

# STOP KILLING US!

**Black Businesses Matters**



**SPECIAL REPORT BY THE BLACK INSTITUTE**

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## **STOP KILLING US!** **Black Businesses Matter** September 2020

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**Credits:** This project was made possible by the combined efforts of MARLS NYC and TBI in the research and writing of this report. It was researched and prepared by Jacob X. Scupp and Rahamat Muhammed.

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# INTRODUCTION

**T**his report was authored on behalf of the Minority Merchants Council (MMC), a collaborative effort by The Black Institute (TBI) and the Merchants Association of Rosedale Laurelton and Springfield Gardens NYC (MARLS NYC). The MMC represents a unified coalition of minority business owners from all industries committed supporting the common cause of minority business in the economy. This includes mentoring business owners, sharing information and resources, and other cooperative activities that encourage the growth of minority businesses in New York and the country. Its most pressing concern is the effect of the Covid-19 pandemic on minority enterprises, but the Council is committed to shifting its focus to whatever the needs of its community are. The goal of this project is to increase awareness of the plight of minority businesses during the pandemic and to offer solutions not just in the short term, but in the long term.

The Black Institute is an action tank, a think tank that takes action. It is focused on addressing policy issues from a minority-focused perspective. For the past 10 years TBI has employed a strategy mixing dedicated academic research with direct action and advocacy in order to ensure that a minority viewpoint on issues is heard. Its goal has always been to change the discourse of public debate to ensure that black and brown voices are heard, to demand initiatives for minorities to build power and wealth, and ultimately to deliver justice for all persons of color. Over the course of its existence TBI has produced multiple reports on issues lacking a minority perspective and participated in many campaigns aiming to bring justice and awareness to the issues that matter for minority peoples.

The Merchants Association of Rosedale Laurelton and Springfield Gardens NYC is an association dedicated to promoting the many minority enterprises in Southeast Queens and New York City in order to ensure the growth and prosperity of the businesses and communities there. Realizing that the growth of local businesses was crucial to rehabilitating the depressed economies of Queens, MARLS NYC was founded in 2016 to help encourage residents to invest in their local businesses and revitalize the area. The Association's mission is to help equip and empower local business owners to sustainably grow their businesses in their areas and beyond to ensure that black and brown communities are safe, clean, and beautiful places for people to live and do business.

This project offers a fresh look on the situation that has been aggravated by the immense financial strain of lockdowns and pandemic worries. For years, black businesses in New York and around the country have faced similar excruciating economic pressure, the same humiliating rejections of loans and aid, suffering in a void of public indifference. The pandemic brought the reality that these small businesses face on a daily basis to the public eye. We cannot allow this realization to fade from the spotlight. Action must be taken to preserve those businesses that still remain, but it cannot stop there. These businesses cannot survive on the promises of elected officials to do better or of private businesses claiming to have seen the error of their ways and to do better in the future. There will be no future for these businesses unless concrete policy changes are adopted to promote and protect minority businesses from the institutional advantages that nonminority businesses enjoy. Without actions to save black and brown enterprises in the present and ensure a brighter future for them, the idea of a representative business environment will be dealt a heavy blow and the little progress made will be lost. Black and brown businesses have been dying, are dying, and will continue to die. Black businesses matter in New York and throughout the country.

# EXECUTIVE SUMMARY

**T**he team of TBI and MARLS NYC has reviewed much of the existing literature concerning the handling of government relief programs and the equitable distribution of these funds to small minority- and women-owned business enterprises (MWBs), in addition to conducting its own survey of small businesses across New York City and New York. The outcome of these efforts describes a fight for survival by minority businesses across the state and country - of businesses having been ignored not only by private organizations but by the government itself.

This report broadly encompasses two major analyses of the situation, followed by a discussion of the actions that must be undertaken in order to remedy the situation not just now, but for the future. The first analysis is comprised of a review of the presently available data revealed by other organizations, including work from the Federal Reserve, the New York City Comptroller, and the National Community Reinvestment Coalition. These outline several key points about the state of minority businesses during the pandemic, as well as an indication about what could be in the future for the said businesses if further assistance is not provided to these businesses. Having considered data from many sources, the collective will of these sources paints a decidedly negative picture of what happened, and what may happen, to minority businesses in the future.

The second analysis is a breakdown of the MMC's own research into this matter. This includes a description of the study that the MMC undertook, which was focused on the city of New York and its surrounding areas, as well as a discussion of its results. After having collected and analyzed the data, the MMC's conclusions share a similar character to those reached by other organizations. Minority businesses tended to receive less aid overall and faced greater challenges on their path to qualify for any aid whatsoever. This is in spite of their needs largely reflecting city-wide and national trends in their business concerns and other areas. We also observed a similar tenor in the nature of respondents' concerns for the future that echo those reached by other organizations. Our results serve as a further confirmation of the dire issues that minority enterprises faced during the pandemic and of the uncertain future ahead of them.

Our report concludes with an outline, in two parts, for how this issue must be handled in the future. There is no doubt that further, direct stimulus for minority businesses must be put in place at once. The character of such aid ranges from direct loans and grants to softening the restrictions that have kept minority businesses from accessing these in the first place. However, they are consistent on the common note that future stimulus must include specific allowances for black and brown businesses.

The MMC also identifies a set of policies that should be enacted in order to solve the structural issues that have plagued minority business from its inception. Such actions include mandating specific targets for minority participation in government contracts and reevaluating the requirements that have kept minority businesses from accessing capital that would ensure a more systemic and representative growth of black business. These are actions that the MMC feels would enable black businesses to more firmly establish themselves in the market and which would, in turn, have significant boons for the minority community at large.

# THE STATE OF MINORITY-OWNED BUSINESSES

Over the course of the pandemic many organizations, including the MMC, have been monitoring the state of minority businesses; how they have reacted to lockdown orders and business slowdowns, how long they could survive in this new environment, and whether they were receiving the aid that they so desperately needed. All of this to determine the current state of these businesses in the pandemic, and what could be expected of these businesses in a post-pandemic world. It is therefore unfortunate that across the board black and brown businesses are in a horrific state and without further assistance, face a grim death. The content of these reports can effectively be broken down into three main points: black and brown businesses overwhelmingly received less of the relief aid allocated for small businesses, faced significant discrimination during the application process, and face the greatest amount of risk moving forward if further action is not taken. These will each be addressed in turn.

## MINORITY-OWNED BUSINESSES RECEIVED FAR LESS AID THAN WHITE BUSINESSES

The stark reality of the government's attempt to stabilize small businesses is that black and brown businesses were overwhelmingly left out in the cold when it came to the amount of funding received. A report from the Federal Reserve Bank of New York stated that only 20% of eligible firms in states with significant concentrations of minority enterprises<sup>1</sup> received aid from the Paycheck Protection Program (PPP). In counties where the density was the highest, the rate of recipients tended to fall below this already small percentage.<sup>2</sup> This same report cites corresponding research indicating that aid was not distributed based on the number of COVID-19-related cases that a specific area might have reported. Rather, these decisions were left to the financial institutions in charge of distributing it.

It has already been well-established that minority populations, specifically African Americans, are at a significantly higher risk of contracting COVID-19<sup>3</sup> compared to white populations and that therefore the need of areas with a high concentration of minorities and minority owned businesses were greater. However, what these numbers confirm is that despite the outsized effect that the pandemic has had on areas with high minority populations, these areas received disproportionately less aid from the PPP and similar government efforts intended to aid small businesses.

The data from more local sources confirm that what is happening in New York City is simply a microcosm of the national situation. As outlined in the New York City Comptroller's Report on the impact of the pandemic on New York City minority businesses, the majority of city certified minority businesses received less than \$50,000 from the federal PPP,<sup>4</sup> while the average loan size for that same program across the country was \$107,000,<sup>5</sup> or over 100% of those received by minority businesses. The NYC Comptroller's report also states

<sup>1</sup> The report (see footnote 2) specifically deals with black-owned businesses. However, the same report also makes allusions to the state of Latin and Asian-owned businesses, which along with black owned businesses experienced drops in active business ownership above the national average

<sup>2</sup> "United States of America. Federal Reserve Bank of New York. Double Jeopardy: COVID-19's Concentrated Health and Wealth Effects in Black Communities. Claire Kramer Mills and Jessica Battisto. August 2020."

<sup>3</sup> "Health Equity Considerations and Racial and Ethnic Minority Groups," Centers for Disease Control and Prevention (Centers for Disease Control and Prevention, n.d.), <https://www.cdc.gov/coronavirus/2019-ncov/community/health-equity/race-ethnicity.html>.

<sup>4</sup> "Minority- and Women-Owned Businesses at Risk: Impact of COVID-19 on New York City Firms," comptroller.nyc.gov, July 10, 2020, <https://comptroller.nyc.gov/reports/minority-and-women-owned-businesses-at-risk-impact-of-covid-19-on-new-york-city-firms/>.

<sup>5</sup> Federal Reserve Bank of New York, Double Jeopardy

that of the minority businesses that applied for the federal Economic Injury Disaster Loan (EIDL), two-thirds also ended up receiving less than \$50,000 from that program as well,<sup>6</sup> an astonishing four times less than the average EIDL loan figure of \$207,000 that the federal Small Business Administration reported in late April<sup>7</sup>. In fact, an incredible 26% of businesses surveyed did not receive any form of aid from the EIDL.

It is understandable that the amount allocated to small businesses relief funds through the CARES Act was insufficient to meet the needs of the nation's struggling small businesses, even excusable. However, it is completely inexcusable that the vast majority of minority businesses in New York City, one of the most expensive cities in the world, were issued loans that totaled less than a quarter of the average national loan. It can only be surmised that if this was the amount granted to black and brown businesses in New York, then the average amount of aid granted to minority-owned businesses across the country is almost certainly less.

## **MINORITY-OWNED BUSINESSES FACED DISCRIMINATION IN THE LOAN APPLICATION PROCESS**

What is equally, if not more, disturbing than the fact that black businesses received comparatively little aid in the first place is the profound discrimination that these businesses experienced during the application process. Minority businesses were subject to numerous challenges in their struggle to obtain desperately needed relief funds that ultimately put them at a disadvantage compared to white businesses. As shown in the National Community Reinvestment Coalition's (NCRC) report on the matter, an analysis of fair lending treatments showed a concerning 43% rate of difference in treatment between white and black persons when they applied for the PPP<sup>8</sup>. Of even greater concern is that black women faced the highest levels of discrimination, receiving worse treatment in an unacceptably high 59% of cases that the NCRC observed<sup>9</sup>. Rates like these are a clear indication that significant violations of fair lending practices are occurring on a grand scale; the NCRC's report notes that while their data was drawn exclusively from Washington, D.C. they used a variety of banking institutions in their research.

The discriminatory infractions the NCRC identified from their study were wide-ranging. Unlike white applicants, black applicants were more likely to be asked personal questions concerning the nature of their business in order to receive an offer of credit. There was also a significant discrepancy in the information provided to white and black applicants. The NCRC cites that, after the bank had told both white and black applicants that products were being placed on hold due to a surge in demand from PPP applications, the black applicant "did not receive any additional information after being told about the hold in lending."<sup>10</sup> The white applicant, however, received a litany of information concerning the bank's products for when the hold was lifted, and were encouraged to follow up once this happened. Black applicants in general received far less encouragement from financial institutions to apply for loans, with the NCRC noting in particular that "none of the Black female testers were encouraged to apply through qualifying statements."<sup>11</sup> Upon being told that the applicant did not have an account with the bank they were applying with, white

<sup>6</sup> NYC Comptroller, "Minority- and Women-Owned Businesses at Risk"

<sup>7</sup> Jeffery Mietrodt, "SBA Abruptly Drops Disaster Loan Limit from \$2M to \$150K," StarTribune, May 14, 2020, <https://www.startribune.com/sba-abruptly-drops-disaster-loan-limit-from-2m-to-150k/570471512/?refresh=true>.

<sup>8</sup> Anneliese Lederer and Sara Oros, "Lending Discrimination within the Paycheck Protection Program" NCRC, NCRC (NCRC, July 24, 2020), <https://ncrc.org/lending-discrimination-within-the-paycheck-protection-program/>.

<sup>9</sup> Lederer and Oros, "Lending Discrimination within the Paycheck Protection Program"

<sup>10</sup> Lederer and Oros, "Lending Discrimination within the Paycheck Protection Program"

<sup>11</sup> Lederer and Oros, "Lending Discrimination within the Paycheck Protection Program"

applicants were encouraged open checking accounts online in order to qualify for a loan; black testers were told they would have to be physically identified alongside a state-issued ID in-person.<sup>12</sup> In the end, applicants of color were subjected to a battery of demoralizing and unfairly harsh conditions that their white counterparts were largely spared from.

These infractions of fair-lending practices are framed rather poorly in light of the specific intentions of these aid programs to help the very businesses that, in reality, it has helped so little. Despite the promise of the CARES Act to prioritize disadvantaged areas, the data seems to beg the contrary.<sup>13</sup> Beyond the more overt discriminatory practices that minority businesses faced, minority business owners also had to contend with a myriad of factors working against them that they would have had no way of knowing about. These minority-owned small businesses tend to differ from their white counterparts in that they have fewer employees and are more often owned by a single person.<sup>14</sup> These factors tend to work against businesses applying for loans. This information, and the possibility that leaving the distribution of aid to institutions with little interest in enforcing fair lending laws, should have been considered with far greater attention than it did receive, which was effectively none.

### **MINORITY-OWNED BUSINESSES STAND TO LOSE THE MOST IF THEY DO NOT RECEIVE AID SOON**

It is undeniable that the small business ecosystem as a whole has and will continue to endure a massive burden due to the pandemic. However, black and brown enterprises have had a far harsher experience and, denied the aid that they so desperately need, will undoubtedly continue to collapse and die at far higher rates than their white counterparts if the economic situation continues to deteriorate. In New York City alone, 30% of minority businesses stated that they could only continue to operate for another month without aid, and an astounding 85% stated that they would not be able to operate beyond a six month timeframe.<sup>15</sup> It is worth reiterating that the comptroller's report was published on July 10th, 2020, and that to date there has not been any substantial aid packages created. It can only be inferred that businesses in that 30% have already begun the process of closing their doors, in all likelihood for good. These businesses have been killed.

Minority businesses are cornerstones of their communities, often providing jobs as well as services. Their destruction means that many minority communities are facing the prospect of further poverty and want the longer that these businesses go without aid. On a national scale, nearly half of black and brown businesses surveyed stated that they would have to cease operation in six months as well,<sup>16</sup> an equally concerning figure that illustrates the devastating reality of the pandemic's effect on minority businesses.

<sup>13</sup> Danielle Kurtzleben, "Minority-Owned Small Businesses Were Supposed To Get Priority. They May Not Have," NPR (NPR, May 12, 2020), <https://www.npr.org/2020/05/12/853934104/minority-owned-small-businesses-were-supposed-to-get-priority-they-may-not-have>.

<sup>14</sup> "United States of America. U.S. Small Business Administration, Office of Advocacy. Minority Business Ownership: Data from the 2012 Survey of Business Owners. Michael McManus. September 14, 2020."

<sup>15</sup> NYC Comptroller, "Minority- and Women-Owned Businesses at Risk"

<sup>16</sup> Emily Flitter, "Few Minority-Owned Businesses Got Relief Loans They Asked For," The New York Times (The New York Times, May 18, 2020), <https://www.nytimes.com/2020/05/18/business/minority-businesses-coronavirus-loans.html>.



# RESULTS OF THE MMC'S RESEARCH

**A**s shown so far, there is already significant evidence to suggest that black businesses have faced and continue to face overwhelming and even fatal challenges as the pandemic endures. The Minority Merchant Council was as anxious as any other organization to discover the toll that the pandemic was taking on minority businesses, and to expose the reasons that they were suffering at such inordinate rates in New York City. Our goal in collecting this information was to achieve a deeper understanding of the problems that minority businesses faced and, in conjunction with other research on the topic, identify the necessary action that needs to be taken. This section discusses the MMC's project and compares our results with other results in order to support the ultimate conclusion of all such projects - that minority businesses need help, and need it immediately.

## RESEARCH METHODOLOGY

The MMC issued a survey to a total of 140 respondents across New York in order to collect anecdotal information concerning the impact of the COVID-19 pandemic on minority business owners. Respondents were sourced primarily from businesses who were known to TBI or MARLS NYC prior to the issuance of the survey. The survey was conducted via a single-response online survey form which was provided to respondents. Respondents were asked to provide basic demographic information such as location, whether or not they were a certified minority business, and similar information. They were then provided questions including but not limited to: the status of their businesses at the time of response, challenges that they faced with their businesses as a result of the pandemic, what support they required, and most importantly, whether or not they had received aid.

## RESULTS

After analyzing the results, we found that our results<sup>17</sup> were consistent with the results of other organizations' studies and that minority businesses are facing immense challenges and barriers to keep their businesses alive during the pandemic. Disappointingly, **63% of minority businesses reported to us that they had not received the aid** that they applied or that their applications for aid were rejected at the time of response. This is incredibly concerning, especially in light of several of our respondents reporting that if they had received aid, they received only a fraction of what they applied for.

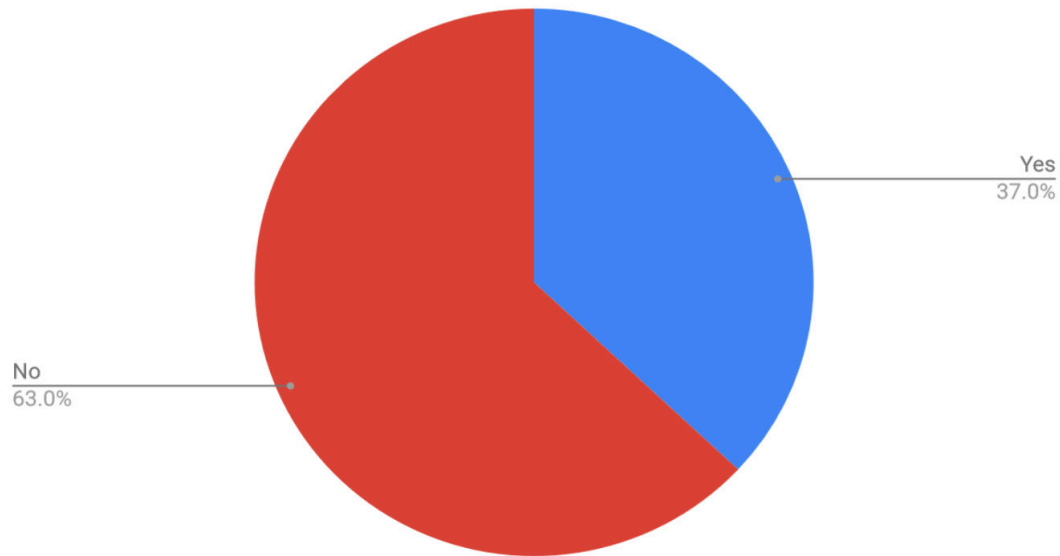
This figure shows remarkable consistency with the reports and studies which have already been referenced, with figures showing that roughly two-thirds of businesses reported not having received aid or having received only part of the aid that they requested. This is in spite of the fact that the minority businesses surveyed were proactive in applying for aid. Just over **67% percent of the respondents reported having applied for the PPP loan, and 58% applied for the EIDL program**. Of the 31 businesses stating that they had not applied for any sort of aid, one-third reported that they found the process to be too complicated to complete. Our figures coincide with those of the NYC Comptroller, who reported that 25% of the businesses they surveyed did not apply for aid because of, among other reasons, the lack of outreach and assistance for the applications.<sup>18</sup>

<sup>17</sup> See Appendix B for details on the questions asked

<sup>18</sup> NYC Comptroller, "Minority- and Women-Owned Businesses at Risk"



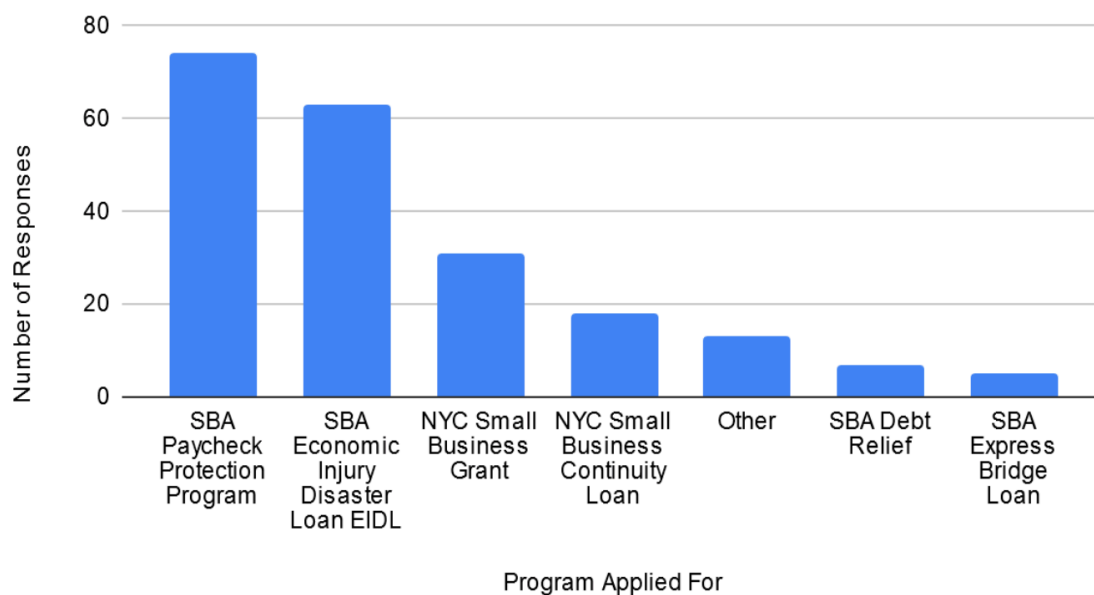
Have you recieved economic aid that you applied for?



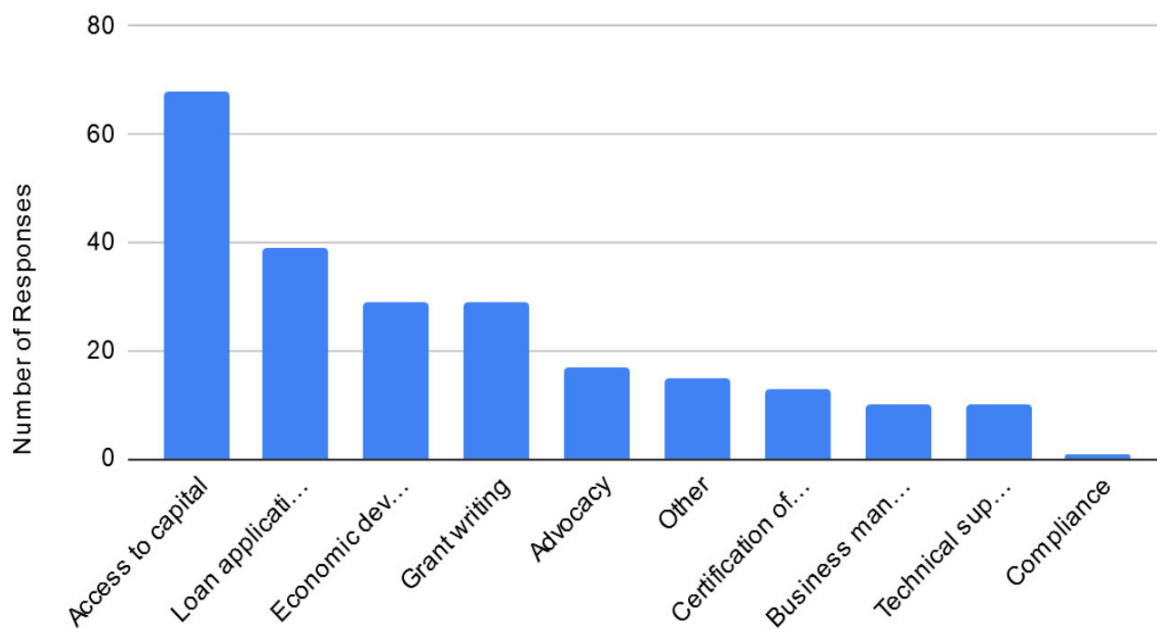
Our results were also in line with the NYC Comptroller's report in one other key area. According to the businesses we surveyed, when asked what kind of aid they required, over a quarter of businesses reported needing assistance with the application process in some way. While the comptroller's report does not give exact figures, it does list this as one of the key support items that minority businesses requested from New York City. However, the main assistance that respondents to the survey needed was **access to capital for survival, with 78% of respondents citing it as a necessary support**. Several businesses also voiced, as an aside to this aid, that they needed access to city contracts in order to continue operating their business, with one respondent complaining that "Black contractors are having trouble getting the big contracts the white contractors get easy and often." Despite the fact that over two-thirds of respondents reported being open in some capacity<sup>19</sup> **63% of respondents cited a lack of business as the primary issue** facing their business, with only slightly fewer businesses pointing to a lack of funds to continue their operations. Furthermore, **64% of respondents reported that their normal monthly revenue was less than \$50,000, but 72% of respondents reported that they had lost up to \$100,000 in revenue since the pandemic had started**.

<sup>19</sup> Categorized as either an essential business or a business operating at reduced capacity

## Have you applied for any City, State or Federal Assistance Due to the COVID-19 Pandemic?



## What are the problems or issues your business is currently faced with due to COVID- 19?



# CONCLUSION

**A**t this moment in time, the world is in a lull of waiting to see what the next stage of this crisis will bring. Yet while we wait for what comes next, minority businesses continue to suffer and die. The data shows that minority businesses have fared the worst during the pandemic. They have been cheated of and denied the aid that was promised to them in stimulus bills. And without further aid, minority businesses will continue to bleed money, capacity and will ultimately die. Since the beginning of the crisis the MMC and countless other organizations have sought to meet with elected officials, government agencies, and those who hold the power to ensure that the voices of black and brown businesses do not go ignored. We have demonstrated this reality in our research with clear, succinct language that does not leave room for doubt.<sup>20</sup> We are ready to partner with elected officials to create policy that will change this situation, and have demonstrated this willingness before. Yet despite so much outcry on our part and the part of the businesses themselves, nothing has been done. This inaction is not simply wasting time; it is costing futures, livelihoods and ultimately, lives. The situation on the ground is a testament to the utter divorce between policy and reality, a reality where minority businesses are crying for help and being told to wait. There can be no disputing these problems and the very real, dire consequences of letting this issue fade from the minds of the powers that be.

As demonstrated by both the MMC's survey and the results of numerous other organizations, there is a clear and present danger facing the minority business community right now. These businesses are struggling and dying at an alarming rate, especially compared to their white contemporaries, and the only lifelines they were thrown were snatched from their grasp. As one business noted, "Small business [sic] like my own are struggling. We are unable to get loans due to low credit scores, or other red tape they put in place for us." There cannot be any doubt that a new stimulus is needed in order to prevent more minority enterprises from closing their doors forever, an outcome that would destroy the comparatively small amount of progress made towards ensuring a more diverse and equitable business environment. Action cannot cease there. There must be a greater effort than ever on the part of the government to foster the recovery and continued growth of minority businesses. All of this is in pursuit of a day when minority businesses will comprise a representative portion of the business community and no longer endure the humiliation of having to beg for their bread, but to earn it on an equal footing.

Black business bodies are piling up. If there is no resurrection of these businesses, then the old maxim of "mind over matter" translates in the black community as "They don't mind, because we don't matter."

<sup>20</sup> See Appendix A

# DEMANDS

**T**he CARES Act, while kindly worded and intended, inherently undermined minority businesses from the start with restrictive conditions, unclear delineations, and by giving too much leeway to the institutions responsible for the equitable distribution of aid. With negotiations underway for a new stimulus at the federal and state levels, it is imperative that the legislation does not repeat the mistakes of the CARES Act. Therefore, of any future stimulus legislation:

- We DEMAND that **\$350 billion dollars**, but no less than **\$100 billion dollars**, be earmarked to minority businesses and minority entrepreneurs by 2030
- We DEMAND that of whatever other funds are granted for small business relief, **guidelines are clearly marked and heavily enforced** so that minority businesses are not left out in the cold a second time
- We DEMAND that **credit scores be removed as a criterion** in determining whether a minority business is qualified to receive aid due to the structural impediments that have led to minority businesses to receive lower credit scores
- We DEMAND that this aid be **distributed through minority-owned financial institutions and CDFIs** to ensure that the aid will not be denied or “misaid” in non-minority enterprises
- We DEMAND that there be **independent funding for community organizations**, such as CDFIs and CBOs, to provide technical and financial assistance to minority businesses in applying for aid
- We DEMAND that **any additional aid granted to cities and states must include minority enterprise participation requirements**; at the very minimum, 30% of any aid proposals
- We DEMAND that throughout the process of drafting and debating of any proposals for stimulus, that **the voices of minority businesses are present and heard from start to finish**

There can be no question that all of these proposals are entirely just when considering the dire situation that black and brown businesses currently find themselves in. It is certainly because of the crisis the world is in that many of these businesses have faced challenges beyond their capabilities. But minority businesses have been demonstrably challenged even more by the indifferent and malevolent policies of those tasked with fairly distributing pandemic aid. The solution is simple. Those with the greatest need, which are undoubtedly minority businesses, should get more. This should be especially true when, inevitably, white businesses attempt to shoulder to the front of the line; the **records of who received aid before and those who did not need to be publicly released for review** and new aid distributed accordingly.

However, this is not enough. It took a reality-shaking, world-altering event, a pandemic that has sickened and killed millions, to force the general public to confront a reality that minority businesses across the country face on a daily basis. For years, minority businesses have been dying a slow, quiet death of neglect, squeezed by rising costs and pressures from established, white-owned businesses and starved by the failure of the government to



encourage the growth of a representative business community. A new stimulus would only be a tourniquet on the festering wounds of dying minority businesses and does nothing to solve the underlying issues that led to minority businesses entering this nightmare weaker than white businesses. New legislation must be created and passed that not only encourages, but demands that federal, state, and businesses allocate a larger share of their contracted business to minority businesses. The current system grants too much leeway for governments at all levels to squirm out of their obligations to foster an equal opportunity for minority businesses to participate in areas where white businesses enjoy an entrenched advantage. To solve this problem, therefore:

- We DEMAND the **creation of new legislation to address the lack of structural support and encouragement of minority business growth** across the federal, state, and local governmental level
- We DEMAND that the **percentage of government contracts allocated to minority businesses is increased** to 30%
- We DEMAND that the **Federal Reserve's focus be amended to include a focus on promoting and sustaining minority business growth**, including an annual report to Congress on the state of business by demographic
- We DEMAND that **all current lending practices, such as evaluation on credit, be examined in detail and reworked** so that continued discrimination against minority businesses along such lines no longer continues
- We DEMAND that large corporations which receive PPP aid or other such government assistance be **required to submit reports which detail, in clear language, the participation of minority businesses in their supply chains** as a condition for future support

These are necessary changes that must be made to ensure that minority businesses are strengthened adequately to compete with the entrenched and unresponsive companies which currently dominate the economic landscape of America. The market has failed to make the changes required. There must be significant, legal imperatives that force businesses to recognize that minority businesses are here, and that they can be just as capable of doing sincere and adequate business. Similar imperatives must be established for the government at all levels to allocate more of their business to minority businesses.

The Black Institute has already commented in several publications about the importance of the government in ensuring sustainable, equitable growth and competition for minority enterprises. In our inaugural report on the topic, “**Not Good Enough: The Myth of ‘Good Faith and Best Efforts’**” we demonstrated that despite the promises that minority businesses were given by the government to that end, there was no meaningful progress made towards the goal of a fair marketplace.

In “**The Fight for Fair Investment: Public Investment in New York M/WBEs**” TBI identified that the best way that the state could help promote minority business was through leading the charge in integrating their services into the fabric of city contracts.

And in “**The One Percent Solution: Unlocking Sources of Capital for New York's Minority-and-Women-Owned Businesses**” and “**The BlackRock Files: Shadow Bank**”;<sup>21</sup> we showed that by allocating just 1% of city, state, and federal pension funds' investments to minority-led enterprises, a significant and permanent effect

on the minority business community could be achieved. This would pave the way for minority businesses to grow and compete with the entrenched giants.

Legislation must be built on the conclusions that we and many others have reached. Minority-owned businesses have been forsaken by the private marketplace, and therefore public investment must lead the way for minority businesses to carve out a ledge to stand on.

<sup>21</sup> "The One Percent Solution" speaks specifically to city and state pension funds and the good that can be achieved by allocating just 1%, but "The BlackRock Files" specifically discusses the lack of diversity at BlackRock, the company that manages the federal pension fund

# APPENDIX A: THE MMC'S PANDEMIC AND MINORITY BUSINESS FACTSHEET

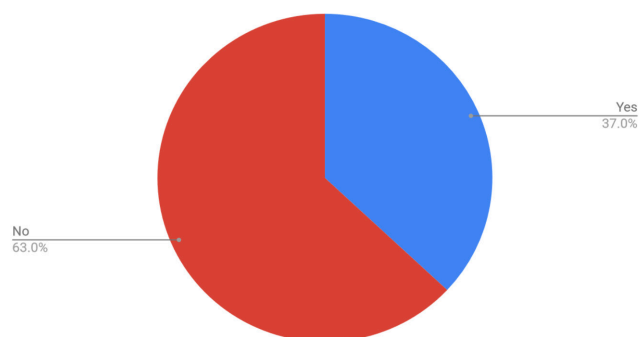
## EXECUTIVE SUMMARY

**T**he Minority Merchant's Council (MMC) surveyed 140 different businesses in order to investigate whether business relief for the economic damage of Covid-19 was being fairly and justly distributed in the early stages of the pandemic. It is incredibly disappointing, but unfortunately unsurprising, that the majority of minority small businesses were passed over or ignored for relief funding. This was despite the extraordinary need that the majority of these businesses had for the funds allocated for small business relief. Many of these businesses continue to struggle as the shadow of recession deepens, and further aid and reform is necessary if these businesses are able to survive.

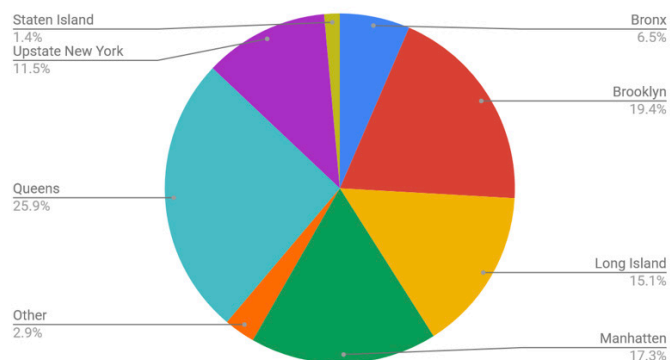
### ITEMS OF INTEREST

- **83%** businesses surveyed were MWBE (minority and women owned business) certified
- **63%** of businesses reported that they **had not received** aid they had applied for by survey close
- **78%** of businesses reported a **lack of business** as a concern, and **66%** stated a lack of funds as a concern
- **70%** of businesses listed **access to capital** as necessary support for survival
- **67%** of businesses applied for the **SBA PPP** and **58%** applied for the **SBA EIDL**
- **45%** of businesses were located in **either Brooklyn or Queens**

Have you recieved economic aid that you applied for?



Where is your business located?



# CONCLUSION

**F**or years, minority businesses have been dying a quiet death of neglect. As one business noted, “Small business [sic] like my own are struggling. We are unable to get loans due to low credit scores, or other red tape they put in place for us.” It has taken a global catastrophe to force the public to reckon with the dire state that minority owned businesses suffer through on a daily basis. Our survey reaffirms what studies published by other organizations, such as the New York Times, have concluded; minority owned businesses NEED help.

- **We NEED** a new stimulus bill to help small businesses
- **We NEED** \$350 billion, but no less than \$100 billion, to be earmarked for minority businesses
- **We NEED** more opportunities to be given for minority businesses to stand and compete
- **We NEED** action to address the underlying vulnerabilities that led to so many minority businesses being at risk

Policy must be implemented that rectifies the failure of the first round of stimulus to help minority owned businesses. Because of this failure, thousands of minority businesses risk permanent closure; a devastating blow not just to the progress towards greater business equality, but towards the local economies that these businesses serve and represent. Thousands have lost their jobs, and thousands more will lose them if action is not taken soon. Aid must come, and it must come NOW, before it is too late. But we cannot ignore the issues that have led to this disastrous situation; a total failure of legislative action to encourage investments in minority enterprises. Comprehensive new legislation must implement new standards to allocate a higher number of contracts to minority businesses, promote those that have been deliberately ignored or overlooked, and protect these burgeoning pillars of minority success.

The time to strike is NOW, or else what little progress has been made will be undone for years to come and minority businesses will die.



# APPENDIX B: THE MMC'S SURVEY

• **UNLESS OTHERWISE IDENTIFIED, ALL RESPONSES WERE SINGLE-CHOICE QUESTIONS**

## **BUSINESS PROFILE**

- Name
- Business Name
- Business Address
- Cellphone
- Home Phone
- Work Phone
- Email

### **CHOOSE TITLES THAT APPLIES TO YOU:**

- Business owner
  - Name
  - Zip code
- Co-owner
- Investor
- Staff

### **TYPE OF BUSINESS:**

- Attorney
- Beauty bar and cosmetics
- Community center
- Construction
- Consultants/ Marketing
- Engineering/ heating and cooling
- Faith Organization
- Financial institution
- Healthcare/ Lifestyle
- Independent Contractor
- Life Insurance
- Management service (Security, site logistics/ maintenance, sanitation and or/waste, etc.)
- Nightclub owner/ restaurant/ caterer
- Non Profit
- Performer/ Event host
- Photography
- Real estate
- Technical service provider  
(Computer programming, audio, lighting, graphic design, etc.)
- Wholesaler
- Other

## **BUSINESS PROFILE (CONTINUED)**

### **ARE YOU A MINORITY, WOMEN OWNED ORGANIZATION?**

- Yes
- No
- Date of establishment?
- Status of business
  - Open- Essential business
  - Open- Reduced capacity
  - Closed- Temporarily
  - Closed- Permanently
- If closed, what is the date of closure?

## **FINANCIAL SECTION**

### **ESTIMATED MONTHLY REVENUE GENERATED FROM YOUR BUSINESS?**

- < 50,000
- 50,000 - 100,000
- 100,000 - 500,000
- > 500,000

### **ESTIMATED MONTHLY OPERATION COST FOR YOUR BUSINESS (RENT, MORTGAGE, UTILITY, PAYROLL)?**

- < 50,000
- 50,000 - 100,000
- 100,000 - 500,000
- > 500,000

### **ESTIMATED LOSS OF REVENUE SINCE THE DATE OF CLOSURE?**

- < 50,000
- 50,000 - 100,000
- 100,000 - 500,000
- > 500,000

# APPENDIX B: THE MMC'S SURVEY

• **UNLESS OTHERWISE IDENTIFIED, ALL RESPONSES WERE SINGLE-CHOICE QUESTIONS**

## ESTIMATED LOSS OF REVENUE THROUGH THE END OF YOUR FISCAL YEAR?

- < 50,000
- 50,000 - 100,000
- 100,000 - 500,000
- > 500,000

## HOW MANY EMPLOYEES DO YOU HAVE?

- 0-5
- 6- 20
- 21-100
- 100-500

## COVID-19 SECTION

### WHAT ARE THE PROBLEMS OR ISSUES YOUR BUSINESS IS CURRENTLY FACED WITH DUE TO COVID- 19? (MULTIPLE RESPONSES ALLOWED)

- Lack of business
- Lack of funds
- Staff fired/ laid off
- Closure
- Other

### WHAT SUPPORT DOES YOUR BUSINESS REQUIRE DURING THIS CRISIS? (MULTIPLE RESPONSES ALLOWED)

- Technical support
- Advocacy
- Loan application and advisement
- Certification of business (M/WBE, licensing, etc.)
- Economic development
- Business management
- Grant writing
- Access to capital
- Compliance
- Other

## HAVE YOU APPLIED FOR ANY CITY, STATE OR FEDERAL ASSISTANCE DUE TO THE COVID-19 PANDEMIC? (MULTIPLE RESPONSES ALLOWED)

- SBA Paycheck Protection Program
- SBA Economic Injury Disaster Loan EIDL
- NYC Small Business Grant
- NYC Small Business Continuity Loan
- No
- Other
- SBA Debt Relief
- SBA Express Bridge Loan
- If no, why?
- Don't need
- Don't qualify
- Other
- Too complicated

## IF YOU APPLIED, HAVE YOU RECEIVED ANY FUNDS?

- Yes
- No

## OTHER COMMENTS

- Bold the recommendations
- Cite the fact sheet as an exhibit for recommendations
- Conclusions then demands
- Subtitle: Black businesses matter
- Conclusion - We have been reaching out to elected officials since April and nothing satisfactory has been achieved





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