



Loving our neighbor in a time of crisis

Bringing a lens of faith to the reality of LMI communities in the age of COVID-19 and Black Lives Matter

Stella Tai, Manager of Stewardship Investing Impact and Analysis, Praxis Mutual Funds®

Editor's note: This article was originally published in the Nov. 2020 eJournal from GreenMoney and is reprinted with permission.

2020 has been a year like no other and will definitely make it into the history books. This spring the reality that we were in the middle of a growing pandemic slowly dawned on every sector of our society with destabilizing certainty. We have lived through ever increasing and loosening restrictions as authorities take measures to contain the spread of the virus across the country. Now these same officials are trying to figure out how to safely reopen with coronavirus still present and active in our communities.

Many of us – particularly knowledge workers – have had our share of inconveniences in this new reality: working from home while managing multiple distractions, not being able to connect with our families and friends like we were used to, figuring out how to explain what improper fractions are to our children, etc. – all for the greater good. We have been practically “loving our neighbor” by wearing masks, social distancing and doing our part to “flatten the curve.”

But what of those who cannot easily work from home whose labor on-site, on the front lines of our economy, helps the rest of us minimize our interactions with others? Many of these essential positions belong to low-to-moderate (LMI) income individuals, a significant number of whom are people of color. According to the Kaiser Family Foundation, nearly 65% of households living in poverty in America are Black, Hispanic or Native American.

It is times like these that people of faith and others of shared values are called to reflect deeply on what it means to “love our neighbor” and to care for those relegated to the margins. How can this crisis not only spur us to action today but challenge us to better understand the linkages between economic vulnerability and historic patterns of inequity due to race, gender and ethnicity? The prophet Micah’s encouragement to “do justice, and to love kindness, and to walk humbly” (Micah 6:8, NRSV) is uncomfortably relevant, again, in 2020.

Understanding the LMI community

According to federal Community Reinvestment Act criteria, a low-income person makes 50% or less of the Average Median Income (AMI) of a metropolitan area or census tract, while a moderate-income person makes between 50% and 80% of the AMI. Because the AMI varies from one area to another depending on incomes of the residents, a geographical region can be considered an LMI area if more than half of the people living there meet the definition of low-to-moderate-income.

These distinctions impact not only the lives of individuals and families, but also entire communities.

LMI implications – COVID-19 vulnerability

When more than half of the residents of a metropolitan area or census tract are low-to-moderate income, it is considered a low-income area. People in low-income or minority communities are more likely to work in jobs that expose them to the coronavirus – in factories, grocery stores, public transit, etc. These people are less likely to have paid sick leave, have higher rates of chronic illnesses and are more likely to live in crowded housing. They also have less access to health care, especially routine preventive services.

Emerging research on the effects of COVID-19 is showing that racial and ethnic minorities are disproportionately affected. In New York City, for example, a study by the Department of Health revealed an overrepresentation of Blacks among hospitalized patients. According to the study, this is also true among COVID-19 deaths for which race and ethnicity data was available; death rates among Black/African-Americans (92.3 deaths per 100,000 population) and Hispanics/Latinos (74.3) were substantially higher than that of whites (45.2) or Asians (34.5).

Living a different reality

For people of the Christian faith (as well as others) the Holy Scriptures are filled with verses about how we are to treat the poor, care for the widow and orphan, welcome the alien and include those who are marginalized. More importantly, these verses are rarely just a suggestion, but rather a *command*. We are instructed to see them, embrace them, and respond to them as a reflection of God's love for us. This starts with developing an understanding of a reality that can be very different from our own. While 2019 and 2020 have seen record stock market gains, many LMI workers continue to struggle to make ends meet with jobs that don't provide financial stability or reliable benefits, including health insurance and paid sick leave.

According to the 2019 scorecard by prosperitynow.org:

- Over one in five (22.5%) jobs in the United States are in a low-wage occupation.
- 40% of households don't have enough savings to make ends meet for three months if their income is interrupted.
- 13.2% of all households fall behind on their bills.
- Almost half (48.1%) of Americans with credit have scores below prime.
- 20% percent of households have no access to mainstream credit.
- For more information, click [here](#) to read the full report.

These numbers represent tens of millions of workers and households that must rely on low or unreliable wages to get by. Their fragile, day-to-day economic existence can continue for years and, increasingly, even beyond and between generations. This reality falls disproportionately on communities of color and fails to reflect the vibrancy and economic opportunity within them.

Surviving financial shocks for LMI households

Often when an LMI household faces a financial hardship, something as minor as a car repair or routine medical expense can threaten their economic stability. Because they have less in savings than the general population and often lack of access to affordable credit and health care, such hardships could quickly lead to skipped bills, forgone medical care or even food insecurity and homelessness.

The speed at which COVID-19 has brought much of the main street economy to a screeching halt has exposed major gaps in how our society is caring for its "essential" LMI households. The government moved quickly to address some of these gaps through three stimulus packages totaling \$2.1 trillion, which is a good start, but so much more is needed as the crisis extends into 2021.

What can faith-based and other impact investors do to help?

The first epistle of John addresses the need for us love one another in very real and tangible ways. *"How does God's love abide in anyone who has the world's goods and sees a brother or sister in need and yet refuses help? Little children, let us love, not in word or speech but in truth and action."* (1 John 3:17-18, NRSV). Traditionally seen as a call to greater charity, in 2020 this verse — and many others — can provide inspiration for investors to integrate their values and pursue impact through their portfolios as well.

As values-driven investors, we are uniquely suited to love our neighbor through financial structures designed to provide solutions that meet human needs.

Invested capital, in service to marginalized communities and in response to historic inequities, can take a variety of forms, including:

- **Catalytic (below-market) Community Development Investments** – For more than two decades, Praxis Mutual Funds has channeled nearly 1% of each mutual fund’s assets to investments in community development financial institutions (CDFIs) serving those on the margins. SRI mutual funds look to these investments to address issues of racial economic inequality and to help underserved communities respond to systemic threats such as COVID-19.
- **Positive Impact Bonds** – While many are familiar with the rapid growth of green and renewable energy bonds, less well known is the growth in bonds now being issued to target other social and community infrastructure needs. These market-rate, fixed-income investments support particular social or environmental outcomes, allowing the Praxis Impact Bond Fund and other SRI fixed income funds to become active, targeted investment vehicles strengthening vulnerable communities in the U.S. and internationally.
- **LMI-focused shareholder advocacy** – For nearly three decades, SRI funds have leveraged their voices and influence as institutional investors in pursuit of racial justice and in support of low-income communities worldwide. For Praxis, these efforts have included shareholder engagements in response to the coronavirus pandemic and efforts to promote racial and gender diversity on corporate boards and among executives.

These strategies represent just a start in what faith-based and values-driven investors can do to promote equity and opportunity in the communities we seek to support. We can and should continue to find ways of “loving our neighbor” in ways that restore hope and opportunity. It is a challenge and calling we embrace.



Article by Stella Tai, Manager of Stewardship Investing Impact and Analysis for Praxis Mutual Funds and Everence Financial®, a leading provider of faith-based financial products in the United States and a ministry of Mennonite Church USA. With more than 15 years of experience in small business lending and non-profit development, Stella provides primary leadership and support for the promotion, integration and development of impact investing and community development finance solutions.

Stella guides the development of financial products that meet the needs of low-to-moderate income (LMI) communities, helps promote the integration of faith and finances through Everence products and services, and works to grow opportunities for impact investments. Stella also leads proxy voting and impact reporting efforts.

Consider the fund’s investment objectives, risks, charges and expenses carefully before you invest. The fund’s prospectus and summary prospectus contain this and other information. Call 800-977-2947 or visit praxismutualfunds.com for a prospectus, which you should read carefully before you invest.

Praxis Mutual Funds are advised by Everence Capital Management and distributed through Foreside Financial Services, LLC, member FINRA. Investment products offered are not FDIC insured, may lose value, and have no bank guarantee.

Mutual fund investing involves risk. Principal loss is possible.