

Building Capacity of CDFIs to Support Entrepreneurs of Color

Thursday, March 10, 2022 | 9:30 - 11:00 am EST



Grantmakers Advancing Economic Equity



assetfunders.org



Grantmakers Advancing
Economic Equity

As the leading national grantmaker membership organization focused on advancing economic security, the Asset Funders Network engages philanthropy to confront inequities and advance equitable wealth building and economic mobility.

INFORM | **CONNECT** | **INFLUENCE** | **BUILD**

SPEAKERS



Jeanique Druses
Executive Director/Sr.
Program Officer
JPMorgan Chase & Co.



Jessie Lee
Managing Director
*Renaissance Economic
Development Corporation*



Patrick Davis
Senior Vice President of
Strategy
Community Reinvestment Fund



Steve Hall
National Director, EOCF
Initiative and Vice
President of Small
Business & Economic
Development Lending
*Local Initiatives Support
Corporation*



Victor Salama
Executive Director
*Greater Newark Enterprises
Corporation*



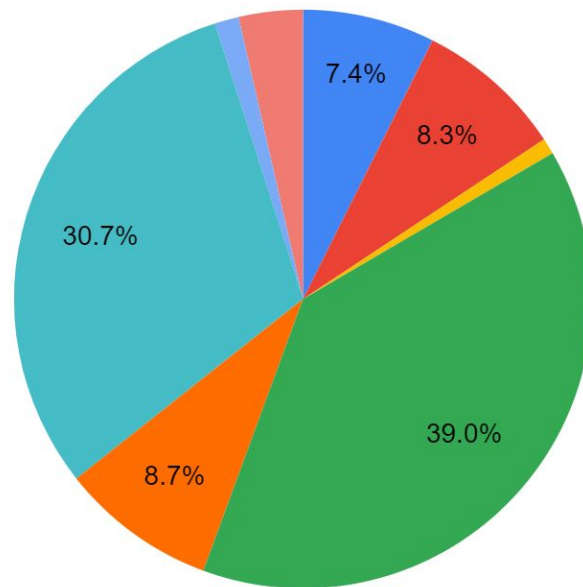
Aisha Benson
Executive Vice President &
Chief Operating Officer
TruFund

WHO'S IN THE ROOM

ORGANIZATION TYPE

assetfunders.org

Organization Type



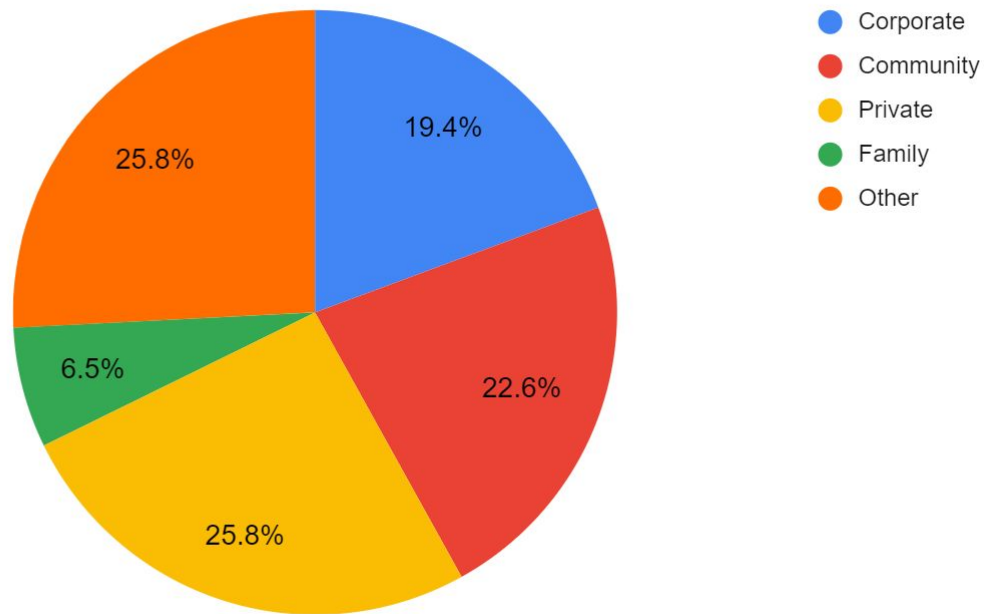
- Advocates (policy)
- Consultants
- Federal Reserve
- Funders and Financial Institutions
- Philanthropy Support Organizations
- Practitioners
- Public Officials
- Researchers

WHO'S IN THE ROOM

FUNDER TYPE

assetfunders.org

Type of Funder



BASELINE

DATA:

The greatest gaps that philanthropy can address to build capacity for CDFIs



BASELINE

DATA:

The most significant barriers to investing in the gaps you identified in the previous question



Small Businesses are Drivers of Wealth:

- Small businesses employ 59.9 million people, account for 47.3% of the private sector workforce
- Over the past 25 years, small businesses created approximately 60% of the net new jobs nationwide, and the majority of money spent at a local business stays in the local economy
- The Great Resignation has seen nearly 43 million Americans quit their jobs, and this quit rate coincides with a dramatic surge in applications for new businesses- mostly for sole proprietor ventures ([Wharton Business Daily](#))
- *Entrepreneurs of color have known challenges: capital access, market access, weak banking relationships, more reliant on personal funds, and CDFIs have been highlighted as a key part of infrastructure to deliver on the promise of building financial access for entrepreneurs of color*

The last two years have ushered in an economic and racial reckoning resulting in unprecedented increase in financial support for racial & economic equity including support for entrepreneurs of color

- Within the first three months of the COVID-19 Pandemic, Black business ownership nationally dropped by 41%, Hispanic business ownership by 32%, Asian American ownership by 26%, and immigrant business ownership by 36%
- In comparison, White-owned businesses fell by 17% and were half as likely as Black-owned business to close due to the pandemic
- The Paycheck Protection Program (PPP), the federal government's signature small business relief program, left significant gaps for small businesses of color, and especially Black businesses. According to the New York Federal Reserve, PPP loans only reached 20% of eligible firms in states with the highest densities of Black-owned firms, and in counties with the densest Black-owned business activity, coverage rates were typically even lower
- Firms owned by people of color are 18% of small employers. Lower levels of financial and business assets among African American and Latino households contribute to the racial wealth gap.

What is a CDFI?

- Community Development Financial Institutions (CDFIs) are mission-based organizations that support business and communities that have been underserved by traditional financial institutions.
- 4 Types of CDFIs¹:
 - Community Development Banks
 - Community Development Credit Unions
 - Community Development Venture Capital Funds
 - **Community Development Loan Funds**
- CDFIs:
 - Are often a lender of first, and last, resort
 - Provide financial access in specific communities with a unique approach
 - Approach lending with an ethical and moral framework
- New York Forward Loan Fund

Speaker Questions

- How are you building your organization's capacity to take advantage of public dollars (ARPA, SSBCI) to improve and scale CDFI lending?
- Are there specific gaps philanthropy could and should address right now?
- Are there myths that we need to dispel about investing in CDFIs or the role of CDFIs more broadly?
- What do CDFIs need most from philanthropic support/supporters?
- How are CDFIs impacting their communities in ways that are visible to funders?



Grantmakers Advancing Economic Equity

Thank you for attending today's
Greater New York Asset Funders Network presentation

PLEASE FILL OUT OUR SURVEY

The survey will pop up on your screen momentarily

**WE VALUE YOUR TIME,
AND YOUR RESPONSES WILL INFORM
OUR FUTURE PLANNING**