AFRICAN AMERICAN ALLIANCE of CDFI CEOs
We are an Alliance of intellectually and geographically diverse African American CDFI CEOs who are committed to social and economic justice for African American communities.

We are united together to increase capacity and sustainability for Black-owned businesses and the CDFIs that serve them and to improve access to resources for disinvested communities.

We support and believe in the unique experiences, strengths, talents, and opportunities presented by our members. By coming together as chief executives, we empower and enrich the nation’s Black community and economic development finance leaders and support the specific personal and professional challenges they confront as they lead.
EXECUTIVE SUMMARY

The African American Alliance of CDFI CEOs (the Alliance) is a newly formed coalition committed to the support and growth of Black communities and the Black executives leading community development financial institutions (CDFIs) that serve those communities.

Launched in 2018 and officially established through a memorandum of understanding in 2019, the Alliance is comprised of 28 institutions. The Alliance now seeks to engage a broader audience in support of its strategic vision to:

- **Establish a network** of African American CDFI CEOs and strengthen their fiscal and impact capacity using best practices to facilitate social and economic advancement in their communities.

- **Advocate for institutional and public policies** addressing the barriers to community and economic development, Black business growth, wealth creation, and financial protections in African American communities.

- **Create a digital marketplace of Black-owned firms** to help Alliance members expand their capacity and efficacy while providing marketplace firms with increased revenues to expand wealth creation in the African American community. Ultimately, the Alliance hopes the marketplace will also be a platform that the public and private sectors will utilize to expand Black enterprise.
The Alliance envisions a nationally connected, institutionally diverse community of African American CDFI CEOs and their allies working to transform Black economies across the U.S.
WEALTH

The racial wealth gap is staggering. The median wealth for a White American family is $171,000 (2016 dollars). The median wealth for a Black American family is $17,150 (2016 dollars).

HOMEOWNERSHIP

Homeownership—long the most widely accessed wealth-building mechanism in America—has a chasm in the equity rate that is equally grim. Just 42% of Black households own their home, compared to 72% of White households.

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INVESTMENT CAPITAL FOR ENTREPRENEURS

The investment market is bleak as well. According to a 2017 survey of 4,750 venture capital-funded companies—supported by 135 funds that amassed the majority of the $84.2 billion in global venture capital deals that year—just 1% of companies receiving funding had a Black founder or co-founder. White founders accounted for 77.1% of supported entrepreneurs. Asian entrepreneurs received 17.7% of funding. Moreover, Black entrepreneurs start their businesses with an average of $35,205 in capital, whereas White-owned businesses begin with an average of $106,720. When bank loans are accessed, the loan requests of Black entrepreneurs are three times less likely to be approved than that of their White counterparts.

1 https://www.brookings.edu/blog/up-front/2020/02/27/examining-the-black-white-wealth-gap/
2 https://ratemyinvestor.com/diversity_report
3 https://www.kauffman.org/wp-content/uploads/2019/12/capital_access_lab_exec_summary_FINAL.pdf
Due to centuries of institutional, legal, and physical discrimination and violence, the fits and starts of Black family financial stability efforts (from post-Civil War Reconstruction, to the Civil Rights Movement, to the establishment of the Community Reinvestment Act, to Black Wall Street, to the diversity and inclusion policies of today’s organizations) have always been impeded by a lack of coordinated will, scaled investments from the government and private sector, and equitable allocation of available resources such as jobs, quality schools, criminal justice and business opportunities. The playing field for business and access to capital in America has never been level across races, regardless of the educational attainment, operational abilities, or credentials of Black commerce and social entrepreneurs.

Small business success and support should not be racialized, but they are. Access to capital should not be racialized, but it is. Exponential wealth growth for Black families should be a demonstrated goal of all CDFIs, but it is not. Federal policy should create accountability for the targeted support of those historically locked out of the labor and business markets, but it fails to do so to scale. African American CDFI CEOs should have greater access to the support necessary to meet the financial needs of their communities and teams, but they do not. Black homeownership rates and equity should be growing, but they are shrinking. An online marketplace exchange where vendors who have demonstrated an understanding of and commitment to growing African American businesses (and may themselves be African American-led small businesses) should exist, but it does not.

In an ideal state, support and the outcome of support would be unbiased. Yet data shows⁴ that when lenders, technical assistants, business coaches, loan officers, and community leaders reflect the identities and experiences of their non-White potential clients, the rate of funding, professional support, loan flexibility, and positive economic outcomes increase dramatically.

Today, support for African American-led CDFIs is being significantly challenged as White-led CDFIs see increased support and growth. One study showed that from 2014 to 2017, the assets of White-led CDFIs grew by $21.8 billion, while the assets of minority-led CDFIs grew by just $682.5 million. This occurred while the average asset size of a White-led CDFI was just 81% the size of a minority-led CDFI in 2014, subsequently growing to an average asset size that was 238% that held by minority-led CDFIs in 2017. In that period, minority-led CDFIs' average assets actually shrunk.⁵ Another study found that, in general, where nonprofits step in to support Black communities, agencies led by Black executives experience a 24% smaller organizational budget than nonprofits led by White executives.⁶

The Alliance—a collective of dozens of African American CEOs with years of experience, thousands of network connections, and a sincere desire to grow their communities and institutions—has launched to grow the infrastructure of Black businesses and agencies and the CDFIs that support them, re-shape the narrative around them, and support the leaders who are driving economic change in the African American community.

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⁴ https://www.pnas.org/content/pnas/116/35/17225.full.pdf
⁵ http://hopepolicy.org/blog/closing-the-cdfi-asset-gap/
CDFIs are uniquely positioned to address the issues of access to capital and technical support experienced by African American entrepreneurs. The Alliance is the only organization leveraging African American CDFI CEOs’ decades of expertise, relationships, and intellectual capital to change the odds and the outcomes for African Americans in underserved communities across America.
If average Black family wealth continues to grow at the same pace it has over the past three decades, it would take Black families 228 years to amass the same amount of wealth White families have today. That’s just 17 years shorter than the 245-year span of slavery in this country.
WHAT WILL THE ALLIANCE ACCOMPLISH?

FOCUS ON THE ORGANIZATION... FOCUS ON THE LEADER:

The Alliance will support and empower CDFI CEOs to lead and grow their institutional operations, teams, and social impact while also organizing a centralized network for the personal and professional development of Alliance members. It will work to ensure financial stability and growth for member CDFIs.

INCREASE EFFICIENCIES BY LEVERAGING PARTNERSHIPS AND KNOWLEDGE:

The Alliance will create a robust environment for resource sharing. This includes exchanging ideas, strategies, and vendor relationships such that more African American led businesses are connected to CDFI CEOs and organizations seeking a diverse supplier pipeline. This will strengthen Alliance member partnerships to grow their loan funds and increase purchasing, lending, and technical assistance to African Americans.

SERVE AS A CENTRAL ORGANIZING BODY FOR NATIONAL CHANGE:

The Alliance will be a central hub for voicing support for and influencing public policies that respond to the urgent needs of the CDFI CEOs, their institutions, and the communities they serve.

The Alliance will support and empower CDFI CEOs to lead and grow their institutional operations, teams, and social impact.
In 2020, the Alliance Seeks to Accomplish the Following Overarching Goals:

- Obtain IRS designation as a 501(c)(3) tax-exempt organization
- Establish an operating budget of $305,000 ($55,000 will come from member dues)
- Hire a part-time contractor(s) to support the day-to-day administrative, research, and programmatic needs of the Alliance
- Increase Alliance membership to accurately reflect the total number of African American CDFI CEOs in the United States
- Assist dozens of CDFI CEO leaders in enhancing financial opportunities, stability, and outcomes for their institutions
- Engage in critical public policy advocacy
- Build the first iteration of its digital Black business marketplace
- Develop a compelling, research-based strategic plan that accurately outlines access to capital and business needs for African American CDFI leaders across the nation and that narrates the Alliance’s theory of change
- Create a communications infrastructure that includes development of a website, prospectus, and other products to promote the Alliance’s mission

Alliance member institutions operate in all 50 states and the District of Columbia and serve major cities in the most populous states such as California, Florida, Illinois, New York, Pennsylvania and Texas as well as regions such as Appalachia and the Delta. African Americans bring diversity to our nation—yet there is also diversity within the African American community itself (for example, the experience that African Americans have in Chicago, Illinois, is not the same as in Miami, Florida). By embracing the differences in experiences and leveraging the regional knowledge of CDFI executives, the Alliance believes deeper, more sustainable impact is possible.

African American CDFI CEOs face unique challenges and opportunities. Members are focused on growing their:

- Loan capital
- Net assets
- Operating budgets
- Training and development programs for themselves and their staff
- Leadership capacity
- Ability to scale their community revitalization efforts and Black business investment strategies
All 50 States and District of Columbia are served by Alliance Members

ALLIANCE MEMBER DATA

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Member Institutions

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All 50 States and District of Columbia are served by Alliance Members
The median annual operating budget of an Alliance member institution is $1.45 million (2019). This represents a 10% average rate of growth (vs 2018) for member institutions.

The total operating budget of all members amounts to $92.4 million in operating funds.

The ideal median operating budget is $2 million. This represents a roughly 142% gap in median budget sizes.

The smallest member institution has a budget of $350,000.

The largest has a budget of $32,000,000.

On average, Alliance CEOs reported the need for an additional $2.1 million in annual operating funds.

Member institutions vary greatly in size. The total loan pool of the Alliance members represents $1.526 billion in deployed capital. The smallest fund is $100,000. The largest member fund is $777,000,000.

The median loan pool for an Alliance member institution is $6,000,000. The median loan fund is 20% higher in 2019 than in 2018.

The median staff size of an Alliance member institution is 8 FT workers, and 1 PT worker.

There are 758 (723 FTE, 35 PTE) persons employed at Alliance member institutions, providing important wages back to majority Black communities and staff.

The median tenure of an Alliance CDFI CEO is 15 years in their institution. Many CEOs who have been at their institution for longer terms are concerned about succession, whereas shorter tenured CEOs are concerned with professional development. All are specifically interested in, or concerned about growing access to capital, supporting their teams, and networking with other CDFI CEOs.
The Alliance is organized into three committees, with members from various CDFIs working together to advance the Alliance’s Areas of Focus.
The African American Alliance of CDFI CEOs is committed to strengthening the operational and fiscal capacity of its members so their organizations can deploy solutions at scale to build sustainable wealth, equality, and a just quality of life for lower- and moderate-income Black communities across the US by 2030.

**ECONOMIC, PROFESSIONAL AND INSTITUTIONAL DEVELOPMENT**

**2020-2021 GOALS:**

- Identify and/or develop CEO training and professional development
- Develop mentor relationships inside and outside the Alliance
- Identify a consultant to provide one-on-one coaching for members
- Develop key performance metrics for existing and new members to maintain or attain membership in the organization
- Identify best practices among membership to scale community redevelopment and Black business investment strategies
- Develop strategies to generate new revenue sources for members
- Educate members on strategies to sustain their operations during the COVID-19 crisis and beyond while providing critical responses to the communities served by member organizations

**2021 & BEYOND GOALS:**

- Develop a library of professional and personal development resources for members
- Assist members seeking an Aeris rating by providing them the tools to prepare for the evaluation
- Share tools to ensure that members’ boards of directors are best aligned to support the organization’s mission and the needs of the CEO
- Share best practices for revitalizing African American communities and investing in Black businesses with the broader CDFI community
**2020-2021 GOALS:**

- Create a web-based marketplace directory used by CDFIs and the Alliance member communities
- Identify Black-owned businesses across the US to include in the marketplace
- Ensure the quality and sustainability of vendors included in the marketplace by performing reference and documentation due diligence
- Seek funds to hire a contractor to digitize the information collected

**2021 & BEYOND GOALS:**

- Promote the digital marketplace nationally
- Grow the database network of vendors

**RESOURCE & NETWORK MARKETPLACE**

The Alliance seeks to create a web-based marketplace directory that identifies Black-owned businesses that have worked or are primed to work with CDFIs and other interested parties.

This directory would function to **organize and extend the reach** of Black business owners, contractors, and other professionals offering services. Corporations, other business owners, government agencies seeking supplier diversity, community members, and others would be able to utilize this nationally marketed list of businesses.
ADVOCACY

The Alliance seeks to engage in data-driven advocacy and public policy activities to strengthen African American-led CDFIs and positively impact the economic prosperity of African American communities across the United States.

2020-2021 GOALS:

• Develop legislative policy priorities that will be engaged directly or by supporting other organizations leading on an issue

• Comment on proposed reforms to the Community Reinvestment Act and other legislative proposals

• Work to ensure federal and local budgets include appropriations for CDFIs

• Work with the Small Business Administration and other federal government agencies to improve lending to Black business and Alliance members’ utilization of agency programs

• Educate congressional and presidential candidates on strategies to revitalize African American communities and increase lending to Black businesses

• Research processes for securing dedicated federal funding for Alliance members

• Advocate for the permanent funding and support of the New Markets Tax Credit

2021 & BEYOND GOALS:

• Develop a platform of specific activities focused on shrinking the African American household wealth gap (including issues such as the appraisal gap, student debt growth, asset building, displacement caused by gentrification, etc.)

• Develop competencies and functionality to become a thought leader for policy solutions for issues affecting the African American community
CONCLUSION

Most of the aforementioned goals reflect the Alliance’s shorter-term plans as it mobilizes to become a formal corporation. The longer-term impact objectives of the Alliance will be articulated in its first strategic plan. The Alliance plans to complete the strategic plan in 2021. The plan will detail the goals, objectives, strategies and tactics that the organization will implement to accelerate revitalization of the African American community through investments in Black businesses, affordable housing, commercial properties, health, education and community facilities as well as illustrate the organization’s operational capacity and investments needed to accomplish its theory of change. For the reasons stated above, the Alliance seeks financial and mission-oriented partners to further its mission and growth.

For more information, please contact info@aaacdfi.org
We would like to thank all the Alliance member institutional leaders, past and present, particularly Lenwood Long, Donna Gambrell, Inez Long, Calvin Holmes, Vandell Hampton, Victor Elmore, Gary Cunnigham, Deborah McKetty, Della Clark, and Michelle Mapp for their leadership and commitment to launching this important work.