



TESTIMONY OF
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U.S. HOUSE COMMITTEE ON FINANCIAL SERVICES

HEARING ON “JUSTICE FOR ALL: ACHIEVING RACIAL EQUITY THROUGH FAIR
ACCESS TO HOUSING AND FINANCIAL SERVICES”

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I. Introduction

Chairman Waters, Ranking Member McHenry, and members of the Committee, thank you for holding this critical hearing on one of the most enduring challenges this nation faces: making racial justice a priority in our economic and political systems. My name is Rashad Robinson, and I serve as the president of Color Of Change, the nation’s largest online racial justice organization. At Color Of Change, we pride ourselves on helping people respond effectively to injustice in the world around us. With over 7 million members, we move leaders in both corporations and governments to create a more just, human, and less hostile world for Black people and all people in America.

Today’s hearing could not be more timely. Last year, the majority of Americans agreed that racial justice is a majoritarian issue — an issue that the majority of Americans not only understand but urgently want to see addressed in a deep and lasting way.¹ Three months into Americans’ isolation due to the COVID-19 pandemic, racial justice brought people of all backgrounds into the streets of cities across the country. Yes, they were protesting police violence and the lack of accountability for violence against Black people, but they were also crying out for attention to the disparate impact of COVID-19, and registering exhaustion with systems that do not care for all people.

2020 showed that racial justice brings people together. With the majority of Americans now believing that racial justice is an important marker of well-being, they are now demanding

¹ See Christopher Gray, *Rashad Robinson, The President Of Color Of Change, Is Holding Corporations Accountable And Building Black Political Power*, *Forbes* (Oct. 12, 2020) (“In 2020, social pressure from the 76% of Americans who believe racism is a prominent issue has influenced many corporations’ public stance on the Black Lives Matter movement.”), <https://www.forbes.com/sites/christophergray/2020/10/12/rashad-robinson-the-president-of-colors-of-change-is-holding-corporations-accountable-and-building-black-political-power/?sh=6d58f48921fb>.

that people in power focus on it. Given the critical role Congressional action plays in people's lives, concern for racial justice informed the choices millions of people made about who should sit in these seats. I want to be clear, however, that racial justice is not just the hot topic of today: it is the code to unlocking the best future for all of us, and every community. Whenever we hold on to racism and its legacy in government and society, we hold everyone in this country back.

II. Dismantling Racism Is A Majoritarian Issue — In Terms of Both Popular Support and Universal Impact — That Congress Must Fully Prioritize When Addressing The Economic Crises The Country Is Facing This Decade

We are in a vicious cycle that we can and must break: racism leads to disaster for Black people and the whole country, and then the racism that defines the response to that disaster only serves to drive up inequality, reinforce bias across society, and set up the next disaster.

Nowhere is this disaster more evident than in the growing racial wealth gap. A study by The National Asset Scorecard and Communities of Color found that even with college degrees, Black Americans still had “about 33 percent *less* wealth than white families whose heads dropped out of high school.”²

The tools to break this cycle are in your hands. Elected officials can either manufacture racial inequality every day, with inequitable policies and responses to societal needs, or they can work intentionally to understand and remove the barriers that were erected and persist, which systematically and destructively exclude Black communities from opportunity and security. Those affected by systemic injustice know what needs to be done but do not have the tools that Congress has to do it.

Today is a hopeful moment in the disruption of systemic racism. As one of many important steps, we are here to better understand the ways in which racial oppression is a documented, measurable, obvious fact of life in our financial and housing systems. Corporations and politicians uphold structural racism in these sectors — thwarting change in the system so they can continue to profit from it. It is going to take bold thinking and action to undo the policies that keep this system going, and to replace them with more just and fair policies — interventions that benefit all Americans.

III. The COVID-19 Pandemic Laid Bare How The Racial Inequities In Our Financial System Have Manufactured A Disaster For Black People

Let me speak to what I know well about this cycle of racism, which, let's make no mistake, is what it is by design. Let's take the example of Black small business owners. For decades, the capital flow to businesses has been racially biased, leading to gross racial disparities in the financial lending markets. The COVID-19 pandemic further exposed the systemic racial inequities that exist in America's financial systems, making it even harder for Black-owned businesses to compete.

² See National Asset Scorecard and Communities of Color, *Umbrellas Don't Make it Rain: Why Studying and Working Hard Isn't Enough for Black Americans* (April 2015) (emphasis in original), https://gallery.mailchimp.com/bf2b9b3cf3fdd8861943fca2f/files/Umbrellas_Dont_Make_It_Rain8.pdf.

Last year, Color Of Change partnered with other organizations to conduct several widely reported studies that examined how the so-called relief for small businesses was racially discriminatory.³ The first study, conducted between April and May 2020, showed that just slightly more than 1 in 5 Black small business owners and just over 1 in 10 Latinx small business owners actually received the financial assistance they requested.⁴ Approximately two-thirds of all Black and Latinx small business owners surveyed reported they either received no assistance from any of the relief programs they applied for, or were still waiting to hear whether they would receive any help at all.⁵ At the time of the first study, almost half of all Black and Latinx small business owners expected to close their doors within six months.⁶

The second study, which was conducted between August and September 2020, showed that not much had improved in the administration of the program with respect to Black small business owners.⁷ Despite being more likely to apply for relief from the Paycheck Protection Program (PPP) and similar type programs, only 37% of Black small business owners actually received the amount of assistance requested.⁸ At the time of the second study, almost 40% of Black small business owners reported being in danger of closing in less than six months.⁹ Additionally, after applying for relief, only 33% of Black small business applicants received a response back from the PPP within two weeks, whereas 44% of white small business owners received a response in two weeks.¹⁰

These studies, along with key data from investigative reports, showed that this was no accident — whether official or not, this was bank policy. And no Congressional policy or oversight was there to prevent this ruinous discrimination.¹¹ When it came to processing loan applications and providing the other services required to gain assistance through the program, banks served white business owners first and best, to the exclusion of Black business owners. Banks routinely denied, or even just plain ignored, the majority of Black businesses that sought

³ See Color Of Change & Main Street Alliance, Small Business Owner Survey (Sept. 2020), https://d3n8a8pro7vnm.cloudfront.net/mainstreetalliance/pages/1045/attachments/original/1602791475/Report_FINAL_-_Main_Street_Alliance__Color_Of_Change_Poll_Data_10.14.20.pptx.pdf?1602791475; see also Color Of Change & UnidosUS, Federal Stimulus Survey Findings (May 2020), <https://theblackresponse.org/wp-content/uploads/2020/05/COC-UnidosUS-Abbreviated-Deck-F05.13.20.pdf>.

⁴ Color Of Change & UnidosUS, Federal Stimulus Survey Findings (May 2020), <https://theblackresponse.org/wp-content/uploads/2020/05/COC-UnidosUS-Abbreviated-Deck-F05.13.20.pdf>.

⁵ See *id.*

⁶ See *id.*

⁷ See Color Of Change & Main Street Alliance, Small Business Owner Survey (Sept. 2020), https://d3n8a8pro7vnm.cloudfront.net/mainstreetalliance/pages/1045/attachments/original/1602791475/Report_FINAL_-_Main_Street_Alliance__Color_Of_Change_Poll_Data_10.14.20.pptx.pdf?1602791475.

⁸ See *id.*

⁹ See *id.*

¹⁰ See *id.*

¹¹ See Joyce M. Rosenberg and Justin Myers, *Minority-owned companies waited months for loans, data shows*, Associated Press (Dec. 31, 2020) (explaining that “[t]housands of minority-owned small businesses were at the end of the line in the government’s coronavirus relief program as many struggled to find banks that would accept their applications or were disadvantaged by the terms of the program.”), <https://apnews.com/article/technology-small-business-new-york-coronavirus-pandemic-7613e946275f085367b5fc8c9a496aea>.

their help, denying them their share of a government protection funding program that was drawn from their very own tax dollars. That is, not only did banks practice widespread discrimination and leave Black businesses out to dry, they forced Black businesses to subsidize the recovery for white business owners at their own expense. And the government enabled them to do it.

There is a lot of talk about financial innovation in this country, and too often this is exactly what it looks like: exploitation posing as innovation. You might ask yourself how the banks were able to get away with this. It's simple: under our current financial system, the banks get to pick and choose their favorite borrowers and move them to the front, while no one is watching. They are pushing Black people to the back of the bus of financing.

IV. The Structural Barriers In Our Financial System Have Long Operated To Deny Black Business Owners Their Fair Share

This is how America still works right now: at every level and in every sector, Black people are set up to fail and then blamed for their failure. And when a few people do succeed or make it through, their success is cited as evidence that nothing is wrong. So even our success is used against us, to justify policies, practices and systems that continue to set people up to fail.

The truth is that there is nothing a Black loan applicant can do in a situation where a bank denies services or refuses to even look at their application, simply based on their race. That's called a structural barrier: a barrier that personal effort cannot get around.

A lack of congressional recognition to this reality amounts to tacit agreement. It is the business of Members of Congress to ensure that those they represent have equitable access to tools for building opportunity and wealth in this country — to remove these barriers.

Those barriers were laid bare most recently during the pandemic by means of the racially discriminatory manner that the PPP funds were disbursed. But those barriers were rooted in place well before the pandemic; in fact, they were planted in history right alongside the thousands of Confederate monuments that still exist today. And like most of these Confederate statues, the structural barriers that manifest themselves in many of the nation's economic statutes and policies are still standing.

V. The Need for Racially Just Policymaking To Ensure That Our Financial Systems Are Working To Achieve Racial Equity

At Color Of Change, we believe that a fundamental rethinking in how the country approaches, rules, regulations, and policies are needed to improve Black people's lives, and strengthen Black communities, as well as all communities as a whole. For those reasons, we recommend that Congress adopt a racially just policymaking approach when evaluating and determining which laws and regulations to enact, implement, or revoke.

Racially just policymaking is centered on three things. The first involves the use of resources to help achieve equity. The data are clear: to help repair decades of systemic racism in our financial system, we need to target more funds to Black and Brown people. For example, a

Color Of Change study with UnidosUS found that among the Black and Latinx small business owners polled, 57% reported that direct cash assistance in the form of grants would be most beneficial to them.¹² The use of federal grants is a preferred approach given how essential this funding stream has proven to be for Black business owners' retention and rehiring of their employees.¹³ Similarly, a recent Color Of Change study found that for the 56% of Black voters who struggle with student loan debt, the overwhelming majority indicated they were significantly more likely to move forward with major life events, such as buying a home or saving for retirement, if they were not carrying these balances.¹⁴

The second key feature racially just policymaking requires is an evaluation of metrics to determine whether the laws or regulations are achieving the goal of reducing racial inequities. It is not enough for Congress to say it wants to achieve racial equity and hope that the policies it enacts fulfill its stated promise. It is essential that every policy that distributes federal dollars is evaluated and measured for its impact on racial inequality.

Finally, the third component needed for racially just policymaking is a strong commitment to enforcement. The inclusion of civil rights protections in many of our financial services laws are of little consequence if federal regulators do not have the tools and resources to hold violators accountable. Having nondiscrimination laws in lending on the books is meaningless when there's no one to stop banks from engaging in modern day redlining to deny Black people homeownership.

VI. Conclusion

Thank you for the opportunity to testify today. I look forward to your questions about the most effective way to end the racism that defines so much of people's lives in our country, and is holding all of us back.

Addendums

- [Color Of Change Student Loan Debt Elimination Survey \(Feb 2021\)](#)
- [Small Business Owner Survey - Color Of Change & Main Street Alliance \(October 2020\)](#)
- [Small Business Owner Survey- Color Of Change & UnidosUs \(May 2020\)](#)
- [Telling the Right Story on Race During COVID-19 \(May 2020\)](#)

¹² Color Of Change & UnidosUS, Federal Stimulus Survey Findings (May 2020), <https://theblackresponse.org/wp-content/uploads/2020/05/COC-UnidosUS-Abbreviated-Deck-F05.13.20.pdf>.

¹³ *See id.*

¹⁴ *See* Color Of Change, Student Debt Elimination Survey (Feb. 2021), https://colorofchange.org/wp-content/uploads/2021/02/21-02_Student-Debt-Relief_external_1.pdf.