



THE ROAD TO
THRIVING
BLACK COMMUNITIES

collective
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A VISION FOR 2030



The Road to Thriving Black Communities:

A VISION FOR 2030

A Report by the Black Equity Collective

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In 2020 a new expression entered our vocabulary: “pre-COVID.”

A reference to a time and place when the United States was not ravaged by the COVID19 virus, “pre-COVID” has become a quick way to talk about “normal” operations. It is often accompanied by a desire to return to those days, as a return to “normal.”

Over the past 150 years, the United States has endured multiple natural disasters, wars, and medical pandemics. In each case Americans affected by such events have depended on a host of short and long-term governmental interventions to provide a safety net that prevents people from falling completely into destitution. Each of those government programs, however, has been shaped by the politics and policies of racial stratification at the national, state, and local levels. The “normal” of life “pre-COVID” included numerous examples of these flawed responses.

#1

In the wake of the Great Depression, new programs like Social Security wrote racial discrimination into their implementation by excluding occupational sectors dominated by Black people from eligibility to pay into the program to plant the seeds of a financially sustainable retirement.

#2

Aid to Dependent Children, intended to care for poor children, was awarded to White mothers but not Black mothers, in part because local social workers believed Black mothers could (and should) find work.

#3

More recently, federal guidelines designed to fight racial segregation and housing discrimination were rolled back by Housing and Urban Development (HUD) Secretary Ben Carson as “too burdensome” on local jurisdictions who received HUD grants.

The social safety net for Black people has had bigger holes for Black families to fall through due to government discomfort with disrupting local conventions of racially-motivated discrimination for a very long time.

Black-led, Black-empowering nonprofit community-based organizations (BCBOs).

To fill the gap Black communities have long relied on an ecosystem of Black-led, Black-empowering nonprofit community-based organizations (BCBOs) to fill the holes that governments leave behind through a mix of:

- Civic Engagement
- Direct Service Delivery
- and Policy Advocacy.

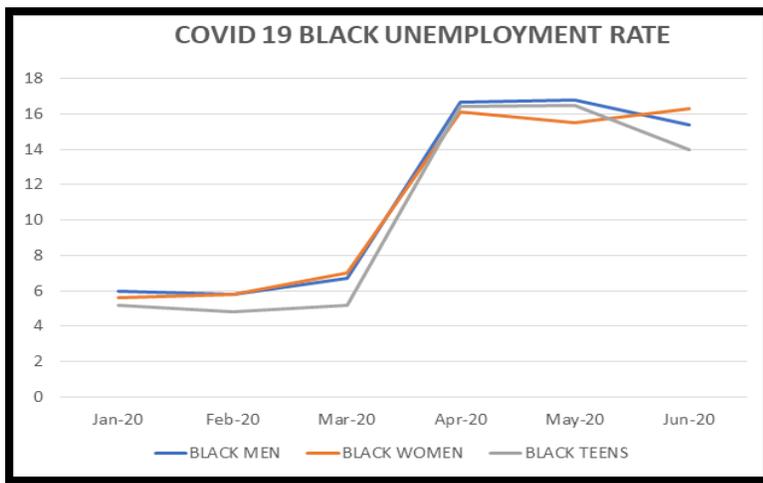


FIGURE 1

The COVID-19 pandemic has provided a compelling and unique opportunity to explore how the social safety net’s ability to help those in need varies by more than just an individual’s racial status. We explore the impact of supplemental COVID-19 support on the landscape of Black non-profit organizations in Southern California, specifically: Los Angeles, Riverside, and San Bernadino Counties. Together the three counties comprise just over 50% of the Black people living in the state of California.¹

COVID19 has decimated our health, healthcare system, and our economy. Nationally, Black unemployment rates skyrocketed during the early months of the pandemic across men, women and youth, as this graph (Figure 1) of data from the U.S. Census American Community Survey illustrates.

Here in California, COVID19 made an unequal situation even more disparate. The 2017 Urban League ranked Riverside-San Bernadino-Ontario at the top of metro areas for relative income equality but noted that median Black incomes *declined* to 72 cents on every dollar (down from 76 cents in 2016) in income earned by whites.² 38th ranked Los Angeles-Long Beach-Anaheim metro fared even worse, with Black incomes only 55% of white incomes. Now in 2020 close to half of California’s Black workers have filed for unemployment through the end of July.³ *Clearly, the idea of returning to a “pre-COVID” normal would only enshrine pre-existing racial inequalities.*

¹ U.S. Census Bureau Quick Facts Estimates (2010-2019).

² Wilson, Valerie Rawlston (2017). “Protect our Progress: State of Black America.” National Urban League.

³ Pastor et al., (2020). “No Going Back: Together for an Equitable and Inclusive Los Angeles.” Committee for a Greater LA.

Where do we go from here?

In September 2020 the Committee for Greater LA produced a report that argues for such investments.⁴ Our focus here complements their insightful analysis of non-profits' pandemic struggles by focusing on the rationale for a flow of funding and capital to BCBOs that are led by and empower Black people.

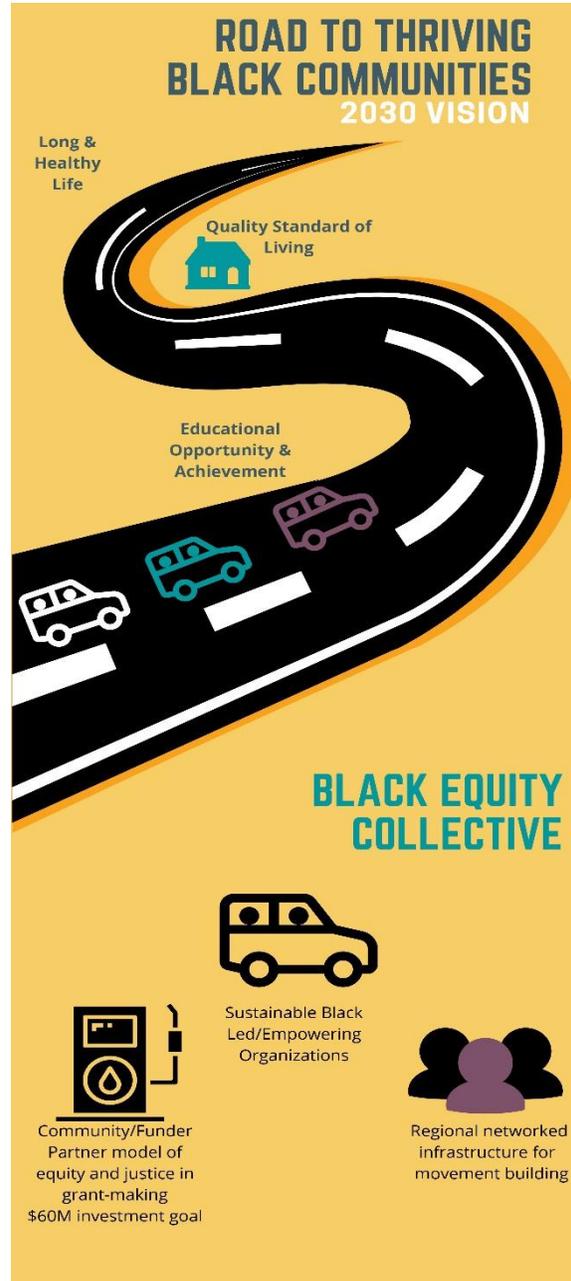


That the pandemic has revealed (again) pre-existing disparities in health and economic stability for Black people in America is not in dispute. The question, however, of "Where Do We Go From Here?" is more than an idle remembrance of Dr. Martin Luther King's last book. It represents a chance to think about missing ingredients in the recipe for thriving Black communities.

We contend that the key drivers of thriving Black communities are BCBOs, who serve as a safety net for communities long excluded from governmental economic recovery policies. Figure 2 illustrates the path by which thriving Black communities are created,

We are not alone in our belief that addressing anti-Black racism must occur in order for California and the rest of the nation to recover fully from the multi-sector impact of COVID19.

FIGURE 2



⁴ "No Going Back: Together for an Equitable and Inclusive Los Angeles," p. 181.

Our analysis recommends **three (3) ways** to fuel thriving Black Communities

Within this long-standing context of racially disparate social safety nets, sustainable BCBOs are the vehicles by which thriving Black communities are created. In this report we argue that the social safety net of BCBOs will continue to need critical assistance because tools purported to be available to help them, like the Paycheck Protection Program, have not helped BCBOs.

The Paycheck Protection Program (PPP)

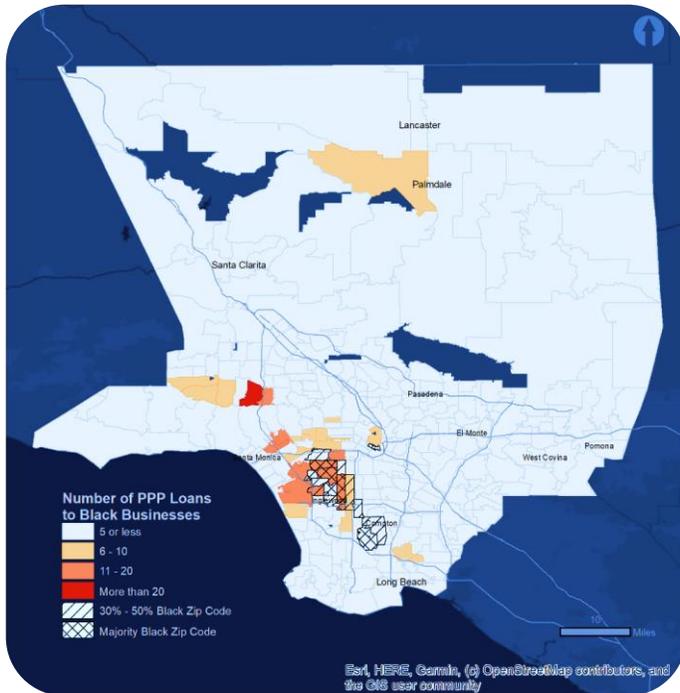
In order to combat the economic downturn resulting from the COVID19 pandemic, Congress authorized the Paycheck Protection Program (PPP) as part of the CARES Act. Administered by the Small Business Administration, this

program uses local lenders as intermediaries to provide temporary assistance to small businesses and nonprofits. These loans, which are forgivable as long as employees are kept on payroll, provide crucial continuity of service provision for Black nonprofits who empower and serve a high need population in a time when Black workers are both likely to be essential workers, rendering them vulnerable to being infected with COVID19, and likely to be laid off or furloughed, putting them at economic risk. The Black Equity Collective and the Black Policy Project at UCLA analyzed publicly available data submitted by lenders to the Small Business Administration about their clients who qualified to receive PPP Loans. PPP is a program created by Congress out of the Coronavirus Aid, Relief and Economic Security (CARES) Act in March 2020.⁵



Stand-alone nonprofits were eligible to receive funds in both rounds of PPP funding; however nonprofits who use a fiscal sponsor to assist with overhead capacities like HR and accounting were ineligible for PPP loans.

⁵ PPP provided \$660 billion (in two separate appropriations) in Small Business Administration loan guarantees to banks who approved loans to small businesses who needed assistance in covering costs during the pandemic. A minimum of 60% of the loan had to be allocated to keeping people employed, thus preventing layoffs. After the first \$350 billion was gone in less than a month Congress approved a second, lesser amount of \$310 billion to reach more small businesses.



MAP 1

Recommendation #1: Require racial data reporting for publicly funded assistance to nonprofits to ensure racial equity in lending.

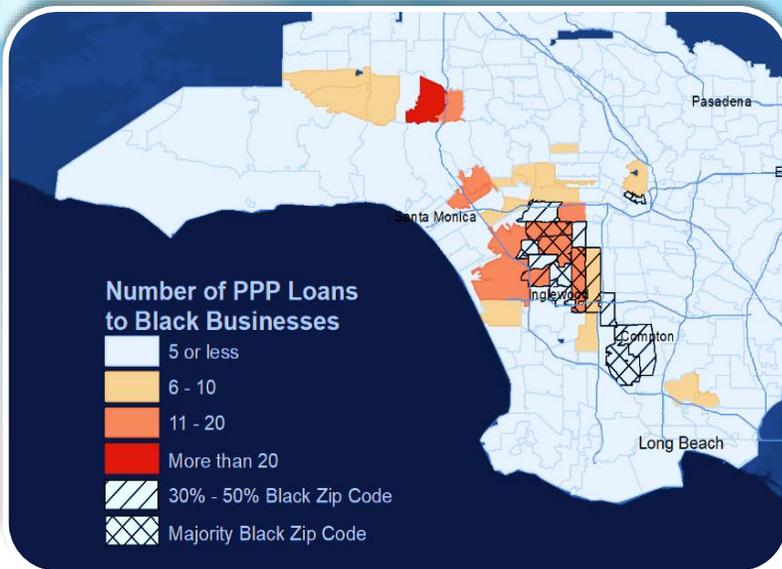
The PPP is a proxy lending program run primarily by banks, which approve or deny the loan applicants themselves. The SBA does not require banks to report demographic data for approved organizations, leading to close to 75% of approved loans missing demographic data about the race and gender of organization leaders. In Riverside and San Bernadino county for example, only four (4) PPP loans made to nonprofit organizations had racial data available for analysis.⁶

In Los Angeles County, for example, 147,331 loans under \$150,000 were approved as PPP loans. Only 497 of those loans identified the primary leader or owner of that organization as Black/African American and only 8 were identified as going to Black-led nonprofit organizations.⁷

For this reason, the maps provided within this report combine *both* Black businesses *and* Black-led nonprofit organizations. [Map 1](#) shows the location of Black businesses in LA County who received PPP loans of any amount. The cross-hatch section identifies high concentration or majority Black neighborhoods, while the light yellow color corresponds to five or fewer PPP loan qualifications in those neighborhoods. Map 1 indicates that very few Black-led businesses or BCBOs located in high concentration and majority Black neighborhoods qualified for PPP loans.

⁶ Of the 2454 loans in Los Angeles County, only 74 had racial data reported for analysis.

⁷ In Los Angeles County 31 white-led nonprofits received PPP loans, compared to 8 for Black-led nonprofit organizations.



BLACK EQUITY collective
Map 1 | PPP loans under \$150,000 issued to Black businesses or Black-led nonprofit organizations, Los Angeles County.

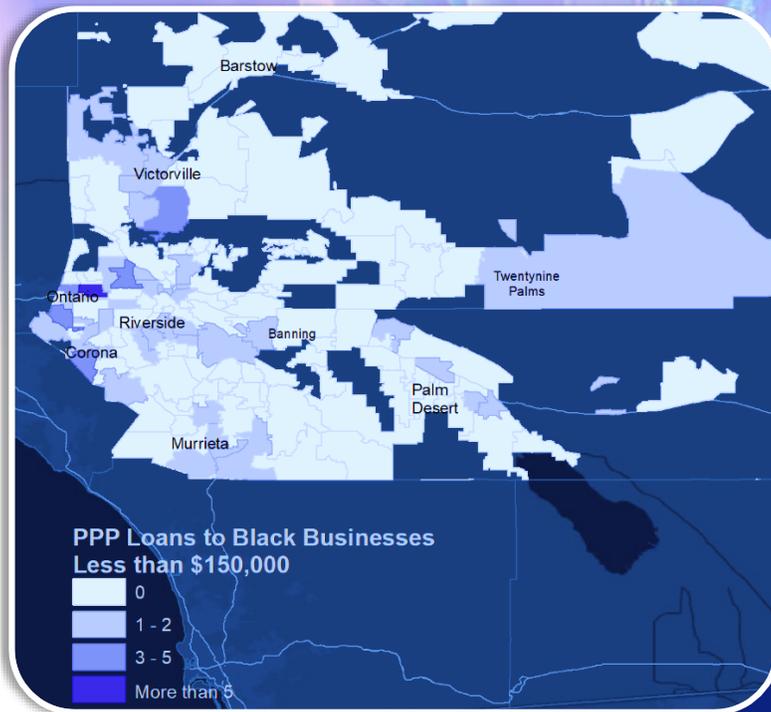
The results in Riverside and San Bernadino Counties are proportionately similar based on their Black populations.

Map 2 (see next page) indicates that these two counties received very few loans to BCBOs.

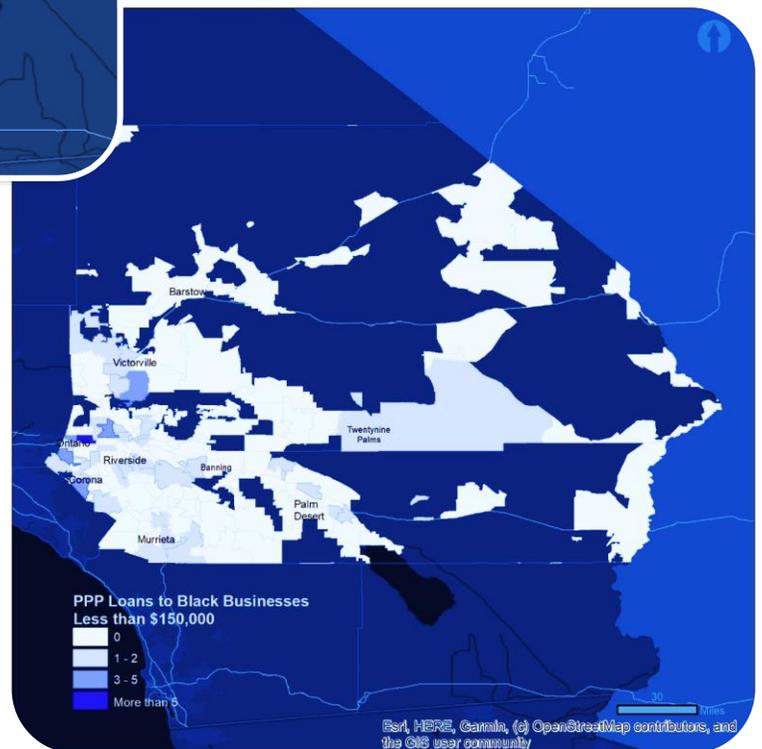
Of the 32 loans in Riverside County and the 41 loans identifying entities as Black, 0 were issued to non-profit organizations in Riverside County.



Map 2 | PPP loans under \$150,000 issued to Black businesses or Black-led nonprofit organizations, Riverside and San Bernadino

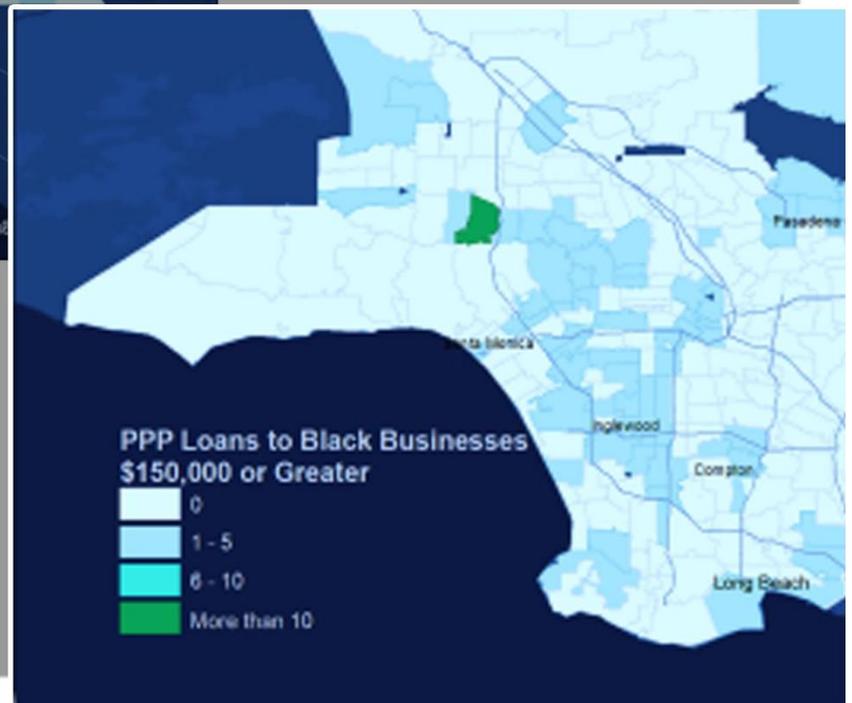
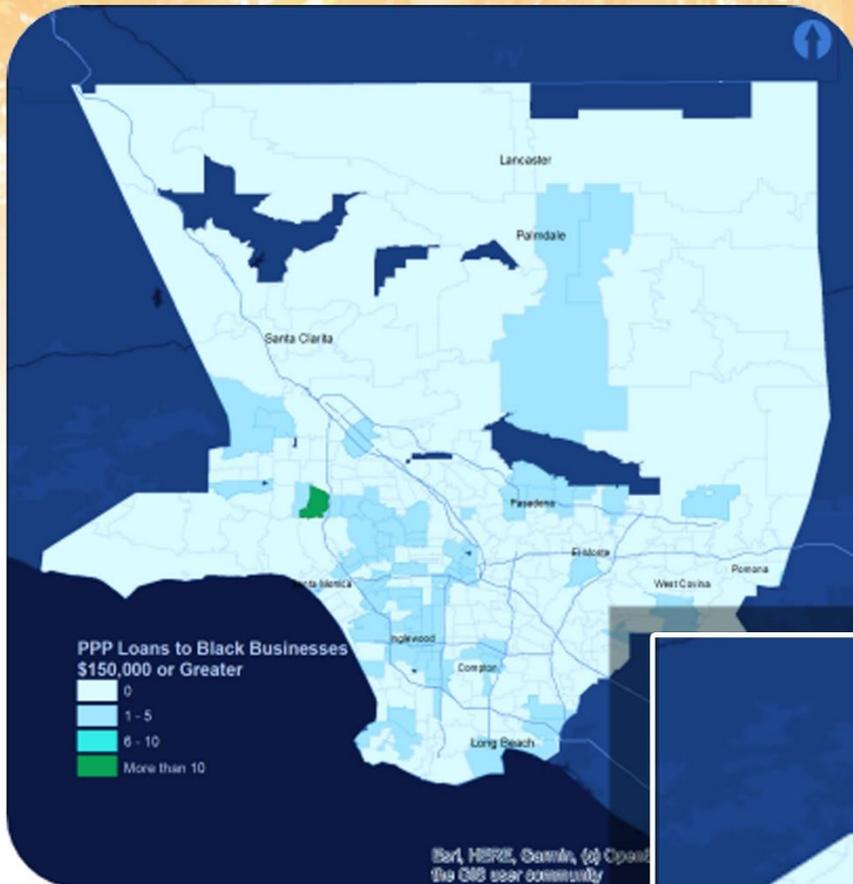


Larger loans, those above \$150,000, were similarly scarce among BCBOs.





Map 3 | PPP loans greater than \$150,000 issued to Black businesses or Black-led nonprofit organizations, Los Angeles County.

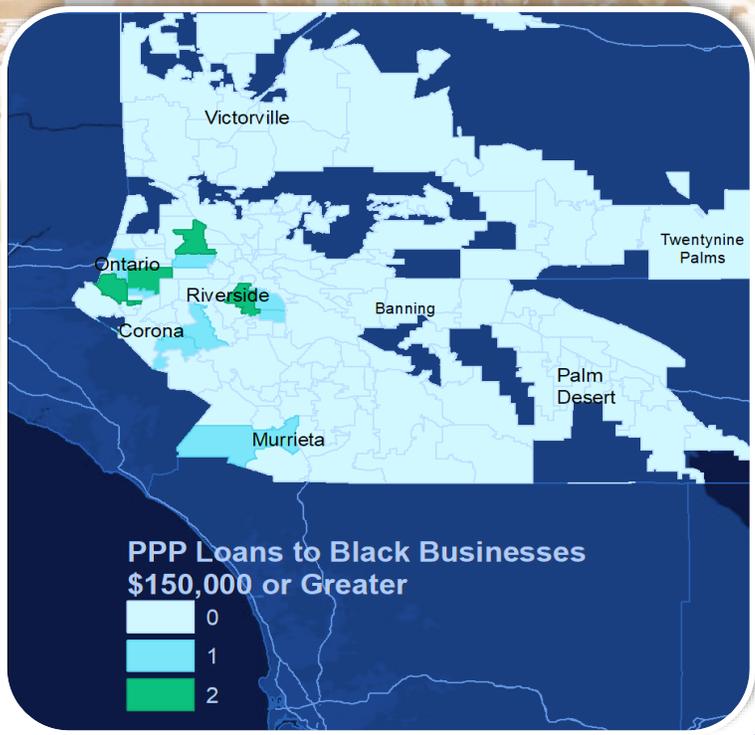


Map 3 illustrates that there were **less than 5** PPP loans of \$150,000 or more awarded to identifiable Black businesses and nonprofits in high Black density neighborhoods of Los Angeles.



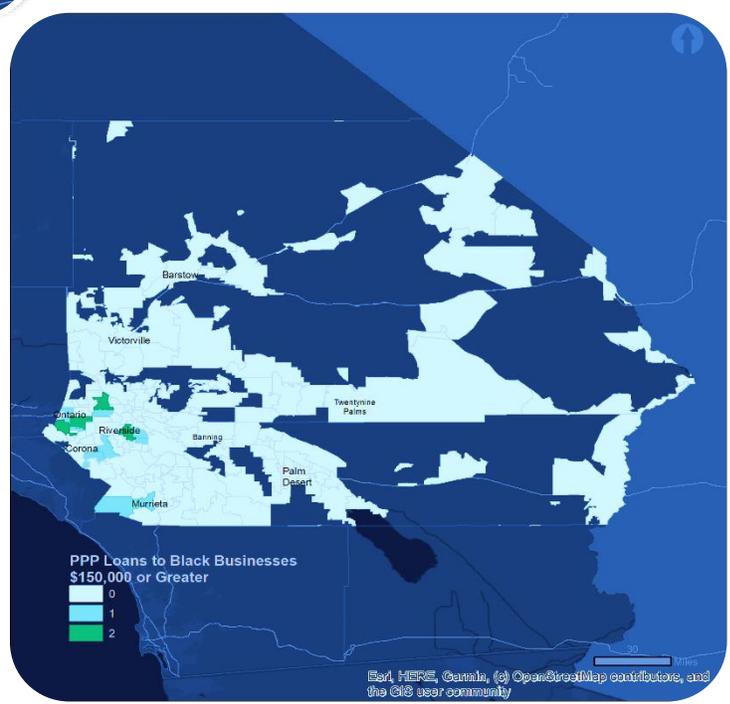
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Map 4 | PPP loans greater than \$150,000 issued to Black businesses or Black-led nonprofit organizations Counties.



Map 4 again illustrates a similar story for the Inland Empire.

In order to maximize their capacity for efficient operations, many BCBOs contract with fiscal sponsors, making them ineligible for funding according to PPP regulations. This may have reduced the number of BCBOs applying overall to the program.



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BROTHERHOOD
Crusade

+

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GROUP

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**Recommendation #2:
Invest in long-term,
quasi-endowment
unrestricted support
for organizations
structurally **excluded**
from government-
based programs like
PPP.**

One Los Angeles-based BCBO, Brotherhood Crusade, received an assurance that their application was in the queue and that it would be approved, but received a denial instead the next day. Luckily Brotherhood Crusade's story with the PPP did not end with that initial rejection. One of their funders, the Ballmer Group, called to check on the status of the loan. When they learned that Brotherhood Crusade had not received their loan, Ballmer Group informed Charisse Bremond, President of Brotherhood Crusade, that they had funded a collaboration with a financial institution that would support them through the process of applying a second time for PPP. They have since received the loan and Community Reinvestment Fund, Ballmer's financial partner, has continued to work with Bremond and her organization to ensure the loan is forgiven.



Recommendation #3: Find creative ways to build capacity for emergency loan qualification.

These findings highlight the perils of thinking rapid-response resources were equally available to all organizations, even in a progressive state like California.

Despite their critical role as the vehicles by which social progress leads to thriving Black communities, BCBOs are not represented among PPP loan recipients in numbers proportional to their presence in southern California.



Finding creative ways to address governmental gaps is a hallmark of strong philanthropic work. Advocating for proper data reporting enhances the ability to do such work by identifying areas of opportunity for philanthropic innovation. In January 2021, the Black Equity Collective (Collective) launches and will serve as the only philanthropic network in California dedicated to Black equity and the organizational resiliency of BCBOs. The Black Equity Collective's mission is to join funders and communities as partners in strengthening the long-term sustainability of BCBOs.



Supporting BCBOs contending with two emerging pandemics: COVID-19 + Racism

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Two converging pandemics have gripped the nation, with Black communities in the eye of the storm. COVID-19's disproportionate impact on Black communities is directly tied to ongoing institutional, structural and systemic racism. So is police brutality.

The ways in which BCBOs have had to pivot their operations and people power in a moment's notice often without federal support is bringing the need for critical infrastructure into stark focus. For Black-led and Black-empowering organizations that have been operating with razor-thin capacity due to persistent under-investment, these compounding events pose a threat to their long-term sustainability and even their future existence.

Black people are continuing to suffer, get sick and die unnecessarily because like an uncontained virus, racism mutates. While COVID-19 and social unrest both require immediate attention and collective action, our focus and attention must also include the long work of infrastructure and institution building because recoveries, whether economic or physical, have rarely included Black communities in the United States.

Due to the disproportionate impact of COVID-19 on Black communities and understanding that BCBOs were largely missed in the CARES Act, seven funders approached the Collective during our planning process to respond to the gap in funding support, contributing a combined \$320,000 to the Collective to provide funding for BCBOs to support their capacity to weather the economic downturn brought on by COVID-19 and/or provide direct humanitarian and economic aid to black communities.

The Collective's microgrant program launched in August 2020 across its three-county regional span (Los Angeles, San Bernardino and Riverside) to provide a one-time, \$10,000 award to BCBO organizations. Designed by a group of Black community leaders, the Collective leveraged its knowledge of the Black community to prioritize organizations that are:

- Black-led and Black-empowering, and
- Did not receive PPP funding.

The response was tremendous: 56 organizations applied and 32 received funding. Absent the funds provided through the microgrant program, each of these organizations would have been overlooked. The collective demonstrated how targeted, community-specific and culturally relevant outreach through trusted networks is key to reaching BCBO in public financing and philanthropic endeavors. These organizations are part of a larger network of BCBOs eligible for collaboration with the Black Equity Collective when it formally launches in 2021.

LOS ANGELES COUNTY

Students Deserve/Coalition for Educational Justice (CEJ)
 Youth With A Purpose
 EarthLodge Center for Transformation
 Elite Skills Development
 iDREAM for Racial Health Equity, a project of Community Partners
 The Gailen & Cathy Reeves Center for Community Empowerment
 Reclaiming America's Communities through Empowerment (R.A.C.E.)
 Covered Community
 Los Angeles Black Worker Center
 Community Reflections Inc.
 Omega Educational Foundation
 South Los Angeles Community Development and Empowerment Corporation (SLACDEC)
 Amazing Grace Conservatory
 The Way Center of Truth, Inc.
 Ohana Center
 Mighty Little Giants, Inc.
 Therapeutic Play Foundation
 Project Joy, Inc.

INLAND EMPIRE REGION

Inland Valley Alumnae Chapter, Delta Sigma Theta Sorority, Inc.
 Unstoppable Awards
 A Deeper Love Foundation
 Emerging Beauty Inc.
 Power Speaks Louder, Inc.
 Serving The People
 Captivating The Culture
 The Love Program
 National Family Life and Education Center
 BLU Educational Foundation
 Curls, Coils & Crowns
 Clay Counseling Foundation
 Young Women's Empowerment Foundation
 Diversity Uplifts, Inc.

Over the next decade, the Collective will focus on the work of Black equity through the lens of infrastructure and institution-building within a network of BCBOs so that the road to thriving Black communities can continue to be paved by the leaders on the frontlines of social justice and racial equity in the Black community.

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To learn more about the Black Equity Collective:

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