

## Gateways Episode 58: Ideas for Equitable Small Business Recovery

**Tracy** [00:00:07] Welcome back to Gateway's, a podcast about the people places of possibilities of our regional cities. I'm Dr. Tracy Corley, transit-oriented development fellow at MassINC.

**Ben** [00:00:17] And I'm Ben Forman, research director at MassINC and director of the Gateway Cities Innovation Institute. Today, we're talking about COVID 19 and the future of our cities and our regional cities in particular. There's been lots of talk out there about how the pandemic will disrupt urban life and what cities will look like in the new normal. Much of that talk has focused on equity and equitable recovery. This week is a very important one for us at NASA. Tracy has just released a paper on equitable, transit oriented development that speaks a lot to how we grow a more equitable economy.

**Tracy** [00:00:53] That's right. Then we released a paper from Transactional to Transformative The Case for Equity and Gateway City Transit-oriented development to talk a little bit about what's been going on historically with our cities, as well as what we can be doing to actually make our gateway cities a little bit more equitable. And one of the key things we point out in the report is talking about the differences between large metros like Boston and smaller regional cities like our gateway cities. We you're taking a look at this New York Times editorial called The Cities We Need. And it brought up some really important points that, you know, I think that we should talk about before we get into the meat of today's episode. Ben, why don't you walk us through the major arguments of the piece, and I'm curious to hear what she took away from it. And I'll show it to you what I took away from it.

**Ben** [00:01:43] Yeah. Why don't I maybe just read the first couple paragraphs for listeners in case they hadn't seen it themselves.

**Ben** [00:01:51] It starts actually by talking about Boston. It says, "In the first half of the 20th century, the students at Boston's best public high school, Boston Latin, included a brash kid named Leonard Bernstein would one day compose West Side Story. Another boy named Thomas Philips, who'd build the Massachusetts manufacturer Raytheon. And Paul Zoll, who pioneered the use of electricity to treat cardiac arrest while working at a Boston hospital. Many American city of that period could produce a similar honor roll. Kids raised on the streets and educated in its public classrooms went on to leave a mark on the world. Back then, cities supplied the keys for unlocking human potential in infrastructure of public schools and colleges, public libraries and parks, public transit systems and clean, safe drinking water. The very density and diversity of urban life fostered the accumulation of knowledge, the exchange of ideas, the creation of new products. American cities were the hammering engines of the nation's economic progress. The showcases of its wealth and culture. The objects of global fascination, admiration and aspiration. They were also deformed by racism, bled by the profiteering of elites and felled by pollution and disease. But in their best moments, they offer the chance to slip. The bonds of prejudice is second guessing in limited horizons. They offered opportunity.

**Ben** [00:03:06] Then cities work. Now they don't." So that's how it starts, Tracy. Pretty powerful opening, but when you think a little bit more about what they will lead out in that nostalgic rendering of the past. So the article goes on to talk about how people are fleeing cities. The affluent at least are fleeing cities in the pandemic, that there's once again fear of cities as places that aren't safe and that this has kind of been a trend that has been building up for some time as. As cities have become more and more segregated in

pockets of concentrated poverty, have become violent in urban public school systems have failed and so on and so forth. I think much of this is familiar to us. It really doesn't give you that much geography. It goes back and forth between talking about metropolitan areas and the contribution that segregated suburbs have made to this problem. You know, it talks about San Francisco and your doesn't really mention the Midwest or older industrial cities. Industrial decline, the suburbanization of poverty. Smaller midsize cities, cities that are centers of rural areas. I mean, there's all kinds of different arrangements that are all facing different trends as our economy changes, as our demographics change. But it is a starting point for just thinking broadly about the city on the hill and the kind of metropolitan areas we want to build and where opportunity lies.

**Tracy** [00:04:38] Yeah, when it comes to our regional cities, I think that the editorial's omission of a more in-depth discussion about white flight and how that changed the characteristics of our cities. Because if you think back, you know, too many years ago, we have cities across Massachusetts that were as big as if not bigger than Boston. And so with the changing demographics, with the ways in which industrialization and deindustrialization changed the characteristics of our cities, the ways in which jobs flooded out of urban cause and our gateway cities and other cities across the country into more suburban industrial parks, it has really changed the way that we kind of think about our urban our urban landscape, making the recovery of our regional cities much different from what we're seeing kind of the agglomeration happening in our megacities. And so I think that, you know, we could spend a lot more time today kind of talking in depth about all of these differences, but we do kind of touch upon these differences in our report. And so I encourage folks who are listening to this to kind of take a look at the report and we'll dig into some deeper briefs around each of these points coming up in the future to talk about the disparities and what the differences are between big cities like Boston and our regional cities. And you I think that one of the things that I found most interesting in this article, which did a really great job of kind of summarizing what was going on in terms of education and housing in our cities, it left out a lot of key things. For example, it doesn't really start talking about race until halfway through the article. And we know that racism is a huge driver of a lot of the inequities we see across our country. Also, the article fails to talk about three key areas which we really need to talk about a little bit more.

**Tracy** [00:06:17] And also that comes up in our conversation for the meat of our episode today, one of which is about policing and disproportionate criminalization, in some cases hyper criminalization, particularly a black indigenous and people of color in our country talking about disparities and hiring practices as well as disparities in business investment, which is the subject of our conversation, with Segun Idowu, here later on in this episode.

**Ben** [00:06:44] Yeah, and that's a great conversation. And I think we're going to get to that. You know, one of the things you guys talk about is, you know, if our goal is to have an equitable recovery from Coronavirus, we're off to a pretty poor start. We know the paycheck protection program, which was supposed to help businesses weather the storm, didn't make it equally to all businesses. I think he says 90 percent of black owned businesses can receive those funds.

**Tracy** [00:07:09] So that brings up a great point. Ben, that was expounded upon actually in terms of housing in the editorial in that, look, all the subsidies that were given out of for helping people own their own homes, more than 60 percent, according to the article, actually went to households making greater than a hundred thousand dollars a year. So, you know, it took say in probably, you know, the backbone of this editorial talked about how the affluent in the United States have spent a lot of time separating themselves from

the non affluent. And as I mentioned, you know, they don't talk a lot about how white people have spent a lot of time and energy separating themselves from nonwhite people as well. A lot of times people think of race and poverty as being synonymous. And when they're not, you know what?

**Ben** [00:08:01] One of the points that I underlined in my copy of the editorial says, as inequality deepens, the problem becomes harder to fix the scale of necessary changes. It's larger. Those living in wealthier enclaves feel less. Need for communal infrastructure and separation makes it neither doing nor problems. I think that's an interesting ideas. As it deepens, does it really become harder to fix? One of the things I've kind of become more real aware of in my time as the law. These issues aren't that hard to fix. It's just a matter of, well, you know, when you structure a program like that is first come, first serve the bank and give the fact that whoever, of course, you're going to get an inequitable outcome. But to design it so it work more equitably does not require rocket science. You know, and it's same thing with low-income fares. You know, if you allow people to use the trains, you're going to have a much more equable economy. And I think we can go issue by issue in what we need to do to make things more equitable. It's not impossible. It's just that we value it.

**Tracy** [00:09:08] Well, I think the article made a really great distinction in kind of comparing the way we think about our country in terms of the way that classes and seats are divided up at airlines, you know, and that's why I kind of bristle a bit whenever we talk about, you know, improving our commuter rail system, making it more of a regional rail system. And we think about, you know, putting in place, you know, different classes, you know, because once again, you're separating people.

**Tracy** [00:09:30] And so, you know, anything that we can do to kind of take away some of those inherent structures that divide people by their by their means and their ability to pay. Of course, you know, equity involves not just making things so that they're much more accessible for people, but also making sure that we are helping to reverse some of the historic challenges that we've had. I think that the editorial cites the Netherlands saying that, you know, instead of investment in schools being based upon, you know, local taxes, which is a major, major flaw in our in the way that we fund education here in this country and as a as a legal loophole that has allowed segregation to persist. Just in a very tacit form across this country, instead of them investing in it based upon, you know, local property taxes going into local schools, which as we already have, because we have our neighborhoods divided up by wealth, that mix means you gonna have disproportionate investment in schools in the Netherlands. They actually invest in up on a per capita basis and actually provide a bonus for those communities where students and their families have historically been marginalized or are socially and economically excluded from the system so that they can actually help make up that gap between what exists in society, just recognizing the disparities that actually exist. So because we have this kind of race neutral approach to our policies, it makes for a huge, huge difference in what we can do with our public policies. And then also the fact that as the article really points out, you know, we just don't spend enough time really caring for one another. We really don't spend enough time sharing our economic prosperity. We don't spend enough time actually just sharing the best of ourselves with each other. And so I think that that in and of itself is really at the root of what we're seeing here.

**Ben** [00:11:29] Yeah. I mean, I think my view of late has been optimistic because, you know, as I said, I think a lot of the solutions are not that complex. And it's a matter of, well, in our leadership has become more diverse in cities at least. And so we have more leaders

who recognize what the fix is and they're willing to make it. But, you know, that's in some ways limited to our larger cities like Boston in many of our smaller cities. There's not nearly as diverse leadership as their populations, certainly at the state and federal level. People of color are woefully underrepresented. And so if we're really setting the rules of the road for a long time for now and how we recover from this crisis, you know, I think people like Congresswoman Pressley, who's comes up several times in your conversation with group, may not have as much clout as they need to and thinking about how we structure an equitable recovery.

**Tracy** [00:12:29] You know, I think that the editorial also pointed out that, you know, and this is true of any democracy that, you know, we can have a solid leadership in place, that actually they have the will, but they need the consent of the people. And so if there are certain leaders that are out there out front, kind of addressing and to tackle these issues, but they don't have enough support of the people behind them, then we're not gonna get very far. And I think that that has been a challenge.

**Ben** [00:12:53] So, yeah, well, you know, I think another one of the hopeful things is leadership from people like Segun in the increasing influence his group is having with policymakers in Massachusetts. And I think that really comes out in your discussion. And for folks who haven't had a chance to meet him and hear from this will be a great episode for them to listen to.

**Tracy** [00:13:23] In late April, a coalition of small businesses voiced their frustration that the federal government's efforts to help were not reaching small businesses of color. My guest today sees firsthand how minority business owners are struggling in this pandemic. In non-crisis times as well, he works to provide tools to small business owners in an effort to stimulate equitable economic development. Segun Idowu, executive director of the Black Economic Council of Massachusetts, thank you so much for joining me today.

**Segun** [00:13:51] Thanks for having me, Tracy, and happy to be here.

**Tracy** [00:13:53] Excellent. Now, before we jump in, I want to kind of just address the elephant in the room. How does it feel to be named as one of the top 100 most influential people in Boston?

**Segun** [00:14:08] I don't like talking about it. Thank you very much. Unexpected. Of course, I appreciate the acknowledgment. I'd like anybody would. But, you know, for me as an organizer, before I became executive director of BECMA, you know, we know that we don't do any of the work we do for glory or fame or or even that public acknowledgment. So even though I was happy to get it, at the end of the day, I wish I could have felt that list of one hundred million other folks that I worked with to achieve the things I was praised for in that in that article. So, you know, but I'm also happy to move on to way more important topics.

**Tracy** [00:14:50] Well, that humility is the reason why you were nominated. So, yes. Thank you so much for just sharing that. Okay.

**Tracy** [00:14:57] So to get to the work that your organization is doing during the pandemic and more broadly. First, tell us a little bit more about the immediate issue at hand. How do you see minority-owned small businesses respond to the economic impacts of the pandemic? And are they beginning to receive aid from the federal government?

**Segun** [00:15:15] So I appreciate that. You know, the when this first started to hit our shores, I'll say, you know, back in early March, everyone started to take this a lot more seriously. At first it was something that was happening over there, either in Europe or Asia. It wasn't an American problem. So in early March, though, when we started hearing reports of numbers of sick people growing in the country, we sent out a survey to our members just to get a snapshot of how they were being impacted, impacted by COVID 19 at that time. And so here in Massachusetts, we have about 300 members. And from the data that we gathered, you know, 90 percent of our members are already in early March, were experiencing a somewhat too severe financial impact. This is before the governor issued a stay at home advisory. So, you know, we can only imagine what that number that that number is 100 percent. Now, 60 percent of folks said they only had reserves to last up to 90 days, if at all. And, you know, 40 percent of those who employed more than two people and I think the number was roughly 500 full time employees represented by those that responded, you know, 40 percent of them. So they'd have to lay off staff. And again, that was early March almost two months ago now. And we know that those numbers have increased. So, you know, in terms of the pandemic and its impact on small businesses, particularly black on small businesses, it's been severe. You know, we're already in a precarious position before all this started. And so this is kind of exacerbating existing disparities on our businesses.

**Segun** [00:16:53] So there's that. And then in terms of, you know, relief efforts, it's been daunting, to say the least, to connect our business members to these relief efforts. If we start from the federal government on down, you know, when when Congress passed the CARES Act in late March, you know, there was there were glaring defects in that bill. It was first come, first serve, which we already knew from the outset that we weren't going to be pushed out of getting those funds because, you know, the biggest thing for black owned businesses and other minority owned businesses is the back office support. We are experts at what we do in the industries we're in. But when it comes to accounting and H.R. and all that kind of stuff, we just don't have the time and resources to focus on that. So we didn't have an accountant. We didn't have a CFO or whole accounting department to put together our documents and jump in line. So I think that I saw from the Center for Responsible Lending showed that 95 percent of black owned businesses across the country did not receive federal funds. And I think it was roughly 900. All minority businesses did not receive federal stimulus money in the first CARES Act. And then so there was that. And then, you know, in the second instance with more money for the federal programs, you know, we've been part of this group of technical assistance providers and lenders and other other resource providers to connect minority owned businesses to PPP and other SBA programs because of that effort. Things have gone much more smoothly at this point. I think we've we've engaged about 500 businesses in the state and connected roughly 200 folks to federal resources who otherwise would not have been able to do that. So. At least on the federal level, it's been tough. And then on the state and local levels, it's even more difficult.

**Tracy** [00:18:53] Well, you know, I've been also participating in some of those calls that you have a part of. Can you tell me a little bit more about the value of those calls, but also just also tell us a little bit more about what the state itself is doing to help.

**Segun** [00:19:05] Sure. So, you know, we we've been trying to respond in every which way that we can as an organization to support our members. One of those ways has been developing a new online or virtual conversation On The Mark, which the entire goal is connecting our members and other business owners to policymakers and doers, you know.

**Segun** [00:19:30] So for instance these federal programs are being instituted, but no one knows where to go for support, to ask questions. You know, oftentimes if we consider the Small Business Administration, the SBA, you know, they're overwhelmed with questions of email or phone calls.

**Segun** [00:19:47] So these conversations really allow folks to connect live with the folks who are writing the policies or legislation and the folks who are tasked with carrying it out to ask just basic questions, sometimes more specific questions, and walk away more knowledgeable than they would. So, you know, we were very fortunate to have Congresswoman Pressley join us on our first antifa first event where we discussed for almost an hour the CARES Act, particularly the Paycheck Protection Program, an economic injury disaster loan, where she was able to dispel a lot of the myths around the program. You know, at this time, there were a lot of disjointed communication coming from the White House. And then, you know, folks who in appointed positions, you know, in the Treasury, SBA, the legislature itself. And so she was really able to kind of focus people's attention on the important parts and to really let folks know, particularly black business owners, you can apply for all of these things, a lot of black business owners were not sure what applied to them, if anything, at all. And so that really helped folks understand, you know, what was there for them. In terms of what the state has been doing, not as much anymore, unfortunately, again, when it comes to businesses. Of course, the state has been has gone over and above in terms of providing care for frontline workers and making sure that they're getting proper guidance out to protect Massachusetts residents.

**Segun** [00:21:21] But when it comes to businesses, it's been a little lacking. They attempted to do something when COVID 19 became a huge thing across the country. So through the Mass Growth Capital Corp. or MGCC, they introduced a 10 million dollar loan program that was meant to give out loans up to, I believe, one hundred thousand dollars to two businesses that applied. But they had to shut that program down in 36 hours because as it went live, they they received 4000 applications that displayed a need for one hundred and thirty five million dollars. And the state just was not prepared to to offer that kind of money. So since then, we haven't heard or seen anything in terms of, you know, support for small businesses across the Commonwealth.

**Tracy** [00:22:16] So that's really pointing out that there's just a lack of funding to be able to respond in a time of crisis like this. You know, that, of course, also a lot of the conversation, you know, you spoke earlier about, you know, not having that back office support. And so a lot of the programs were based upon filings and records to be able to show kind of what is going on. And, you know, I kept hearing from a lot of folks that a lot of businesses, especially Gateway cities, just didn't have those records to be able to apply. So based upon what you're saying and what could the state, the private sector, the federal government, you know, all of us, what can we be doing to kind of help address some of these disparities? And then also, let's talk about a little bit more about other disparities that you might be seeing as well.

**Segun** [00:22:59] Sure. So I know, you know, from our perspective or on our end, we have an agenda on all three levels of government. So federal, state and local for the federal government. You know, we were fortunate to be able to partner with Amplify LatinX, the initiative for Competitive Inner City or ICIC and Eastern Bank on an op ed in The Boston Globe where we called for action on the federal level of the next stimulus package related to COVID 19, calling for in this next package related to the paycheck protection program or any other fund that's put together that there be a specific carve out for minority owned

businesses. And it's important that we do this for this reason alone when we have a first come, first served basis on obtaining federal or any kind of funds, you shut out already marginalized communities. We were already battling disparities before this crisis began. We were already taking just half of a step forward in this state.

**Segun** [00:24:08] So we can only imagine what it was like in other states that don't believe its equity is an issue at all. And so we need there to be a specific fund set aside for minority owned businesses where therefore it gives time to folks to put their get their stuff together and to apply for this funding, knowing that it's not going anywhere because of specifically for this group of people. We also called on the federal level for money to be set aside to fund technical assistance organizations who are already providing support to business owners to apply for this relief funding as well as collecting data. So that the thing that has really surprised a lot of us, although not really if we're paying attention to this particular administration, is that this is one of the first times that the SBA is not collecting data on gender or race or ethnicity of those who are applying for federal funds. You know, it actually took more work for them to remove the ability for someone to check the box to self-identify by race or ethnicity or gender or origin than it was to keep it on the form. And so all this money that's going out, we have no idea where it's actually going. And the way that organizations like Center for Responsible Lending and others are identifying whether or not people are receiving this money is just by putting out these surveys. So, again, none of it is going to be purely accurate because the federal government itself is not collecting this information. So these are the three things we've called for on the federal level, a specific set aside for minority businesses, technical assistance, support and collection of data. And then on the state level, you know, we joined again, Amplify, the Massachusetts Association of CDCs is an 80 other organizations across the state who sent a letter to the governor and the rest of the Massachusetts leadership in the House and the Senate calling for the state to set aside one hundred and fifty million dollars either out of their rainy day fund or through other funds that the state has to put aside for these same three categories. Setting aside thirty five million dollars for a grant program for minority owned businesses and businesses located in low income communities and gateway cities. Thirty million dollars to technical assistance providers, and then the seventy five million dollars to Mass Growth Capital to provide in zero interest loans. Because we also do want to provide businesses the ability to build up their credit through this situation. So that will be important as well. And then again, calling for a task force that would be responsible for ensuring this money is going to where it needs to be going. That's something that does not exist on the federal level, unfortunately, among other things as well. So these are the things that we've been pushing for. We were making some headway on both fronts on the federal level. We've been working closely with Congresswoman Pressly's office and Senator Kamala Harris to put together a piece of legislation that calls for those three components set aside for minority businesses, technical assistance, support, collection of data. And on the state level, we've been meeting with different stakeholders to ensure that the governor's economic development package, which they're reconsidering, that it includes these things that we're calling for because we know that it's important to support minority owned businesses. If we want the state economy to be healthy and community economies need to be healthy and strong as well in terms of equity, you know, in terms of guidance for mask wearing all that, it's all it all has equities baked into it that are impacting our communities.

**Tracy** [00:27:55] Yeah, well, it seems like, you know, so much you're saying between what where the need is and just the impact that she's mentioned this happening on minority owned small businesses. It sounds like the calls to actually support local businesses just hasn't been there. But is that true locally be doing so. That is this kind of lockdown

continues long term or we have future lockdowns. What can we be doing? Kind of what are some of the key needs you see for making sure that minority owned businesses can be a little bit more resilient in the future?

**Segun** [00:28:28] Yeah, it's precisely that. I mean, you know, we we also are trying to put together some programing or at least to partner with folks and existing programing that will help businesses. You know, the buzzword of the year now is going to be pivot. So, you know, we need to make sure that we're helping our businesses. Pivot to putting their services online now in particular, you know, so the Brookings Institution put out a report in early April that showed that it's actually because of minority businesses that the American economy was saved so that, you know, their data shows that between 2007 and 2012. That meant that even though minority owned businesses were more likely to shutter during the Great Recession, they added 1.8 million jobs to the American economy between 2007 and 2012, whereas white male owned businesses lost 800,000 jobs in that time period. And that businesses owned equally by white men and white women lost 1.6 million jobs. So minority businesses were the only category that added jobs to the American economy in that time span. But we need to note that it was because of the industries that we're in that this allowed that this was allowed to happen. And these particular industries that are now going to be impacted the most and for the longest as a result of COVID 19. So many of our businesses are micro-businesses and they're in the areas of hair care, personal care, restaurant, et cetera. And all of these require in-person contact. And so you can bet, you know, the governor could lift the state on advisory tomorrow. There are very few people that don't feel comfortable being in a setting where there are a lot of people. Until we find a vaccine. And so we know that it is these industries that are being impacted the most. So it's important that we're helping our businesses either pivot to be doing their business virtually or helping folks to sunset their business and discover other other industries to go into to use their principal skills. At the same time, we're trying to ensure that we're helping our business members use this time at home to get their back office. Correct. So that when future efforts, relief efforts come down the line, they're able to take advantage of them, but also that we're setting them up for success for a future contract opportunities, because this is the other reason why a lot of our businesses are in a great position, is that we weren't getting contracts either in the private sector or the public sector. But if you talk to a lot of folks in these areas, one of the main reasons was because we don't have our back office together, that we weren't able to show search certain documents that are part of the normal recruiting process. So that's what we should and could be doing now. And I know a lot of people are helping folks to do that, you know, and then there's something what government could be doing. You know, the health crisis is important and we need to keep that in our focus and in mitigating the spread and containing it and making sure that that we're finding a vaccine for it. But at the same time, there needs to be this same understanding that the wealth of a community is just as important as the health of a community. And that, you know, for particularly for black and brown communities, if our businesses fail, that is an entire community economy, which means that, you know, all this talk about reopening the economy and that we need to reinvigorate energy into our economy and make some revenue, it will not be there for Massachusetts, at least if our businesses fail. You know, there are 14000 minority owned firms that employ a hundred and twenty five thousand people and contribute billions of dollars to the tax base. If those businesses get wiped away, we're talking long unemployment lines for the duration and billions and billions in revenue that we are not going to see. So it's important that we're keeping both of, you know, as one of the most educated states in the nation, maybe the world, I think we are capable of doing more than one thing at one time. So we need to make sure that we're focused on both of on both of those issues.



**Tracy** [00:32:35] Now, to close this out. Is there something positive you want to kind of give us as a takeaway for today? I know we've been talking about all these pretty horrifying numbers and, you know, and some of the areas where, you know, we still have a lot of work to do. Is there an energy or focus around small and minority owned businesses that kind of gives you hope for the future and the future of inclusive economic development here in Massachusetts?

**Segun** [00:32:59] Yeah, well, you know, being being a black person in this country, I can't help but feel positive about the future because, you know, there was Martin Luther King who once said that if the inexpressible cruelties we face now could not stop us, the opposition we now face will surely fail. And I think just about all the trials and tribulations that black folk have gone through in this country for generations and centuries. But the fact that we can look back and say here is a terrible thing that happened, but we made it through. And so the only thing I would say to to the state of the nation is that, you know, look to us that despite the trials and tribulations you're going through now, we will make it through. But our hope, our continued hope. As as as a black people and I think of people in general, is that the future? You know, we have the time now to imagine and create a better future for all of us. And so our hope is that we will put that into action and that we will turn our future into our present for years and years to come.

**Tracy** [00:34:04] Well, on that message of hope I want to say, Segun Idowu, executive director of the Black Economic Council of Massachusetts, thank you so much for taking the time to be with us today.

**Segun** [00:34:14] Thanks for having me.

**Tracy** [00:34:16] And that's all the time we have for today. I'm Dr. Tracy Queerly.

**Ben** [00:34:19] And I'm Ben Forman. Today's show is produced by Libby Gormley, Music by Worcester's own The Curtis Mayflower. Thanks to our sponsors, Blue Cross Blue Shield of Massachusetts, Eastern Bank, Enterprise Banking, and the Bar Foundation. See you next time.