



May 8, 2020

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, D.C. 20510

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The Honorable Charles Schumer
Minority Leader
U.S. Senate
Washington, D.C. 20510

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

Re: U.S. Hispanic Chamber of Commerce Policy Requests to Ensure Diversity, Equity, and Inclusion of Hispanic and Minority-Owned Small Businesses in Fourth COVID-19 Economic Relief Package

Dear Speaker Pelosi, Majority Leader McConnell, Leader Schumer, and Leader McCarthy,

On behalf of the United States Hispanic Chamber of Commerce (USHCC), our Board of Directors, and the Hispanic-owned business community, we are writing to express our policy requests as you consider the next phase of stimulus funding to keep the American economy on track during and after the COVID-19 economic crisis.

The USHCC actively promotes the economic growth, development and interests of more than 4.7 million Hispanic-owned businesses that aggregately contribute over \$800 billion to the American economy every year. We also serve as a platform for our nationwide network of over 250 local Hispanic chambers of commerce.

Prior to the COVID-19 economic crisis, Minority Business Enterprises (MBEs) have been succeeding in spite of the many historical barriers minority entrepreneurs face as they work to start and grow a business. MBEs are two to three times more likely to be denied business loans, have one third of the annual gross revenues when compared to non-minority owned companies, and are half as likely to have at least one employee on payroll. When we fail to invest in minority-owned firms, our economy suffers.

In this spirit, the USHCC asks for your consideration of the following proposed policy requests as Congress considers the next stimulus package. Our advocacy is focused on three overarching principles: (1) providing immediate liquidity for Hispanic, small, and medium-sized businesses, (2) ensuring that Hispanic and minority-owned small businesses are included in procurement opportunities with the federal government and in the economic stimulus funding, and (3) our commitment to continue to work as a resource with Congress in helping write future legislation and shape policy that aims to rescue the American economy.

The following legislative priorities have the ability to positively impact the economic trajectory of Hispanic and minority-owned small businesses in our country:

Ensure Stimulus Funding and Economic Relief for 501(c)(6) Chambers of Commerce and nonprofit organizations: Amend the CARES Act under Section 1102 (a) definitions, to clarify that the term 'nonprofit organization' means an organization that is described in section 501(c)(3) or 501(c)(6) of the Internal Revenue Code. These organizations should be included with parameters around their activity, mission, or number of employees in the entity, and be amended to specifically allow Chambers of Commerce to access these funds.



Expand lending for minority and community banks, debt, and equity capital for minority asset managers: Address the capital needs and lending abilities of Minority Depository Institutions (MDIs), Small Business Investment Companies (SBICs), community banks, smaller regional banks, minority asset managers and Community Development Financial Institutions (CDFIs) that serve minority and low-income communities who represent some of the most vulnerable businesses as it pertains to cash flow and liquidity. According to the U.S. Small Business Administration, the \$30 billion that were earmarked for lenders that hold less than \$1 billion in assets and “non-banks” which include CDFI funds and other microlenders have nearly been exhausted within five days of the funds becoming available. Legislative action is needed to expand the \$30 billion of funding that were allocated so that these financial institutions can continue to serve their customers, including businesses who may not have existing relationships with traditional financial institutions or lenders, in order to get them the necessary operating capital.

Integrate Minority Business Enterprises as Strategic Vendors of the U.S. Supply Chain: Require the U.S. Supply Chain as it relates to federal government contracting to include Minority Business Enterprises in the production, operation, and distribution of goods and services needed for relief efforts, to combat disasters and future pandemics. A critical measure is to unbundle contracts from purchasing consortiums for goods and services and identify MBEs who currently manufacture or distribute these goods and services, to become an integrated part of public sector supply chains as they seek to maintain or obtain contracts. We encourage our leaders in Congress to leverage the U.S. Small Business Administration Small Business Development Centers, U.S. Minority Business Development Agency Minority Business Development Centers, and national business diversity organizations such as the U.S. Hispanic Chamber of Commerce to accomplish this goal.

More transparent reporting on SBA's PPP and disaster relief programs: Require lenders of all types to ask the ethnicity of loan applicants to the SBA to enable reporting with more demographics that includes the total number and dollar amounts of loans or grants approved and disbursed through the PPP, Emergency EIDL Grants Program, and the EIDL Program as well as the amount of remaining funding in each program. Weekly reporting should include a breakdown by industry, ethnicity, and loan/grant size. Furthermore, the SBA should require the top 15 Financial Institutions who are managing the lending for these loans to provide a good faith effort and set aspirational goals for a certain percentage for Hispanic and Minority-owned small businesses and report these results.

Resource Partner Grants: Set forth an appropriation to expand Section 1103 (c) of the existing CARES Act to fund grant programs for resource and technical assistance support in the areas of business revitalization, new business technologies, expanded customer service, supplier diversity trainings, supplier diversity matchmaking, financial services, and lending to national organizations with business memberships. These organizations should include minority chambers of commerce, Minority Depository Institutions (MDIs), Community Development Financial Institutions (CDFIs), and not exclude other nonprofit groups that have the ability to provide technical assistance to distressed businesses during and after COVID-19.

2019 Payroll Taxes: Forgive all 2019 Payroll Taxes for America's 30 million small businesses, allow the Internal Revenue Service (IRS) to waive these taxes to keep more Americans employed by infusing more capital into the economy and creating a substantial operational impact for small businesses. This designation should be allowed for small businesses, per the established guidelines of the Small Business Administration (SBA).

Capital Financing for Hispanic-Serving Institution (HSIs): Expand Section 3512 of the existing CARES Act to include capital financing for Hispanic-Serving Institutions (HSIs). These educational centers create the pipeline of future business owners, entrepreneurs, and executives that will have the ability to actively contribute to the rebuilding and new evolving vitality of the American economy post COVID-19. HSIs should be considered for grant funding in Low-



Establish a Minority Equity Fund of \$65 billion to have the ability to fund Minority Business Enterprises (MBEs), and minority managers to participate in any Economic Relief Programs as implemented by Treasury, SBA or other agencies: Refer to the [Economic Stabilization Act of 2008](#) for language regarding MBE inclusion, specifically Section 107 contracting procedures to include the following legislative determinations: (a) STREAMLINED PROCESS.—For purposes of this Act, the Secretary may waive specific provisions of the Federal Acquisition Regulation upon a determination that urgent and compelling circumstances make compliance with such provisions contrary to the public interest. Any such determination, and the justification for such determination, shall be submitted to the Committees on Oversight and Government Reform and Financial Services of the House of Representatives and the Committees on Homeland Security and Governmental Affairs and Banking, Housing, and Urban Affairs of the Senate within seven days. Additional contracting requirements should include, any solicitation or contracts where the Secretary has, pursuant to subsections for minorities, deadline, or waiver authority. Waive any provision of the Federal Acquisition Regulation pertaining to minority contracting, the Secretary shall develop and implement standards and procedures to ensure, to the maximum extent practicable, the inclusion and utilization of minorities (as such term is defined in section 1204(c) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1811 note)) minority and women-owned businesses (as such terms are defined in section 21A(r)(4) of the Federal Home Loan Bank Act (12 U.S.C. 1441a(r)(4)), in that solicitation or contract, including contracts to asset managers, servicers, property managers, and other service providers or expert consultants. Add the eligibility of FDIC insured financial institutions notwithstanding subsections (a) and (b), the Corporation, (1) shall be eligible for, and shall be considered in, the selection of asset managers for residential mortgage loans and residential mortgage-backed securities; and (2) shall be reimbursed by the Secretary for any services provided.

Undocumented Business Owners and Workers: Set forth provisions to allow undocumented business owners and undocumented workers who can actively prove that they have paid the Internal Revenue Service (IRS) taxes in 2018 to take advantage of the existing CARES Act. These entrepreneurs and employees thereof, are active contributors to the American economy and should have the same access to rebuild their businesses and families to continue those economic contributions. Furthermore, Deferred Action for Childhood Arrivals (DACA) recipients who are in this country by no fault of their own should also be guaranteed access to these provisions regardless of the immigration status of others on their tax return or household.

If you have any questions or require additional information, please do not hesitate to contact C. LeRoy Cavazos-Reyna, Vice President of Government and International Affairs, at LCavazos@ushcc.com or via phone at 956-844-9628. Thank you in advance for your consideration in this matter, we look forward to your positive response and collaboration on these important policy priorities.

Respectfully,

Carmen Castillo
Chairwoman, Board of Directors

Ramiro A. Cavazos
President & CEO

CC: Hon. Marco Rubio, Chair, Senate Committee on Small Business & Entrepreneurship
Hon. Ben Cardin, Ranking Member, Senate Committee on Small Business & Entrepreneurship
Hon. Nydia M. Velázquez, Chairwoman, House Committee on Small Business
Hon. Maxine Waters, Chairwoman, House Committee on Financial Services
Hon. Joyce Beatty, Chairwoman, House Sub Committee on Diversity and Inclusion
Hon. Joaquin Castro, Chairman, Congressional Hispanic Caucus