

PROPRIETARY
CONTENT



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“Change will not come if we wait for some other person or some other time. We are the ones we’ve been waiting for. We are the change that we seek.”

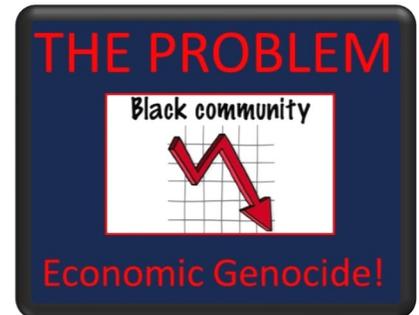
~ President Barack Obama

Why Now?

African Americans’ economic growth when compared to their white counterparts has remained stagnant since the Jim Crow Era. Additionally, the growing American backlash toward efforts to uplift people of color and the general ineffectiveness of traditional (and/or outdated) social justice efforts require African Americans to galvanize its resources to spur economic growth. Economic empowerment is the main tool that will “move the needle” forward for the Black community and bring forth the desired change.

The Facts

- Collective buying power is not translating into accumulated wealth for the Black community.
- Despite African Americans having a collective buying power of \$1.3 trillion, just two cents of every dollar a Black person spends in this country goes to Black-owned businesses (i.e., money goes out and does not come back into the community).
- One dollar circulates in Asian communities for 30 days, in Jewish communities approximately 20 days, and in white communities 17 days. In contrast, one dollar circulates in the Black community only six hours!!!
- If Black Americans increased spending on Black-owned businesses from two cents to 10 cents of every dollar, one million jobs could be created for our community.
- From 1983 through 2013, the average wealth of white families grew by 84%, three times faster than the rate for African American families. If the past 30 years were to repeat:¹
 - White household wealth would increase \$18,368 a year - topping out at \$1.2 million
 - Black household wealth would increase by only \$765 per year, reaching more than \$107,000 by 2043
- Assuming white wealth remained stagnant at today’s levels and average Black wealth grows at the same pace it has over the past three decades, it would take average Black families 220 years to amass the same amount of wealth White families have today - that’s the year 2241. **To put this number in perspective, the amount of time Black families would need to build the wealth white families have today is just 26 years shorter than the 246-year span of slavery in this country.**²



Progress? Yes ... but NOT REALLY!

- **Despite entrepreneurship among people of color increasing, Black-owned businesses receive disproportionately low funding**
 - In 2012, L.A. County ranked second nationally in the number of African American-owned firms. Of L.A. County’s 631,218 firms owned by people of color, 12.9 percent are Black or African American owned.³
 - Nationally, Black-owned businesses increased 34.5 percent from 1.9 million to 2.6 million between 2007 and 2012.
 - More than 95 percent of these businesses are mostly sole proprietorship or partnerships which have no paid employees, meaning they have more difficulty accessing capital given the dependence upon individual credit ratings.
 - In a CB Insights study, startup ventures founded by African Americans were found to receive only 1 percent of seed and Series A funding nationally, despite African Americans making up 9.2 percent of new entrepreneurs in 2014.
 - According to a 2017 Federal Reserve analysis of 2014 U.S. Census Bureau data, about 17.7 percent of business loan applicants were Black, but 53.4 percent of those applications were turned down. In comparison, 13.1 of white business owners applied for loans, and only 24.7 of those applications were turned down.⁴
 - Black entrepreneurs are almost three times more likely than whites to have profits negatively impacted by access to capital.⁵
 - Although no firm government data was collected on Small Business Administration (SBA) Disaster Relief or Paycheck Protection Program (PPP) loan recipients by race or gender as part of the \$2 trillion CARES Act of 2020, the Center for Responsible Lending estimated that almost 95 percent of Black-owned businesses “stand close to no chance of receiving a PPP loan through a mainstream bank or credit union.”

¹ Asante-Muhammad, Dedrick, Collins, Chuck, Hoxie, Josh, and Nieves, Emanuel, *The Ever-Growing Gap*, Institute for Policy Studies/CFED, August 2016.

² Asante-Muhammad, Collins, Hoxie, and Nieves, *The Ever-Growing Gap*.

³ United States Census Bureau report, December 2015. <https://www.census.gov/newsroom/press-releases/2015/cb15-209.html>

⁴ Report to the Congress on the Availability of Credit to Small Businesses, September 2017. <https://www.federalreserve.gov/publications/files/sbreport2017.pdf>

⁵ Morelix, Arnobio and Robb, Alicia. *Startup Financing Trends by Race: How Access to Capital Impacts Profitability*, Ewing Marion Kaufmann Foundation, October 2016. https://www.kauffman.org/wp-content/uploads/2019/12/ase_brief_startup_financing_by_race.pdf

- **Growing homeownership gap**
 - Not one of the 100 cities with the largest Black populations has a Black homeownership rate close to the white homeownership rate.⁶
 - The gap between white and Black homeownership across the country is as wide now as it was in 1900, just a few years into the Jim Crow era.
 - In L.A. County, Black applicants are denied home loans at a rate of 21.6 percent compared to 11.5 percent for white home loan applicants. Predictably, homeownership rates in 2018 among African Americans lagged behind the rates for whites (33.5 percent compared to 56.9 percent, respectively).
- **Growing household income gap**
 - As of 2020, the median income of Black households in L.A. County is \$51,378, approximately 28 percent below L.A. County's overall median household income (\$71,405) and the lowest median household income when compared to households of all other racial/ethnic groups.⁷

Mission

Based on the spirit of cooperative economics, BCIF is a 501(c)3, community-based organization that provides microloans to the Black community through pooled dollars and raises awareness about the importance of economic empowerment, equity, and wealth building, with a specific focus on communities in the Southern California region.

Vision

To provide a dedicated, reliable, and perpetual source of capital to create assets and build wealth for, and within, the Black community, while also serving as a catalytic force for building a critical mass movement of change based on economic imperatives.

Financial Goal

To secure a minimum of \$500,000 annually

Eligibility Criteria

- Primary target population: Black business owners or residents in Los Angeles, Riverside, San Bernardino, or Orange Counties
- Strong potential for positive impact on the economic trajectory of the Black community
- Evidence substantiating that a microloan will help yield a financial return and future asset building
- Must demonstrate the need and a capacity to repay; Stellar credit history is NOT required
- Annual gross business revenues of less than \$500,000 (including start-ups) and household income of less than \$200,000 for individuals
- Experienced, entrepreneurial, and/or innovative leadership
- Black owned businesses, preferably with the capacity to create jobs for other African Americans
- First-time home buyers and/or home buyers targeting property in communities with high concentrations of Black residents

Giving Areas

To secure or grow individual or business assets, primarily through:

- Securing growth capital for small businesses
- Starting small businesses
- Renovations and upgrades for real estate
- Securing real estate

Objectives

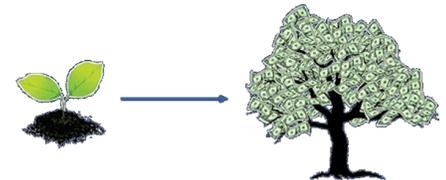
- Distribute 24 - 36 microloans annually, ranging between \$5,000 - \$20,000
- Annually help approximately 12 - 16 Black owned companies or entrepreneurs build assets by securing necessary capital to start or grow their businesses
- Annually help approximately 8 - 12 Black owned companies or individuals build assets through real estate purchase or renovation

For Members/Donors

- One-year commitment required
- Minimum of \$1,000 annually (Can be a one-time annual gift; or monthly contributions for 12 months)
- Automatic bank account deductions required for monthly giving plan
- 10 percent discount on all BCIF hosted events and all services/products of BCIF business loan recipients
- Provide input on loan awards
- Receive a tax deduction

For Borrowers

- Amount Range: \$5,000 to \$20,000
- Monthly Repayment Schedule
- Low, Fixed Interest Rate



A \$500,000 FUND COULD RESULT IN \$1.2 MILLION BEING GENERATED IN SOUTHERN CALIFORNIA'S BLACK COMMUNITY, A 145 PERCENT GROWTH RATE ON BCIF'S INVESTMENT!!!



Be part of the solution!

To become a BCIF Member today or for more information, send an email to info@bcifund.org or call 310.904.6336

⁶ Mapping the Black Homeownership Gap, Urban Wire: A Blog of The Urban Institute, February 2018. <https://www.urban.org/urban-wire/mapping-black-homeownership-gap>

⁷ Los Angeles County Summary Data. Think Health L.A., Last updated January 2020. <https://www.thinkhealthla.org/demographicdata?id=256>