



# COVID-19 Equitable Relief and Recovery Series

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WEBINAR 1 SUMMARY:

How Practitioners Are Preventing COVID-19  
from Expanding the Racial Wealth Gap

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# Urban America Forward: COVID-19 Equitable Relief and Recovery Series

The Urban America Forward: COVID-19 Equitable Relief and Recovery Series provides a learning exchange among practitioners and public-private partners who are advancing economic relief and equitable recovery in cities in response to the coronavirus pandemic. While no community has been spared by this public health crisis, COVID-19 has hit African American and Latinx communities most acutely. This unprecedented time demands that practitioners harness their collective power and share what is working to provide essential relief while envisioning and engineering tools to build a more inclusive economy and equitable future.

The Urban America Forward: COVID-19 Equitable Relief and Recovery Series offers a platform for practitioners to share promising practices, new collaborations, and emerging learnings to support our most vulnerable communities and ensure equitable recovery in places where the COVID-19 pandemic is causing disproportionate harm. The series highlights practitioner responses to the pandemic in eight U.S. cities: Atlanta, Baltimore, Chicago, Detroit, Indianapolis, Minneapolis, New Orleans, and Washington, DC.

The Urban America Forward: COVID-19 Equitable Relief and Recovery Series was made possible with the generous support of [New America Local](#), the [Annie E. Casey Foundation](#), and the [Kresge Foundation](#).

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*What we cannot do is believe that we're going to confront a set of 21st-century challenges with 20th-century policies ... [that all we need to do is] dust off yesterday's ideas and reenact them.”*

**Marc Morial**, President & CEO, The National Urban League

## About Urban America Forward

Launched in 2015 by the University of Chicago Office of Civic Engagement, the Urban America Forward program convenes nonprofit, private, public, and philanthropic sector leaders as well as urban researchers and social scientists who are committed to furthering equity in urban America.

The Urban America Forward program is grounded in two fundamental principles: (1) racial equity is achievable through systems change, and (2) practitioners' efforts are bolstered by engaging in a space where they can share approaches taken to disrupting systems that create and reinforce segregation, economic oppression, and racially disparate life outcomes.

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*The COVID crisis, the economic crisis, this is compounding a pre-existing structural crisis of racial violence and racial inequity. We have an economy and democracy that has been premised on the extraction and exclusion of Black and Latinx communities ... all of that is coming to a head ... in this moment.”*

**K. Sabeel Rahman**, President, Demos

## WEBINAR 1:

# How Practitioners Are Preventing COVID-19 from Expanding the Racial Wealth Gap

The first webinar in the Urban America Forward: COVID-19 Equitable Relief and Recovery Series focused on the topic “How Practitioners Are Preventing COVID-19 from Expanding the Racial Wealth Gap.” The program began with a review of the ways in which historic, structural, and systemic discrimination has fostered economic and health injustices in our cities, particularly among communities of color.

The dual pandemics of COVID-19 and systemic racism have exacerbated existing racial disparities in wealth. Before the pandemic, the net worth of a typical white family was nearly ten times greater than that of a Black family and nearly six times greater than that of a Latinx family.<sup>1,2</sup> These staggering disparities are built on centuries of discriminatory policies that have exacerbated racial inequities in work, housing, wealth, and education. COVID-19 has heightened these disparities: during the pandemic, 41% of Black-owned businesses, 32% of Latinx-owned businesses, and 26% of Asian-owned businesses closed their doors, compared with 17% of white-owned businesses.<sup>3</sup> Additionally, people of color account for about 43% of all essential workers in the U.S.,<sup>4</sup> while at the same time Black and Latinx communities face higher rates of unemployment.<sup>5</sup> Practitioners, policymakers, and community leaders must center racial equity in their relief efforts to meaningfully address these disparities.

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*Our focus on equity in our ability to [create] a just economy requires that we change the rules and then create equity by design.”*

**Ashleigh Gardere,**  
*Senior Advisor to  
the President &  
CEO and Director  
of All-In Cities,  
PolicyLink*

- 1 [Examining the Black-white wealth gap](#), Brookings Institute, 2/27/20.
- 2 [How wealth inequality has changed in the U.S. since the Great Recession, by race, ethnicity and income](#), Pew Research, 11/1/17.
- 3 [Black-owned companies are shutting down twice as fast as other businesses](#), CNN, 8/4/20.
- 4 [‘Heroes or hostages?’: Communities of color bear the burden of essential work in coronavirus crisis](#), ABC News, 5/22/20.
- 5 [June Jobs Report Shows Uneven Recovery; Black Unemployment Still Tops 15 Percent](#), Forbes, 7/2/20.

### Participants had the following goals:

- » Equip peer practitioners with new approaches to equitable COVID-19 relief practices across cities.
- » Share lessons and promising practices for equitable relief and recovery.
- » Expand practitioner networks for the current crisis and to further crisis response that prioritizes racial equity in the future.

## Panel Discussion Themes

Capital flow to businesses was structurally racially biased before COVID-19. The pandemic has only further exposed the inadequacies of our financing and financial distribution systems to get resources into the hands of those who need them most. The Paycheck Protection Program (PPP), a forgivable loan created by the federal government to provide direct loans for small businesses during the COVID-19 pandemic, was layered on top of this already inequitable system.

PPP funds were designed to be distributed through large banks, which do not have significant relationships or reach into aspiring communities and small and minority-owned businesses. The PPP guidance also allowed banks to charge a percentage fee on loans that they administered, incentivizing traditional banks to direct PPP loans to larger businesses.<sup>6</sup> Moreover, the PPP program did not provide necessary resources to inform, notify, or guide small-business owners through the application process. All of these factors resulted in only 12% of Black and Latinx business owners receiving the funding they had requested in the first round of PPP funding, according to a poll from Color Of Change and UnidosUS. In the end, wealthier, white-owned businesses were favored in the application process and received a much greater share of economic relief.

Because COVID-19 relief, particularly at the federal level, leveraged existing infrastructure and systems, if a city did not prioritize equity prior to the pandemic, the process did not serve or simply failed historically disinvested communities. Practitioners are working diligently in this moment both to provide much-needed relief and to strengthen systems in preparation for the next economic crisis.

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*There were no real goals [for COVID-19 relief and recovery efforts]. There was just the notion that we need to get dollars out. ... Moving from response to recovery, what metrics do we want to put in place? What are the goals of these programs so that we design for the audiences we want to reach?”*

**Dr. Helene Gayle,**  
CEO, The Chicago  
Community Trust

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<sup>6</sup> [Small Business Rescue Earned Banks \\$10 Billion In Fees](#), NPR, 4/22/20.

## Key Takeaways

- » Relief delivery systems are inequitable and in need of reform.
- » Foundations and nonprofits stepped into the breach to provide direct resources for their communities and cities.
- » State and local governments must strengthen their resource delivery infrastructure to ensure that allocated funds are reaching disinvested communities.
- » Policymakers and funders should invest in direct grants to business owners of color, including mom-and-pop sole proprietors.
- » Loan funds should be funneled through Community Development Financial Institutions (CDFIs), Minority Depository Institutions (MDIs), and Black-owned banks.
- » CDFIs and Black-owned banks have relationships with larger companies with resources; practitioners can leverage these relationships to directly support small businesses.
- » The current response will dictate the response to future crises; it is critical that equity be an integral part of current relief and recovery efforts.

## City Models and Transferable Learnings

### ■ CHICAGO

**The Chicago Community Trust.** The Chicago Community Trust is committed to addressing the city of Chicago's legacy of systemic inequity and closing the racial and ethnic wealth gap. The Trust, in partnership with the city and philanthropy, raised more than \$34 million through the Chicago Community COVID-19 Response Fund to meet the emergency needs of the region's most vulnerable residents, including undocumented immigrant communities and others not eligible for federal relief funds. The first round of funding prioritized support to meet immediate needs including food, housing, utilities, and emergency cash. The Trust focused on working with hyper-local organizations that had infrastructure and community relationships in place to deploy emergency services to hard-hit households.

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*Your recovery will only be as equitable as your community was the day before the storm hit.”*

**James Feagin,**  
CEO, projects +  
PEOPLE

The Trust then pivoted to addressing broader needs. For example, in order to bridge the digital divide, the Trust helped to launch “Chicago Connected,” a groundbreaking program that will provide free high-speed internet service to approximately 100,000 Chicago Public Schools (CPS) students in their households. This first-of-its-kind program will be one of the largest and longest-term efforts in the nation to provide free, high-speed internet over the course of four years to dramatically increase internet accessibility for students and ensure participation in distance learning. The Trust also partnered with the City of Chicago to launch the Small Business Resiliency Fund, a \$100 million fund offering five-year loans of up to \$50,000 for small businesses and nonprofits.

## ■ DETROIT

***projects + PEOPLE.*** projects + PEOPLE is an economic development strategy firm based in Detroit that connects local entrepreneurs with resources and funding to help them grow and diversify the region’s talent pool. As a strategic partner of the New Economy Initiative, the firm helped launch several key programs, including NEIdeas. Launched in 2014 as an effort to renew Detroit’s economy by providing grants to underrepresented small businesses, by 2018 NEIdeas had granted 144 businesses a total of \$2.16 million in cash awards to grow their ideas. When the COVID-19 pandemic hit, projects + PEOPLE helped to pilot In Good Co Detroit, a storytelling campaign designed to provide information and inspiration to Detroit entrepreneurs, into a real-time resource for entrepreneurs and business support organizations. TechTown, a key fixture in Detroit’s entrepreneurial ecosystem, also launched a neighborhood business stabilization fund, offering grants to business owners earning less than 80% of the area median income. As the Detroit community shifted from triage to recovery, the city of Detroit corralled the business and philanthropic community to launch Detroit Means Business, a digital platform for small business COVID-19 relief and recovery.

## ■ INDIANAPOLIS

***The Indianapolis Chamber of Commerce.*** The Indianapolis Chamber of Commerce quickly mobilized to provide relief to small businesses in this city. The Chamber launched a response hub to provide business owners with pro bono resources from their local partners at the Indiana University Kelley School of Business and the Indiana Bar Association. Additionally, the Chamber shaped two loan programs with a focus on supporting

businesses with less than 50 employees and sole proprietors, which provided greater reach to business owners of color. The first loan program had a 3.75% interest rate; 29% of these loans went to Black-owned businesses. The second program focused on distributing PPP loans. The Chamber partnered with a local CDFI and the city of Indianapolis to administer the loans; 37% of funds were distributed to Black-owned businesses. In total, the Chamber dispersed about \$7.5 million dollars.

## ■ MINNEAPOLIS

***The Center for Economic Inclusion.*** The Center for Economic Inclusion is a cross-sector organization committed to strengthening its region’s civic infrastructure and collective capacity to disrupt systems and influence market forces to catalyze shared prosperity and advance an inclusive economy. Minneapolis is home to 17 Fortune 500 companies. While this provides many opportunities, Minneapolis is also home to some of the nation’s largest racial disparities. Black families in Minneapolis make less than half as much as the typical white family in any given year.<sup>7</sup> COVID-19 has exacerbated these existing disparities—and the uprisings sparked by the murder of George Floyd underscored the need to provide meaningful relief and reform for Black communities. To provide relief for Black-owned businesses, the Center for Economic Inclusion is focused on building stronger relationships with companies and leveraging their resources to address inequality and wealth gaps. One of the initiatives they support was launched by billionaire investor Robert F. Smith, who proposed that large companies invest 2% of their annual net income in Black-owned businesses.

## ■ NEW ORLEANS

***The New Orleans Business Alliance.*** The New Orleans Business Alliance (NOBA) is an economic development organization dedicated to promoting financial stability and prosperity for residents by fostering growth and opportunity and eliminating economic disparities. NOBA has been working with public and private partners to ensure that New Orleans residents and businesses have access to all available resources to navigate the COVID-19 pandemic. To aid the city’s large gig economy, NOBA helped establish a \$1 million relief fund to serve 1,700 workers.

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<sup>7</sup> Racial inequality in Minneapolis is among the worst in the nation, The Washington Post, 5/30/20.



In addition, NOBA worked closely with CDFIs to provide loans to the businesses that needed them the most and brought in entrepreneurial support organizations (ESOs) to assist business owners with the Paycheck Protection Program. As a result, 250 small minority-owned businesses were able to access PPP funds. NOBA continues its work with CDFIs to advise businesses on pivoting strategies, cash management, and exit strategies. Through the pandemic, NOBA facilitated weekly meetings to improve communication between the municipal government and small-business owners to drive real-time response.

## ■ WASHINGTON, DC

**Capital Impact Partners.** [Capital Impact Partners](#) is a national CDFI dedicated to breaking down the barriers of historical disinvestment and systemic racism to foster equitable lending. In response to the COVID-19 pandemic, Capital Impact Partners has worked closely with other CDFIs to distribute \$10 million through the Paycheck Protection Program and microgrant programs that were essential in helping struggling small businesses stay afloat. Capital Impact Partners advocates for local and state governments to strengthen partnerships with local businesses. Washington, DC Mayor Muriel Bowser's office established a \$25 million microgrant program to provide relief to small local businesses to quickly provide relief during the COVID-19 pandemic. Lastly, Capital Impact Partners noted that it is important for institutions to work with vulnerable small businesses to adapt to the pandemic. For example, they worked with a local bakery to shift from selling baked goods in a bakery to buying trucks to bring food to communities.

## Conclusion

While COVID-19 presents unprecedented challenges, it also exposes the need to create a more equitable economy. This webinar highlighted the importance of how response efforts must be shaped to meet the needs of communities of color in America's cities. We would like to thank our speakers, Vincent Ash, Lauren Counts, James Feagin, Ashleigh Gardere, Helene Gayle, Marc Morial, Samuel Ndely II, K. Sabeel Rahman, and Lynnette White-Colin; our partners, New America Local and the National Urban League; and our sponsors, the Kresge Foundation and Annie E. Casey Foundation, for allowing us to share learnings from across the country in this timely webinar series.