

REQUEST FOR PROPOSAL

**INDIANAPOLIS AFRICAN
AMERICAN QUALITY OF LIFE
INITIATIVE FOR BUSINESS
DEVELOPMENT AND
ENTREPRENEURSHIP**

Funding Equity and Capacity Development for Black Businesses

ISSUED:

MARCH 15, 2022

RESPONSES DUE:

APRIL 22, 2022

11:59 PM (Eastern Time)

For Submission Requirements see www.iaaqli.org

INTRODUCTION

Indianapolis Urban League (IUL), with support and in partnership with National Urban League (NUL), the African American Coalition of Indianapolis (AACI), its member organizations, community groups, faith-based organizations, corporations, foundations, local and state public agencies and individuals, is implementing the Indianapolis African American Quality of Life Initiative (IAAQLI). Funded through a \$100 million grant to NUL from Lilly Endowment, IAAQLI is mobilizing African American resources while also building collaborations and partnerships to elevate the quality of life of African Americans in Indianapolis/Marion County.

IAAQLI focuses on five priority issue areas affecting the quality of life of African Americans in Indianapolis: Business & Entrepreneurship, Education, Employment, Health and Wellness, and Housing and Homeownership. This Request for Proposal addresses the issue of Business Development and Entrepreneurship. IAAQLI invites eligible applicants to submit projects/programs that address strategies for Funding Equity and Capacity Development for Black Businesses.

BACKGROUND

NEED: EQUITY IN FUNDING

According to Next Street and Common Future, only 4% of all businesses in the city are owned by African Americans despite Indianapolis' diverse population of 29% Black residents. Many are struggling to stay afloat, generating revenues of less than \$100,000 a year and having few employees. Research has shown that the reasons for this disparity can be explained in large measure by persistent gaps in access to financial capital and what's commonly referred to as human capital (education, training, coaching, mentoring, and learning experiences).

According to research, 85% of all businesses begin with funding from the founder of the company. This funding is often leveraged from the personal finances of the owner or personal loans from family members and/or friends. On average, \$17,000 of capital is required to launch a new business. But, according to a report by Motley, the median savings account balance for American households is just under \$5,000. In fact, Black-owned businesses start with less money when they begin and invest



money at slower rates over years when compared to white-owned businesses.¹ This has direct implications on the ability of potential entrepreneurs, particularly Black Americans, to invest capital into new ideas and businesses. Research has shown that higher levels of entrepreneurship can enhance a region's ability to respond to economic downturns; however, African Americans often lack capital access as compared to white entrepreneurs.

According to Next Street and Common Future's recent research report, there is a disproportionately low rate of bank lending in neighborhoods with high concentrations of Black and Latino(a) residents. Some neighborhoods' residents have experienced a continual trend of bank branch closures following a national trend of community bank consolidation. Local community development financial institutions (CDFIs) are poised to fill lending gaps left by banks; however, in Indianapolis, the lack of CDFIs further contributes to significant unmet demand for capital and leaves an underdeveloped market for responsible alternative lending for Black-owned businesses.

Investing in Funding Equity drives meaningful change within the Black business community and supports the long-term success of Black-owned small businesses and the communities they serve by addressing the financial capital gap. With the necessary financial capital, Black business owners will have the ability to grow their businesses and create jobs. While there are many resources targeted at helping businesses and entrepreneurs, not all of those specifically apply to Black business owners. The strategy to address this need under IAAQLI will provide funding to not-for-profit organizations that provide grants, loans, and other financing instruments for a variety of black businesses and entrepreneurs.

NEED: BUSINESS CAPACITY

According to the U.S. Census, while Black Americans make up 13 percent of the U.S. population, they own less than 2 percent of small businesses with employees. That translates to just over 2.6 million Black-owned businesses. While this number has risen by more than 30 percent in the past decade, many of these business are struggling to stay afloat, generating revenues (as noted above) of less than \$100,000 a year and having few employees. Also as previously noted, research has shown that the reasons for this disparity can be explained in large measure by persistent gaps in access to financial capital and what's commonly referred to as

¹ [PolicyBrief-May17.pdf \(stanford.edu\)](#)

human capital (education, training, coaching, mentoring, and learning experiences).

Black Business Capacity Building strives to drive meaningful change within the Black business community and support the long-term success of Black-owned small businesses and the communities they serve by addressing the human capital gap, to ensure Black business owners have access to quality guidance and funding opportunities. While there are many resources targeted at helping businesses and entrepreneurs, not all of those specifically apply to Black business owners. The strategy to address this need under IAAQLI will provide funding to not-for-profit, Black-led organizations to develop new services or expand those they already offer to promote Black Business Capacity Building, such as mentorship, networking, financial planning, and business training for Black entrepreneurs.

Studies have found that business owners with higher levels of business and financial education are more likely to also see higher sales, profits, and survival rates. This strategy seeks applicants, especially Black-led organizations, that can offer educational resources aimed at business owners and their employees. With more education and training, Black-owned businesses can develop needed skills in areas such as accounting, business planning, and general management to spark growth or stay afloat during an economic crisis.

SUMMARY OF NEEDS

- I. Capital is essential to businesses early in their lifecycle. Providing a specific pool of money through this initiative will increase the number of Minority Business Enterprises and Black-owned businesses in Indianapolis and Marion County communities.
- II. Capital is essential to businesses that need funds to support their general operating budgets. IAAQLI is designed to identify and fund strategies that will aid firms in times of payment delays and unforeseen emergencies to continue to pay staff, maintain inventory and quality of service.
- III. Capital is essential to businesses to take advantage of viable opportunities for growth and expansion. Providing capacity for this purpose will ensure business scalability and long-term viability.
- IV. Black-owned businesses often lack access to a supportive network of both financial resources and seasoned business owners that can help them navigate each stage of their business journey, including the process of obtaining loans and grants.
- V. Although a strong business network is typically created organically, Black business capacity development organizations can help foster



these relationships with partnerships and launch initiatives at a larger scale. They can also play a role in creating peer-to-peer connections with smaller businesses through mentorship.

PROJECT GOALS AND SCOPE

IAAQLI Strategy to Respond to the Needs

One of IAAQLI's goals is to strategically employ grant funds to invest in business development and entrepreneurship that will result in positive changes in critical issue areas where African Americans have measurable disparities in comparison to other citizens.

Under IAAQLI, NUL has committed \$5,000,000 in funding for strategies to address these needs with grants ranging from \$50,000 to \$500,000 for up to 3 years.

Award amounts are subject to change.

IAAQLI has identified two strategies to respond to the needs:

Strategy 1: Funding Equity for Black Business Leaders

Strategy 2: Black Business Capacity Development

The goal of each strategy is to accomplish the following:

1. Funding Equity for Black Business Leaders: Increase the access of Black businesses and entrepreneurs to various types of business development financing to create and operate business ventures with the potential for scalability and long-term viability.
2. Black Business Capacity Development: Increase opportunities for education, training, coaching, and mentoring and special learning experiences, that increase the knowledge, skill, professionalism, and long-term stability of entrepreneurs and businesses at all stages of their development.

STATEMENT OF PURPOSE FOR STRATEGY 1: FUNDING EQUITY FOR BLACK BUSINESS LEADERS

Grant funding will be made available to not-for-profit organizations that provide grants, loans, and other financing instruments for a variety of Black businesses and entrepreneurs. Priority will be given to organizations that work with businesses



with demonstrated success in their support for established professional practices and/or organizations, services, and entrepreneurs. Applicants who serve start-up ventures with service, product areas, or professional practices and/or organizations that do not qualify for traditional banking services will also be considered.

Categories of assistance may include funding for staffing, inventory, working capital, and sustainability, such as advance payment plans, down-payments, and other processes to enhance cash flow. Funding for equipment and technology for administration and operations could be considered.

STATEMENT OF PURPOSE FOR STRATEGY 2: BLACK BUSINESS CAPACITY DEVELOPMENT

This strategy seeks applicants, especially Black-led organizations, who can assist entrepreneurs and business leaders with knowledge about business formation and operations, financial readiness and management, and strategic and business planning, and can facilitate access to quality professional services (i.e., accounting, marketing, technology, space use and planning, human capital management, benefits, etc.). Preference will be given to those organizations engaged in collaborations that provide a more comprehensive array of services and grants, loans, and other financial support of established or emerging businesses with promise. Organizations that have provisions for building and maintaining long-term relationships with their clients are preferred, especially applicants that can demonstrate an evidenced-based long-term impact on the business development of clients.

Funding may be provided to organizations with specialized knowledge to aid businesses in minority contracting with corporate, governmental, and the nonprofit sectors. Organizations that can provide mentoring and coaching programs and link people with emerging technologies and business opportunities, as well as assist businesses with the know-how to meet industry standards, regulations, state laws governing business practices, and other knowledge or experiences that will enhance their effectiveness and growth potential, are especially needed.

All capacity-building service providers should identify needs they meet based on consumer need definition, organizational evaluation, program practice, or knowledge of the evolving industry, governmental or current business requirements for business viability, sustainability, employment, and wealth generation.



ELIGIBILITY REQUIREMENTS

ELIGIBLE APPLICANTS

Funding is restricted to organizations that are public charities described in Section 501(c)(3) of the Internal Revenue Code (Code). To be eligible for a grant award through this RFP, preference will be given to organizations that are African American-led and that is embedded in communities serving African American residents in Marion County, Indiana. In reviewing applications, preference will be given to organizations that include a plan for measurable milestones, outcome reporting, and collaborative project/program teams.

These organizations may apply independently or decide to collaborate with other organizations to deliver project/program activities. If applying with a collaborating organization or with a consortium of organizations, the applicant must include a letter(s) of support from those collaborators (signed by their authorized official) in the application. A letter of support should outline the collaborator's roles and contributions in delivering the required project/program, experience, expertise, and knowledge. It is preferred that collaborating organizations are based in Indiana and preferably, reside in Indianapolis. Collaborating organizations may or may not be African American-led or not-for-profit. Preference will be given to applicants with the following background:

- Experience in delivering financial support in the form of grants, loans, investments, and other financial services to the Black business community.
- Experience in delivering business support and advisory services to the Black business community.

ELIGIBLE PROJECTS FOR FUNDING EQUITY FOR BLACK BUSINESS LEADERS

This strategy seeks to support concepts that demonstrate how the proposed work will support Black entrepreneurs and business owners and help to address gaps in financial capital.

ELIGIBLE ACTIVITIES

Eligible activities should address a gap and/or build capacity for non-profit organizations to provide financial resources to Black-owned startups and existing businesses, and can include grants, patient capital in the form of loans, or equity revenue share investment funding for one or more of the following:

- a) Staffing.



- b) Inventory.
- c) Working capital.
- d) Sustainability (such as advance payment plans, down-payments, and other processes to enhance cash flow).
- e) Equipment and technology for administration and operations could be considered.

ELIGIBLE COSTS

Eligible costs include all costs incurred that are reasonable and necessary to carry out the project/program that are described for this strategy.

Eligible costs can include:

- a) Loan loss reserves.
- b) Capital for Grants.
- c) Capital for Loans.
- d) Capital for Equity Fund (modeled similarly to Eagle Street Market's Community Equity Fund).
- e) Minimal Administrative fee (up to 10%).

ELIGIBLE PROJECTS FOR BLACK BUSINESS CAPACITY DEVELOPMENT

This strategy seeks to support concepts that demonstrate how the proposed work will support Black entrepreneurs and business owners and help to address gaps in the Black Entrepreneurship Ecosystem.

ELIGIBLE ACTIVITIES

Eligible activities under this strategy should address a gap and/or build capacity in the entrepreneurship ecosystem for Black businesses, and can include one or more of the following:

- a) Networking, matchmaking, and mentorship opportunities.
- b) Incubator and accelerator programs.
- c) Business advisory services to help entrepreneurs develop business plans, access capital, etc.
- d) Efforts to scale up programs that support Black entrepreneurs across Indianapolis and Marion County.
- e) Other activities that will support the objectives of this strategy (such as financial skills on topics ranging from credit, business, loan management to digital literacy).



ELIGIBLE COSTS

Eligible costs include all costs incurred that are reasonable and necessary to carry out the project/program that are described for this strategy.

Eligible costs can include:

- a) Cost of labor (e.g., wages and benefits) and material used.
- b) Operating costs that are incremental and directly related to the project/program (e.g., management fees, working capital, translation costs).
- c) Consultancy fees (e.g., professional, advisory, and technical services).
- d) Advisory expenses (e.g., planning, business information, counseling advisory services, coaching, mentoring, or networking events; workshops or conference fees; fees associated with participation in business training through a business service organization).
- e) Costs related to expanding or maintaining markets.
- f) Subcontracting costs.
- g) Production and distribution of promotional materials and management tools.
- h) Costs related to specialized services such as research and development services, technical or innovation services, and business networking.

ELEMENTS OF PROPOSAL

APPLICATION REQUIREMENTS

1. The application form is available online at <https://app.smarterselect.com/programs/77221-iaaqli>.
2. All applications will be reviewed and screened by IUL and its IAAQLI partners. Criteria will include certification of Code section 501(c)3 public charity status (including a Letter of IRS Determination), the 990 of the organization, and clear identification of the IAAQLI strategy your organization plans to address, and adherence to other program requirements.

IAAQLI GRANT APPLICATION

The following section provides a general overview of questions grant seekers will need to answer in the application process. Applications, like the Letter of Intent,



will be submitted through the IAAQLI Smarter Select system. Applications should address or include the following:

- a) The target audience for the proposed project/program, including the geographic location served, and points of service (including where the services will be offered and how the Black entrepreneurship community will be able to access the services).
- b) A detailed project/program budget to accompany the applicant's grant request material. The budget must be completed on the IAAQLI Budget Template.
- c) How the project/program activities will meet the eligibility criteria of the proposed funding strategy.
- d) A description of the project/program team and the management structure for the project/program; a description of the organization's leadership and staffing.
- e) How the project/program will address the gaps in the business development and entrepreneurship ecosystem for African American residents and how it will contribute towards the achievement of the proposal's objectives and expected results. *(The information should describe what you are offering, how you will deliver, your proven track record, past experiences and your level of expertise related to entrepreneurship. If your project/program includes collaborations with other organizations, please also describe their role, track record, experience, and expertise).*
- f) Key activities you will undertake in this project/program and the proposed length of the project/program.
- g) Plans for future sustainability after the grant funds are exhausted.
- h) A statement of Revenue and Expense for the organization's most recently completed fiscal year.
- i) A commitment that IUL will receive a certificate of insurance ("COI") naming NUL as an additional insured from each individual or organization receiving funding from NUL under IAAQLI.

PROCEDURE FOR PROSPECTIVE GRANT APPLICANTS

1. Applicants must submit responses to this RFP online by the indicated due date.
2. You should expect to receive notification of awards/declines by the end of May 2022. Please note, awards and grant agreement letters will come from the National Urban League.



3. Grant Agreements are sent to funded organizations and must be signed by an officer of the organization and returned by the due date indicated.
4. Funds are delivered after award approval and receipt of a signed Grant Agreement unless requested later.
5. Grant recipients are required to submit Grant Summary Reports at six-month intervals. Reports should update us on the progress of your funded project/program. A final report will be required at the conclusion of the award period. Reporting requirements and dates are included in the Grant Agreement. Please be sure to put the due dates on your calendar. If you do not submit your reports on a timely basis, we will not be able to provide scheduled future funding until those reports are made current.

SELECTION & EVALUATION PROCESS

Each submitted proposal will be reviewed by a team of evaluators. An IAAQLI staff representative will oversee the proposal evaluation process. Each proposal will be evaluated based on the following criteria, among others:

- Eligibility: The extent to which the organization meets the criteria regarding who can apply.
- Alignment: The extent to which the organization demonstrates how it will address gaps and challenges in the housing ecosystem (focusing on racial equity within that ecosystem), in alignment with this strategy's stated objectives and expected results.
- Experience and capacity: The ability of the organization to deliver on the proposed project activities and the applicant's and/or collaborator's technical and financial management capacity. Organizations are highly encouraged to leverage resources by fostering partnerships and by demonstrating economies of scale.
- Feasibility: The extent to which the project is sound and financially feasible.

ANTICIPATED RFP TIMELINE

RFP Date of Issue	March 15, 2022
Written Questions from Q&A session Due to Email: info@iaaqli.org	March 28, 2022



IUL Posts Answers to Questions	April 2, 2022
RFP Proposals Due to Smarter Select	April 22, 2022, 11:59 pm
Anticipated Proposal Awards	June 2022

QUESTIONS AND INQUIRY PROCESS

All questions/inquiries regarding this RFP must be submitted in writing by the deadline of March 28, 2022. Questions/Inquiries should be submitted electronically via email to info@iaaqli.org and must be received by the date indicated above.

Following the question/inquiry due date, IAAQLI will compile a list of the questions/inquiries submitted by applicants. Only answers posted on Smarter Select will be considered official and valid. No applicant shall rely upon, take any action, or make any decision based upon any verbal communication.

NUL and its IAAQLI partners reserve the right to publish clarifications on information submitted in response to this RFP and to conduct discussions, either oral or written, with applicants separately or in groups. These discussions could include requests for additional information, requests for cost information or technical requirements, response attachment revisions, etc. Additionally, in conducting discussions, NUL and its IAAQLI partners may use information derived from the responses submitted by competing applicants, making reasonable efforts to preserve the identity of applicants when communicating with others.

Neither NUL, its IAAQLI partners, nor any of their representatives shall be liable for any expenses incurred in connection with the preparation of a response to this RFP. Applicants understand that this RFP does not constitute an offer to enter into an agreement or a contract between any applicant and NUL, or any of their IAAQLI partners.

This document is for information purposes only. All applicants are required to complete a full application to be considered for funding. Eligible applicants are invited to apply through the Smarter Select grants management system available on at www.iaaqli.org.