COVID-19: NEW CRISIS, SAME STORY!
Highlighting the Innovations to Racial Economic Inequality from Leaders of Color
COVID-19: NEW CRISIS, SAME STORY!

Highlighting the Innovations to Racial Economic Inequality from Leaders of Color

Prosperity Now and Racial Wealth Equity

Since 1979, Prosperity Now has believed that everyone deserves a chance to prosper. Our mission is to ensure that everyone in our country has a clear path to financial stability, wealth and prosperity. With a unique focus on assets, rather than purely income, and by applying a racial equity lens across our work, we help ensure families and communities not only get by but get ahead. We also recognize that the drivers of economic injustice are multiple and complex and that any solution must also address this complexity. Our multi-faceted strategy combines research, program and policy efforts and engages community partners around the country to join our movement for economic equity for all.

In partnership with JPMorgan Chase, Prosperity Now launched its Racial Wealth Divide Initiative in 2015. Our goal is to build a pipeline of organizations of color that are better equipped to deliver financial capability services, improve economic opportunity and mobility, and ultimately bridge the racial divide.

Acknowledgments

We give thanks to the organizations and leaders of color on the frontlines who that we partner with us, and to the leaders behind the scenes, the staff of the Racial Wealth Divide Initiative: Lillian Singh, Vice President of Programs & Racial Wealth Equity; Cat Goughnour, Associate Director of Racial Wealth Equity; Ebony White, Associate Director of the Racial Wealth Divide Initiative; Sharice Davis, Program Manager of the Racial Wealth Divide Initiative; Mady Santana, Program Associate of the Racial Wealth Divide Initiative; Myrto Karaflos, Program Associate of the Racial Wealth Divide Initiative; and Shontrice Barnes, Intern of Racial Wealth Divide. Also, thanks to Roberto Arjona for designing this report.

Listening to Community Leaders

During April 2020, the Racial Wealth Divide Initiative team hosted a series of three Listening Sessions with our organizational leaders across the country, located in Baltimore, MD; Chicago, IL; Dallas, TX; Des Moines, IA; Miami, FL; Minneapolis, MN; New Orleans, LA; Seattle, WA; St. Paul, MN; Tacoma, WA; and Wilmington, DE. The calls were 90 minutes long and afforded our leaders an opportunity to share, in-depth, the ways that they have been impacted and adapted in response to the worldwide pandemic, COVID-19 crisis.

Our intentions in facilitating these calls were rooted in wanting to create a space for our partners to share the ways that they have shifted program and service delivery and adapted their work in response to the COVID-19 crisis. From that, we wanted to develop a deeper understanding of the disproportionate effects of the crisis on our organizations and communities, thus allowing us to determine how Prosperity Now and JPMC can be responsive and supportive, especially as it concerns pivoting on upcoming programs. The overall goal of these calls was to gather feedback to inform the resources and tools that we can then develop and/or share with practitioners in response to the current crisis.

Leaders from each of the cities described the struggles of their respective communities, sharing experiences and changes, allowing us to establish and center community. These Listening Sessions were vital because they provided a space for organizational leaders of color to speak openly and honestly about their own experiences during this time.

The Listening Sessions helped in identifying that the already existing disparities among the marginalized communities that our partners serve have been exacerbated by the current COVID-19 crisis. It is clear from the discussion during the Listening Sessions that leaders are ready to establish a status-quo that assures marginalized communities will be centered during times of global crisis.

Data: National and Regional Impact of COVID-19 on Communities of Color

As state and local governments begin collecting and sharing out data on the toll COVID-19 has taken, the outcomes are confirming what we already knew to be true: people and communities of color are disproportionately impacted. Much of the racial and ethnic data collected by hospitals, state and local governments, and private institutions is incomplete. Instead, what we see happening in cities across the country is more confirmed cases and higher death rates among Black, Latinx, and Native American communities. In Louisiana, a state where about a third of the population is Black, Governor John Bel Edwards noted that over 70% of coronavirus deaths in the state are of Black residents. In San Francisco, 25% of confirmed cases are of Latinx residents, though they only represent 15% of the population—in one hospital, Latinx patients make up 80% of hospitalized patients. In Wisconsin, Black residents makeup 6% of the population but represent 40% of COVID-19 fatalities. In New York City, the overwhelming number of cases are concentrated in low-income communities.

These figures are stark but come as no surprise to medical and public health experts, who have long highlighted the disparities linked to socioeconomic conditions and health outcomes. These disparities are indicative of numerous longstanding structural inequalities in the country. The reasons for this outcome are numerous. People of color are often left to work low-wage, high-contact jobs that put them at higher risk of catching an illness, including making up a large portion of the gig economy. In addition, Black Americans are more likely to have pre-existing health conditions (yet another outcome resulting from low-wage jobs, the bias in the healthcare system, and the impacts of segregation and redlining),
which makes them more susceptible to complications from COVID-19. Finally, there is the element of COVID-19 testing sites being largely absent from communities of color.

But the disparities impact much more than health. Minority-owned small businesses are hit especially hard during this crisis. One Census Bureau report found that "60% of white-owned businesses that existed in 2002 ’survived’ until 2011, compared to 49% of Black-owned businesses". While these small businesses were less likely to survive the recession, they also played a huge role in stabilizing the economy during recovery. This is due to the reality that Minority/Women-Owned Business Enterprises (MWBEs) added some 1.8 million jobs between 2007-2012, while White male-owned businesses saw an 800,000 person drop in employment nationwide. We already see some of these same trends with the current crisis. The CARES Act, designed to provide relief to American workers and small businesses, allocated $376 billion in funding through several new programs to address the economic impacts of COVID-19. Unfortunately, much of the funding was administered through loan programs by the U.S. Small Business Administration (SBA) and, due to eligibility requirements, has not been accessible to micro-enterprises owned by people of color. In 2019, only 32% of SBA’s loans were awarded to businesses owned by people of color, with African American businesses receiving only 3% of SBA loans.

The government relief program is predicated on the idea that larger financial institutions will deliver loans to small businesses. Still, this approach only exacerbates the disparity as these institutions favor existing customers, who are primarily White. MWBEs are much more likely to be under- or unbanked than White-owned businesses. To add, there is already a disparity in lending habits from mainstream financial institutions: large banks approved only 50% of loans requested by Latinx business owners, and 29% for Black business owners (compared to 60% for White-owned businesses).

Demographics of the Nonprofit Leaders of Color Interviewed

We also created a brief poll for the leaders to respond to in order to help understand how their operations have shifted as a result of the COVID-19 crisis. Demographic data on the respondents and data from the COVID-19 impact survey is included in the report.
Two-thirds of the respondents were Black/African American, with nearly a quarter being Hispanic/Latino. Three respondents were Asian/Pacific Islander, one self-identified as biracial, and another identified as Haitian.

The majority of respondents were female.
More than half of the respondents had twenty or fewer employees.

Respondents were all over 35, with near even distribution of them being 35-44, 45-54 and 55-64, with only one respondent who was 65 or older.
Almost one-third of respondents worked in organizations that had an annual budget of one to two million dollars, with the rest falling across the range from less than $250K to above $7M.
Have you had to lay off staff?  
- Yes: 87%  
- No: 13%

Have you lost funding?  
- Yes: 58%  
- No: 42%

Have you secured additional funding?  
- Yes: 84%  
- No: 16%

Have you made innovative changes to your program model?  
- Yes: 84%  
- No: 16%

Have you made any of your program's services virtual?  
- Yes: 92%  
- No: 8%

What virtual platforms are you using?  
- Microsoft Teams: 11  
- Zoom: 26  
- Skype: 7  
- GoToMeeting: 9  
- Other: 5
Leaders of Color Innovating Through COVID-19: Designing Solutions to Address Racial Economic Inequality

The ongoing pandemic has forced much of the country to put life as we know on pause while we search for a vaccine or a cure. In the meantime, many have been forced to rely on government support and relief to mitigate the economic uncertainty of a shutdown that has left many people out of work for the foreseeable future. When looking at the data, it is clear that there are significant disparities in the health, social and economic impacts that COVID-19 has had on low-income communities and people of color. It is unsurprising to see that Black, Latinx, low-income and immigrant communities are suffering the most, as this crisis has only magnified the lack of support that has always been a reality for these populations. Unfortunately, relief efforts that have been designed in the wake of the pandemic have not taken these disparities into account, and many still face financial and health challenges.

As a result, community-based nonprofits and organizations have, once again, had to fill the gap between the government and the people and develop innovative services and programs to meet new and more immediate needs. These solutions can be replicated in other cities or further expanded with proper support and resources, thus increasing the potential impact on organizations, staff and communities. Many of the leaders expressed concern not only that relief efforts are not hitting the people in the most need, but that they will also be left out of recovery plans as well. On our calls, one leader noted the importance of "trying to eliminate barriers to equitable solutions while understanding the structural and cultural barriers that lead to disproportionate rates of death from COVID." When thinking about the restoration to "normal" we must acknowledge that this disparity and insecurity has been, by design, a common occurrence in communities of color. COVID-19 recovery efforts must address the root causes of the underlying crisis of inequity that has created an unstable foundation and plagued these communities for decades. The rebuilding towards "a new normal" must emphasize a distribution of resources based on racial equity, otherwise we risk being faced with the next crisis that will destroy the foundation upon which people of color have been trying to build.

Programming

Direct cash payments to families

Several organizations have started providing direct cash assistance to families. With widespread job loss or loss of income, many have concerns about meeting immediate and future financial needs. The federal government provided cash relief in the form of a one-time $1,200 stimulus payment that started being distributed in April. However, most of the people impacted financially by this crisis have been out of work or underpaid for over a month, and the stimulus payment covers just a fraction of their typical expenses.

"Some of our funders have allowed us to repurpose our programming into an emergency fund for our members and audience. We were quickly overwhelmed with that need. We partnered with several other orgs and had 1200 applications before our advertising even went out."—New Orleans, LA

"[We] received $75,000 from the city and are working with the city to provide cash payments to families for rent and other basic needs."—Chicago, IL
Community testing

"We're adjacent to a public housing site in a low-income community. [We] created a Riverside Relief Fund to disperse cash payments of $250 per month per household to folks in this community. [We] also provide testing at our community center. We're entering a social media campaign about why they should support the neighborhood and discuss why the neighborhoods look the way they do to educate and inform Delawareans. Major healthcare systems agreed to start doing testing 2-3 days a week to screening & then 30 tests a week at the community center.” – Wilmington, DE

Pro-bono counseling and legal services

"We provide capacity building and legal services to nonprofits and small businesses. They're being really hard hit – stress around federal funding and the difficulty to access it. We had a hard time getting the info out in time. We're geared up now for the next round. We're trying to provide grant writing support around the emergency funds coming out. We've pivoted to doing our trainings online quickly.”—Seattle, WA

Operations and Management

Shifting program funding to unrestricted

In pivoting toward solution-making, leaders have prioritized the health, safety and stability of families and communities over their own financial bottom line. With program shifts and the adoption of new service offerings, these already underfunded organizations are taking on unexpected expenses to ensure that families' basic needs are being met. Many of their funders have allowed them to reallocate program funding to general operating expenses. This can be supplemented further with additional unrestricted funding from institutions that would allow leaders to continue to innovate and design solutions based on what they are seeing while working daily and engaging in their cities. This is one area where foundations and larger financial institutions can have a significant impact, as there is less bureaucracy and they can adapt more quickly than state and local government.

“Philanthropic funders have been flexible but government funders have been slower to respond and more confusing. The city released $2M in funds to assist families. The qualifications are low-income people, below 60% AMI, but we're not getting any money for the operating costs we're putting into this work.” – Chicago, IL

Developing partnerships within networks

While some organizations have responded by expanding their service offerings, others have reached out to partners in their ecosystem to meet clients' needs. This allows organizations to expand their reach without necessarily increasing expenses. Further, it alleviates some of the burden being placed on overworked staff members who are trying to keep up with new safety protocols while dealing with the chaos and uncertainty of living in a pandemic.

“We know what we do best. We haven't tried to expand or enhance our service delivery, instead we stay true to the things we know. We've used partners around food [and] mental health. [A] food bank comes on to our campus, and we have one feeding every week during the evening.” – Des Moines, IA
Increased sick and paid leave

“The organization decided that we don’t want people showing up sick, so we started an emergency leave compensation for up to 14 days, full pay. We have also allowed [employees] to use short-term disability.” – Des Moines, IA

Policy Recommendations

• Relief funding in the form of grants that is allocated specifically for businesses and microenterprises owned by people of color or microenterprises in general

  “Another major impact is that govt programs like PPP [Paycheck Protection Program] or the $10,000 advance aren't designed for very small businesses – mom and pop, minority, under 10 employees. The program isn’t giving them enough money and it makes more sense to put themselves and their employees under enhanced unemployment.” – Miami, FL

• Continue data collection by race and ethnicity to help shape future recovery efforts

• Support for homeowners/forgiveness from lenders

Summary of Challenges & Resources

The Listening Session series brought to light a variety of challenges experienced by our nonprofit leaders due to the current COVID-19 crisis. Below, we have summarized the most pressing/recurrent topics and added suggestions and resources to further assist with navigating these challenges.

Access to emergency and relief funds

While some organizations have experienced leeway from funders, accessing funds has still been a difficult task due to bureaucracy. Some funders have been flexible, allowing the nonprofits to move money from programming to general operating dollars. Organizations are also receiving funding from respective state governments, but that funding is capped and is not enough to maintain organizational needs. In one state, for example, major funders came together to provide a grant opportunity as a response to COVID-19. However, this collaboration means that a nonprofit can only apply once for emergency funding up to $40,000, which is not enough to meet the overwhelming need. Leaders also questioned the ultimate impact of relief funds, with one person saying, "A lot of funds are going to immediate needs—like food and shelter—but if all dollars go to that, we're not addressing systemic challenges."

SBA Disaster Assistance Loans

CFPB Tips on Dealing with Debt

Staff retention and morale

Leaders have expressed that staff morale is expectedly lower than normal in the wake of the ongoing pandemic. Many are faced with growing concerns about health and safety, don’t feel adequately protected, have family or friends that are sick from COVID-19, or just have a general feeling of anxiety around the crisis. Many organizations are concerned about financial longevity and the possibility of
having to lay off or furlough workers. Additionally, they have been forced to implement a hiring freeze, which has resulted in the organizations being understaffed during a time where need is most great.

“We’ve] changed our protocols around safety. We started off getting our arms around what would be required to meet client and staff needs and make sure morale is where it’s needed to be (which has been a bit of a challenge). This has included daily messages to 75 employees to keep them up to date on what management is talking about, we try to update and be transparent to make sure they are engaging employees; we also have a virtual suggestion box (written responses to each suggestion). We also use Survey Monkey to gauge mood or morale and tease things out that you wouldn’t be able to otherwise. We also do a daily boost on Facebook Live which is intended to be fun (line dancing, drumming, jokes, etc.) in order to be responsive to employees’ needs. – Des Moines, IA

**Spitfire Strategies Resource for Working Remotely and Community Engagement from Afar**

**Spitfire Strategies Work From Home Deck**

**Capacity building and expansion**

The communities that these organizations work in are experiencing burdens associated with the crisis, making need even greater. Leaders expressed having to expand their capacity to adjust to the overwhelming need from their communities. In response to new challenges, one nonprofit began a food distribution program, a service which they did not previously offer, but this costs an additional $17,000 per week. Other organizations have set up COVID-19 testing sites, and some are issuing microgrants and cash payments to families to help them meet basic needs. If organizations are interested in grantmaking or other forms of support to these groups, please reach out to the RWDI team at help-rwd@prosperitynow.org so we can make connections and/or share more information.

**Access to Protective Equipment and Resources**

Leaders expressed not having access to protective equipment, such as masks and gloves. This is a major concern because there are still some organizations working directly with clients, and staff often must use public transportation when commuting to work. The leader of one organization that provides home health care for the elderly said, “It’s heartbreaking to hear that some staff are afraid to take public transport to get to work or to service an elderly client [in buildings with high numbers of elderly residents].” The organization has already purchased 20,000 face masks and gloves but is “competing every day trying to find [protective equipment] and prices have doubled and quadrupled.” Another leader pointed out that as the country begins to re-open, there needs to be a strategy to ensure that people of color, who make up a large percentage of the workforce in the service industry, are not left more vulnerable to infection.

**PPE Manufacturers & Suppliers Respond to COVID-19**

**Access to Information**

Many leaders cited challenges with accessing information about the various government relief programs under the CARES Act, such as the Paycheck Protection Program and the Economic Injury Disaster Loan program. Due to the rapid implementation of these programs, the nonprofits had difficulty putting guidance out on time, or even weeding through the vast amount of information from different sources. Leaders said that some of their small business clients were not aware of the funds or did not know how to prepare their applications.
Supporting Immigrant and Non-English Speaking Populations

Language barriers and the inability to qualify for government relief measures are some of the challenges that immigrant and undocumented communities face during this crisis. As organizations pivot to virtual services, they have found that language barriers and limited computer proficiency make it difficult to serve immigrant clients. One leader said that his employee, an ESL instructor, had to spend two hours teaching her student how to connect to Zoom. Another leader pointed out that undocumented immigrants don't qualify for unemployment benefits or stimulus payments, so her organization is targeting relief funds to helping them.

Access to and Challenges Using Technology

Leaders expressed difficulties using technology for both staff and clients. Where staff is concerned, there have been complications around going completely digital with their work, with some staff not having access to laptops and an Internet connection. With clients, there are many issues, including lack of access to the Internet, difficulty understanding how to use the technology, and language barriers.

“REACH Riverside obtained authority to modify an existing grant to enable us to provide laptops to all our early learning students and 6 faculty members.” – Wilmington, DE

NDIA List of Free and Low-Cost Internet Plans