initiative (PFI) develops public finance programs that center the values of equity, sustainability, and inclusive growth in fiscal decision making with leading foundations and partners. PFI furthers city-to-city learning and builds local governments' capacity to use technology and data in improving their governance, fiscal health, and investment operations. The Public Finance Initiative is a fiscally sponsored organization of TSNE MissionWorks, a 501(c)3 tax-exempt organization. Learn more at publicfinanceinitiative.com and stay connected with PFI on Twitter, LinkedIn and Facebook.

About the National League of Cities

The National League of Cities (NLC) is the voice of America's cities, towns, and villages, representing more than 200 million people. NLC works to strengthen local leadership, influence federal policy, and drive innovative solutions. Stay connected with NLC on Facebook, Twitter, LinkedIn, and Instagram.