PRESIDENT OBAMA ANNOUNCES ECONOMIC GAME CHANGERS

“The real game-changers for any neighborhood, for any community, are the people there, the folks who, day in, day out, are doing the work, and raising families and participating in the community and through their churches and faith institutions are trying to provide that optimism and that lift.”

–President Barack Obama

Pictured here is NAACP state of Alabama Economic Development Chair, Ollie Parham after she introduced the President at his Economic Roundtable in Birmingham, Alabama. President Obama’s speech addressed the dangers of payday loans and outlined his proposal to crack down on payday lending practices through the creation of the Consumer Finance Protection Bureau (CFPB).
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“To be a poor man is hard, but to be a poor race in a land of dollars is the very bottom of hardships.”

-W.E.B. Du Bois
Micro businesses and startups are a critical component of not only the overall economy but the strength and stability of local communities across the nation. They provide quality goods, services and employment prospects to the communities in which they are located. However, their ability to survive and grow is hindered by limited access to capital and lack of available credit afforded to them by their state. Many entrepreneurs and small businesses lack the assets necessary for traditional bank loans, making them riskier lending options for banks. They are also in tough competition with larger companies in search of credit. This issue is exacerbated for entrepreneurs of color who are known to struggle with credit, asset requirements and securing investment within communities of color.

To overcome this issue in the state of Florida, the state legislature created the 2014 Microfinance Act to improve small business access to capital through a direct loan program and a loan guarantee program. Advocates and program administrators of the Florida Coalition for Micro Enterprise Development (FCMD) have witnessed a need to strengthen and expand the program to better meet the needs of micro-businesses. The NAACP National Economic Department and the NAACP Florida State Conference is working closely with FCMD to bring attention to this issue and to achieve language modifications within the bill.

On February 13th, 2015, the NAACP Economic Department and NAACP Florida State Conference convened with FCMD leaders from all over the state of Florida to finalize specific recommendations that will strengthen the legislation and further improve access to capital. The proposed amendments aim to include language that define micro business, as well as, promote financial inclusion and start-ups. They also make the program more attractive to Community Development Financial Institutions (CDFIs), Micro lenders and Micro business Development Organizations, and mitigate risks while providing technical assistance and access to capital.

<table>
<thead>
<tr>
<th>Current Language</th>
<th>Recommended changes</th>
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<tr>
<td>Loosely defines micro-businesses</td>
<td>Create inclusive definitions on micro business microloans and includes start-ups as qualified to receive microloans</td>
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<tr>
<td>Limits program administrators</td>
<td>Include community development financial institutions (CDFIs) as potential program administrators</td>
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<td>Established loan administration contract as 3 years</td>
<td>Increase loan administrator contract to 5 years to allow more time for program implementation and close out. Also reduces interest on lending.</td>
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<td>Establishes broad business management and development training as a part of micro-lending</td>
<td>Expand language to be more prescriptive business development services, including tracking mechanisms for participants by race, and gender</td>
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<td>Establishes direct loan fund for micro-businesses</td>
<td>Modify loan structure to be a revolving loan, a self-replenishing pool of money, utilizing interest and principal payments on old loans to issue new ones</td>
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<td>Establishes 1 year repayment for borrowers with broad interest rate definitions (according to Wall Street Journal)</td>
<td>Expand payback period to 5 years for borrowers at prime or slightly below prime interest rate to encourage payback and for better servicing and job generation</td>
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<td>Allows Department of Economic Opportunity to charge loan administrators an annual fee up to 80 percent of loan of the federal fund rate</td>
<td>Remove annual fee for loan administrators to cut loan cost down and increase access to capital</td>
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With over 90% percent of all businesses in Florida registered as micro businesses, it is essential that these changes are made to support local economies and enhance entrepreneurial activities in communities of color. The NAACP National Economic Department and NAACP Florida State Conference will continue to work closely with the FCMD to raise awareness on the importance of a more inclusive and robust microfinance bill. Over the next month, the NAACP will leverage its local, state and national communication infrastructure to ensure that Florida residents are engaged in the issue and encouraging their representatives to support the amendment changes.

To learn more about this initiative, please contact Sabrina Terry, Economic Program Specialist at: STerry@naacpnet.org.
Diversity and inclusion has become an important subject of national debate in urban and rural areas. Yet what has not been adequately addressed is the inequality in business development and how procurement policies with a diversity emphasis can be an important means of strengthening wealth and entrepreneurship development for minority communities.

Entrepreneurship is often touted as a uniquely American way of strengthening economic security and building wealth. Yet this pathway of opportunity remains one marked by great racial economic inequality. The U.S. Department of Commerce’s Minority Business Development Agency, states that “economic parity is achieved when the level of business activity of a business group is proportional to that group’s representation in the U.S. adult population,” yet minority-owned firms are smaller on average than non-minority firms in size of gross receipts, employment and payrolls. In 2002, average gross receipts of minority-owned firms were about $167,000 compared to $439,000 for non-minority firms. If minority-owned firms would have reached parity with the representation of minorities in the U.S. population, these firms would have grossed over $2.5 trillion in receipts and equated to 6.5 million firms.

Racial economic inequality is still a reality in terms of business ownership and profits. We at the NAACP see strengthening procurement with minority firms by large private corporations and government agencies as an important tool in strengthen entrepreneurship for all communities and the Florida NAACP State Conference Economic Development Report Card reveals there is much room for improvement in Florida as it relates to minority procurement.

Last month, the NAACP Florida State Conference led by President Adora Obi Nweze released an Economic Development Report Card on the records of targeted cities, counties, school districts and private corporations in the State of Florida. What stood out amidst all of the findings were the poor minority procurement practices that were consistent through the public and private sector. In summary, most local governments spent less than two percent with veteran, minority and women-owned businesses. This is terrible when
Florida’s population is over sixty percent minority and/or women. The cities of Orlando in central Florida and Pensacola in north Florida outperformed all other governments in spending with veteran, minority and women-owned businesses. Interestingly, the workforce diversity of most local governments reviewed were exceptional but advertising and marketing dollars with veteran, minority and women-owned businesses has been a general failure. Despite the widespread lack of procurement diversity, many government entities still do not track spending by race and ethnicity nor is this data captured during the initial vendor registration processes. In 2015, many governments still do not have Minority and Women Owned Business Enterprise (MWBE) Programs nor more general Small Business Programs to increase opportunities for entrepreneurs. These initiatives support community economic development, increase the local tax base and provides real dollars to small businesses.

The Florida State Conference review led to four sensible recommendations sent to Florida’s Governor and leaders of the Florida Legislature:

- Require all governmental entities to establish Small Business Programs and MWBE programs specifically to enhance economic opportunities for veteran, minority and women --owned businesses.
- Require reciprocity by local governments to accept the state’s MWBE certification. (This model currently exists in the State of Texas.)
- Require all governmental entities to track race and ethnicity in respective vendor registration processes to increase transparency, accountability and ensure accurate reporting of expenditures. (This model currently exists within the State of Florida’s Office of Supplier Diversity)
- Conduct a statewide small business participation/disparity study of spending by the State of Florida (Governor’s Agencies, Cabinet Agencies and Non-Governor Agencies)

This is our call to action to the public to demand transparency and accountability in how your tax dollars are spent from your local elected officials. The results of this Report Card underscore the urgency to monitor the spending by your local school district, county commission, city commission, water management district and hospital district. The NAACP Florida State Conference will conduct this review annually and update you on best practices and organizations that need continuous improvement. The National NAACP Economic Department will continue to support the important diversity work of our state leadership and through working with government agencies and the private sector work to make our 21st century economy 21st century America.

are sold in an effort to boost lending to families with less wealth, measuring the success of these programs via public data such as HMDA is a critical function of the NAACP. The Economic Department will continue to aggressively question disparities in the HMDA data which we continue to see each year, and demand that lenders take steps to help minority borrowers regain their footing and help them achieve homeownership on par with white families.
Why We Should Care About Tax Policy?

Many of us are watching tax policy debates unfold in Congress and the media, but we sit on the sidelines because the intricacies of the tax code are far beyond our spheres of expertise or influence. But President Obama’s announcement of new tax benefits for middle class and working families, highlighted in the State of the Union and detailed in his FY 2016 budget, shines a light on the tax code in a way that demands our attention and engagement.

The President is proposing a package of tax proposals that would help build an equitable economy in which all families, regardless of income, race or ethnicity, have an opportunity to earn, save, invest and prosper. The budget includes tax code provisions that help low- and moderate-income families to stabilize their household budget, build their financial security, invest in their children’s education and save for retirement. And it includes measures to make permanent existing credits – like the Earned Income Tax Credit, the Child Tax Credit, and the American Opportunity Tax Credit – that are already helping low-income and households of color to get by, and get ahead.

Most of the President’s proposals face limited chances of success in this Congress, but they are important because they draw attention to the inequitable nature of our current tax code and the need for reform. Here’s some data that puts the current tax debate in context: The U.S. tax code includes over a half a trillion in tax benefits – deductions, credits, exclusions and preferential rates – that subsidize households to save and invest. But lower-income households can’t access most of them because of the way they’re structured. For example, families who don’t own homes, and less than half of African American households do, can’t take advantage of the more than $200 billion in tax subsidies for homeownership. Workers without access to employer-based retirement savings accounts can’t access the substantial benefits they offer for retirement savings; and only about four out of ten black workers participate in an employer-based retirement plan.

Today, the tax code is primarily benefiting wealthier households, those least in need of public subsidies, and it’s contributing to a large and growing wealth gap. A recent report by the national nonprofit CFED showed that the top 1% of households receive more tax-code based benefits than the bottom 80% of households combined. Research by the Tax Policy Center found that the wealthiest 20% of households received 70% of the tax benefits that encourage homeownership and savings in employer-based retirement plans; and 2013 Congressional Budget Office data showed the top 20% receives 93% of the benefits from preferential tax rates for capital gains and dividend income.

We know little about how people of color do or don’t benefit because the IRS doesn’t collect data by race; but we can approximate using income data. As indicated above, we know that the majority of tax benefits that support savings and investment go to the top 20% of households (the top income quintile) and we also know that almost 80% of households in that quintile are white, only six percent are black, seven percent are Latino and seven percent are Asian/Pacific Islander. So it’s probably safe to assume that households of color are receiving only a fraction of the benefits.

The big question is—what do we do about it? The President’s proposals take some steps to level the playing field by expanding, making permanent or introducing new credits that are accessible to lower-income working families. His proposals may not pass in this Congress, but they are already framing a national discussion about the role of the tax code in fueling inequality, opening the door for a discussion about equitable tax policy solutions.

The NAACP, along with many of our allies, is involved in the Tax Alliance for Economic Mobility, a national initiative to advance inclusive, progressive and equitable tax policies in the months and years ahead. We’ll keep you apprised of these efforts, as they unfold, and hope you’ll join us in pushing for a tax code that supports all families to save and invest—in themselves, their children and a prosperous nation.
Building Economic Security Over A Lifetime in Alabama

By: Charles R. Lowery, Jr., NAACP Economic Department Director of Fair Lending and Inclusion

As part of a grant with the Ford Foundation entitled “Building Economic Security Over A Lifetime, the NAACP Economic Department is working with the Alabama NAACP State Conference to educate and advocate around the issue of payday lending. On January 23, 2015, Charles Lowery, Director of Fair Lending and Inclusion for the NAACP Economic Department, traveled to Alabama. During his trip, he met with Michael Milner, Executive Director, and Robert Hanson, Program Director of the Alabama Asset Building Coalition (AABC). The AABC has a wealth of educational information around predatory lending and consumer finance protection. The meeting explored how AABC can work with the Alabama NAACP State Conference to educate and inform Alabama residents about the problems of payday lending. In addition, Mr. Lowery met with Shay Farley, Legal Director for the Alabama Appleseed Center for Law and Justice, Inc. Alabama Appleseed has been at the forefront of state legislative efforts to combat payday lending including the introduction of legislation to require a 36% interest rate cap and legislation requiring the establishment of a payday loan database which will keep track of the loans made to Alabama borrowers.

On Saturday, January 24, 2015, Mr. Lowery attended the Alabama NAACP State Conference Quarterly Meeting which was held at the Hayneville Road Community Center in Montgomery, Alabama. Over 200 Alabama NAACP members attended the meeting. During the meeting, Ollie Parham, Economic Chair for the Alabama NAACP State Conference, and Reverend Hugh Morris, First Vice President for the Alabama NAACP State Conference, and Mr. Lowery gave a brief presentation on the topic of payday lending and the need to educate NAACP members and others about the debt trap that payday loans create for borrowers. An interesting and lively discussion took place about how people need access to small dollar loans and the debt trap that payday loans create for payday loan borrowers. On the one hand, payday loans seem to help persons who need access to small dollar loans but, on the other hand, these loans end up placing the payday loan borrower in additional debt that they have a difficult time paying off.

Based upon the interest shown at the meeting and the responses received from a payday loan survey, the Alabama NAACP State Conference will develop a “Train the Trainer” program to help educate NAACP members and the general public about payday lending. This training will include speakers from advocacy organizations such as Alabama Arise and Alabama Appleseed and AABC information and resources to train NAACP unit leaders in the State of Alabama and will take place in the Spring 2015. Once the branch leaders are trained, each branch president will host a similar training at its monthly branch meeting to educate additional NAACP members and the general public about the problems of payday lending.
Today, many will give a cursory glance at the job numbers, unaware of how focusing on just the national unemployment rate of 5.5 percent obscures systemic economic inequities in this nation. Others may even continue to advance the false narrative that we are on track to an economic recovery. But if we dig a little deeper, we will uncover the less reported story: Latinos and African Americans continue to face significantly higher levels of unemployment, at 10.1 and 6.8 percent, respectively, compared with the national average of 5.5 percent. The African-American community continues to have higher unemployment rates than the national rate of unemployment at the height of the Great Recession.

Economic inequality -- particularly high unemployment and stagnant wages -- remains an untreated disease plaguing communities across the country, particularly our communities of color. At rates that rival the Great Depression, income inequality was named by President Obama as the defining challenge of our time, and by economists and social scientists alike as one of the greatest barriers to building a sustainable 21st-century economy.

Our latest report, “Opportunity and Diversity Report Card: Healthcare Industry,” however, reveals that certain industries, like health care, can begin to reverse the tide and inch this country toward building a racially inclusive middle class.

The healthcare industry is a longstanding anchor in many urban centers. Poised to add nearly 5 million jobs to the economy over the next decade, this industry is uniquely positioned to expand job creation and wealth-building opportunities to some of our country’s most economically vulnerable communities.

Contrary to other industries, many healthcare jobs are entry-level, unskilled and semi-skilled, with livable wages. They also offer critical pathways to advancement, like healthcare management positions, and access to other opportunities, which, as part of a lucrative job sector, can lead to economic security.

But these jobs and opportunities must be equally available to all.

While the healthcare industry is considerably ahead of its peers in understanding how diversity impacts its bottom line (patient care), our report reveals the industry shares weaknesses comparable to other industries, like its lack of diversity in upper-management positions and its lack of contracting with minority businesses. For instance, though the less skilled positions in the healthcare field are highly diverse, the middle and upper echelons of management, and the so-called “C-Suite” of corporate governance, remains almost exclusively the domain of white men. Furthermore, many healthcare corporations do not track their spending dollars or monitor if they are contracting with diverse companies.

Highlighting opportunities in the healthcare industry where we can strengthen the full participation of people of color can be transformative in making inroads to establishing economic parity. The NAACP will continue to ensure that members of our communities are connected to these opportunities by working with the leading healthcare systems to strengthen their diversity inclusion efforts, including cultivating pipeline programs and increasing engagement with minority-owned business.

Equal opportunity for people of color in the United States continues to remain an unrealized goal. But as our nation becomes more racially and ethnically diverse, racial and economic inequality can no longer afford to be left untreated. It is essential that industries, particularly major job engines in the 21st century, strongly concentrate on ensuring their business models advance greater racial equity. The healthcare industry can be just the prescription to move our country in this very direction.

Download the full report at http://www.naacp.org/pages/opportunity-diversity-report-card-healthcare-industry
Recently the NAACP Economic Department traveled to NYC to meet with state and local leaders for The Leveraging What Works: Creating Generational Wealth in African American Communities— an initiative that is funded by the JPMorgan Chase Foundation. Leveraging What Works focuses on identifying best practices for better connecting African Americans to asset development resources with the goal of reducing poverty and building economic opportunity within our communities.

In the United States, nearly 1 in 7 people live in poverty. The federal government defines poverty as a family of four living on $23,500 or less. Additionally, the racial-wealth gap in the United States is vast and continues to grow. In 2012, African Americans median household wealth was $15,500 compared to $130,600 for the typical white household. The ability of an African American household to be economically mobile is crippled by the lack of employment and wealth building mechanisms that account for their unique socio-economic circumstances.

Through the “Leveraging What Works Initiative” the Economic Department will partner with the NAACP New York State Conference, specifically the Mid-Manhattan and Brooklyn NAACP branches leadership to narrow those disparities by identifying and bolstering best practices for African American asset development. To that effort, various mechanisms are being explored including a partnership with Grameen America, a nonprofit founded by Nobel Peace Prize recipient Muhammad Yunus that is dedicated to helping women build small businesses to create better lives for their families.

The meeting included exciting conversations about piloting Grameen’s micro-finance model to native born African American women. Grameen has a long history of assisting foreign born women in America in accessing micro-loans and launching micro-businesses. Their model is unique in that it overlooks many of the traditional financial metrics (i.e. credit, down-payments, assets) used to assess an individual’s ability to borrow and instead, implements a social-networking community capital model. Provided African Americans often encounter barriers to capital due to low-credit scores and minimal assets, Grameen’s model is a plausible best practice for our community.

Micro-business can spur short term impacts like income generation to long lasting impacts like intergenerational wealth, thus microloans can be a promising wealth building tool for African Americans.

Furthermore while in NYC, the Economic Staff traveled to the Brooklyn to participate in the joint “Economic Meets Education” Committees meeting of the Brooklyn NAACP Branch. The branch is exploring the intersections between economic mobility and educational achievement, specifically opportunities in STEAM (Science Tech Engineering Arts and Mathematics), and Small Business Development. They have launched a partnership with the Long island Chamber of Commerce that has recently launched its Kings County chapter to advance and promote economic development for minority business, advance responsive government and quality education on the behalf of all small businesses, increase the number of certified minority business owner.

We look forward to continue working with the New York NAACP leaders to advance asset development resources and opportunities for African Americans.
The NAACP Georgia State Conference has partnered with the Federal Trade Commission (FTC) and to host this Economic Summit that will cover a range of topics from foreclosure issues, debt settlement scams, debt collection issues, auto issues, payday lending scams, affiliate marketing, imposter scams, consumer education and much more!

For more information check out: https://www.ftc.gov/news-events/events-calendar/2015/05/obstacles-economic-opportunity-joint-conference-ftc-naacp
Economic Department Staff

**Dedrick Asante Muhammad:** Dedrick is the Senior Director of Economic Programs for the NAACP and Executive Director of the Financial Freedom Center. Mr. Muhammad’s responsibilities include the totality of work coming from the NAACP Economic Department, overseeing the Financial Freedom Center as well as leading the NAACP Economic Department in meeting the great economic challenges faced by the nation.

**Lillian Singh:** Lillian is Director of Economic Strategic Partnerships. Lillian ensures the sustainability of the department through programmatic and performance monitoring, grant and funding oversight, and managing strategic alliances between the NAACP and major corporations, foundations, non-profits, and governmental agencies. Mrs. Singh, directs the Economic Education program initiatives – focused on grassroots organizing and grasstots engagement – connecting NAACP state and local affiliates with corporate, private, and national nonprofit partners and three Community Economic Development program initiatives, that promotes asset development in low-to-moderate income African American communities across the country.

**Charles R. Lowery, Jr.:** Charles is the Director of Fair Lending and Inclusion for the NAACP. Mr. Lowery’s responsibilities include working on consumer financial services issues such as predatory lending and asset building; monitoring the activities of financial institutions which have signed on the NAACP Responsible Mortgage Lending Principles; and working with NAACP units on consumer finance advocacy campaigns.

**Dawn Chase:** Dawn is the Manager of Diversity and Inclusion at the NAACP. Ms. Chase’s responsibilities include cultivating partnerships and programs that create opportunity for enhancing the economic stability of people of color. She is also responsible for managing over fifty corporate partnerships that support our corporate fairness and diversity initiative.

**Betty Aynalem:** Bethlehem “Betty” Aynalem is currently serving as the Executive Assistant to the Senior Director of Economic Programs & the Coordinator of the NAACP Financial Freedom Center. Ms. Aynalem manages all administrative and operational responsibilities for the NAACP Financial Freedom Center and assists in the creation and implementation of educational campaigns and strategies on economic issues.

**Sabrina Terry:** Sabrina is the Economic Program Specialist for the NAACP National Economic Department. She provides research and project management support to the Director of Strategic Partnerships including developing activities, tools and programs to promote the department’s economic advocacy agenda and strengthening and developing a racial economic inequality narrative that is used throughout the department’s work.

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