



**The Black Economic Alliance Calls on Congress to Include  
Key Initiatives to Help Black Businesses, Workers,  
Universities, and Cultural Institutions in Next COVID-19  
Legislation**

# **DETAILED POLICY PROPOSAL**

## **SUPPORT BLACK SMALL BUSINESSES**

Businesses in Black communities are less likely to be served by large commercial banks that were the primary distributors of the small business stimulus and who favored their pre-existing customers.

However, only 78 of 950 Community Development Financial Institutions (CDFIs) are participating in the government program, according to the Treasury.

Credit unions were also left out of initial applications because they could not activate the correct Small Business Administration credentials quickly enough. Congress allocated just \$10 million to the Minority Business Development Agency (MBDA).

### **RECOMMENDATION:**

1. Allocate 35 percent of SBA funds to CDFIs and minority depository institutions in priority opportunity zones.
2. Incent banks to distribute stimulus funds in opportunity zones by doubling their processing fees for those target areas.
3. Engage with city agencies that focus on Black entrepreneurship. (e.g., BE NYC in New York) to locate and qualify businesses.
4. Use diverse data to qualify businesses to include supplier invoices, billing, and appointment records. Many can't download their payroll or other documentation for loan applications.
5. Market the specifics of the Paycheck Protection Program (PPP) on Black Radio and social media channels (e.g., The Root, The Black Channel). Include new options such as Paypal and Square, that may be faster.
6. Review Finastra option to onboard CDFIs. Vista Equity Partners owns a company called Finastra that automates over 4,000 banks. That system interfaces with E-tran, the electronic loan processing system used by the SBA. The company has offered to onboard CDFIs and minority banking institutions to prepare them to participate in the next stimulus.
7. Make public facilities such as post offices and DMV offices available for temporary bank offices to process applications for banks that need community proximity in underserved locations.

## NUTRITION AND THE UNBANKED

The Supplemental Nutritional Assistance Program (SNAP) helped feed 38 million people in 2019. About 80 percent of SNAP benefits are redeemed within two weeks of receipt; 97 percent are spent within a month. Nearly 50 percent of SNAP beneficiaries are children.

Forty-eight percent of Black respondents in a McKinsey survey are using food-assistance programs, compared with 31 percent of white respondents.

At the same time, over 17 percent of Black households are unbanked another 30 percent underbanked with minimal use of banks given lower wealth. Under the rules, individuals filed either a 2018 or 2019 tax return and have a social security number will automatically get either a direct deposit or a check.

### RECOMMENDATION:

1. Increase the SNAP maximum allotment (known as the Thrifty Food Plan, or TFP) by 15 percent. The average amount is \$1.40 per person per meal.
2. EBT cards are used to distribute SNAP benefits and could be used to distribute funds.
3. Suspend SNAP's three-month time limit for unemployed adults not raising minor children at home.
4. Allocate \$1B to [feedamerica.org](https://www.feedamerica.org) to take advantage of the logistical infrastructure of the largest nonprofit distributing needed food.
5. Waive the restrictions on what types of foods can be bought via SNAP to allow recipients to buy hot foods and hygiene and cleaning items.
6. Evaluate using the existing EBT cards used to distribute SNAP benefits to distribute direct payments to families.
7. Eliminate asset tests and work requirements until the economy recovers.
8. Allow SNAP to be used for online shopping to facilitate social distancing.

## Historically Black Colleges and Universities

Historically black colleges are at risk of being unable to serve their students. They are less prepared for distance learning and lack the technical infrastructure of other leading educational institutions.

Conversations with the Presidents of Morehouse and Spelman revealed hundreds of students without computers at home or internet access. Other students had assumed they can take an entire course on their phones. Even faculty have old computers or are unfamiliar with curriculum design for online learning.

### **RECOMMENDATION:**

1. Fund shared infrastructure for distance learning for HBCUs and other interested universities.
2. Fund curriculum designers who understand distance learning technology.
3. Purchase laptops and internet access for Pell grant recipients.

## **BLACK FINANCIAL FIRMS**

The Federal Reserve has established emergency facilities that have stabilized credit markets. Those facilities include the Primary Dealer Credit Facility, Commercial Paper Funding Facility, Primary Market Corporate Credit Facility, Secondary Market Corporate Credit Facility, Term Asset-Backed Securities Loan Facility, Paycheck Protection Program, Liquidity Facility, and the Municipal Liquidity Facility .

Private broker-dealers—e.g., Blackrock and PIMCO—were awarded contracts to purchase those securities. Diverse broker-dealers were not included.

### **RECOMMENDATION:**

- Include diverse broker dealers in the Federal Reserve credit stabilization programs. Diverse broker dealers did not participate in the 2009 programs to stabilizing the financial markets.
- Include diverse asset managers in any Treasury relief facilities that will be deployed. The Special Inspector General for the Troubled Asset Relief Program reported that only two minority-owned asset management firms actively managed assets under the Legacy Securities Public-Private Investment Program.

## **BLACK CULTURAL INSTITUTIONS**

The Coronavirus relief package includes a \$25 million earmark for the Kennedy Center for Performing Arts, which also receives regular funding from taxpayers and private donations

Black cultural institutions have long struggled for federal and state funding and, for historical reasons, started later and have smaller endowments. But their importance to the morale and pride in the Black community can't be overstated. They are also meaningful employers in the community and provide educational and after-school programs of value to the community.

### **RECOMMENDATION:**

Major Black cultural institutions that should receive funding at the same level as the Kennedy Center include:

- African American Museum of Philadelphia
- Alvin Ailey American Dance Theater
- The Apollo Theater
- The Museum of the African Diaspora (MoAD)
- The National Museum of African American History and Culture
- Schomburg Center For Research In Black Culture
- The Studio Museum in Harlem