



January 26, 2021

The Honorable Maxine Waters  
Chairwoman  
Committee on Financial Services  
U.S. House of Representatives  
2129 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable Nydia M. Velázquez  
Chairwoman  
Committee on Small Business  
U.S. House of Representatives  
2361 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable Patrick McHenry  
Ranking Member  
Committee on Financial Services  
U.S. House of Representatives  
2129 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable Blaine Luetkemeyer  
Ranking Member  
Committee on Small Business  
U.S. House of Representatives  
2361 Rayburn House Office Building  
Washington, D.C. 20515

Dear Chairwoman Waters, Chairwoman Velázquez, and Ranking Members McHenry and Luetkemeyer:

On behalf of the minority business community in the United States, we are thankful for all of the leadership and work each of you have demonstrated in helping to advocate for small businesses during our current economic crisis. We are writing to express our policy requests as you consider the next phase of pandemic relief to keep the American economy on track during the COVID-19 economic crisis. **Our request is for an appropriation of \$50 million to be allocated to the Minority Business Development Agency specifically for the minority chambers of commerce who have previously received CARES Act funding.** Collectively, the undersigned organizations represent the interests of more than 9.3 million minority-owned business enterprises (MBEs) and a network of more than 450 minority focused nonprofit organizations across the United States.

As the leading national voices for minority businesses in the United States, we want to ensure both of your committees are aware of the incredible risk these businesses are facing and how their economic security has been threatened due to COVID-19. We stand at an economic precipice in American history to help businesses survive and recover as we continue to fight this unprecedented global pandemic.

Even before COVID-19, minority-owned businesses have all faced challenges that underscore their economic fragility. A recent assessment by the Federal Reserve Bank found that minority-owned businesses were more likely to show signs of limited financial health – indicated by factors such as profitability, credit scores, and a propensity to use earnings as a funding source

for their business. In a recent analysis of data provided by the Minority Business Development Agency (MBDA), 11% of minority-owned small businesses had employees compared with 22% of non-minority-owned businesses.

Prior to the COVID-19 economic crisis, 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.

Now, in the midst of this global pandemic, the historical problems facing MBEs have been exacerbated. A large concentration of minority-owned businesses are particularly susceptible to disruption and vulnerable to disproportionate challenges. Minority entrepreneurs are the largest population of business owners in service industries – including restaurants, laundry services, salons, and other main street retail. A recent study by McKinsey shows that 51% of small business jobs performed by minorities could be vulnerable in the near future, compared to 47% of non-minorities. McKinsey's recent Business Pulse Survey also indicate that 58% of these minority businesses are extremely concerned about the financial viability of their respective enterprise.

Overall, there has been very little data available about the effect this crisis is having on MBEs. To get a better understanding, the National Asian/Pacific Islander American Chamber of Commerce and Entrepreneurship (National ACE), in partnership with the U.S. Black Chambers, Inc. (USBC) and the United States Hispanic Chamber of Commerce (USHCC), conducted the largest survey of its kind – with Reimagine Main Street – on the pandemic's impact on minority businesses. Our survey was conducted online from September 28-November 30, 2020. A total of 8,328 business owners responded, including 893 Asian American and Pacific Islander (AAPI), 2,208 Black, 879 Hispanic, and 179 Native American business owners.

The results of our survey, attached to this letter, paint a sobering picture: 10% expect to close permanently in the next six months, and 45% expect to lay off at least one employee. Thirty-three percent of Black-owned, 26% of Native American-owned, and 21% of Hispanic-owned businesses report having less than a month of cash to cover operating expenses. Of the business owners expecting to lay off at least one employee, AAPIs were the highest at 49%. Since the survey was fielded, COVID-19 cases have surged, averaging more than 1.3 million per week and over 3,000 deaths per day in our country. Furthermore, our minority communities have been the most disproportionately affected by this virus from both a healthcare and economic perspective.

As a result of CARES Act funding from the U.S. Department of Commerce, Minority Business Development Agency, our three organizations have implemented nationwide technical assistance programs to help MBEs during this crisis. Our programs concentrate on providing the most accurate and current information about federal resources available to minority

business enterprises. Partnering with our national networks of local, state, and regional minority chambers of commerce throughout the country, our priorities include access to capital and loan assistance for stopgap funding such as the Paycheck Protection Program (PPP), SBA's Economic Injury Disaster Loans (EIDL), as well as other loan and grant opportunities; offering in-language resources and tools; and education and training to support small business resiliency. We enlist subject-matter experts to support training, education, and outreach to ensure our programs are impacting the largest possible number of MBEs in low minority income (LMI) communities and across our country.

We provide consulting, training, and assistance to our partner organizations and minority businesses alike. We are leveraging our relationships with banking and financial institutions to provide training and education around available financing options. We are facilitating trainings; providing technical assistance; researching traditional and non-traditional financing options and resources on a national and local level; leveraging existing partnerships and developing new partnerships with federal agencies and other funders such as local governments, corporations, and nonprofit foundations to support these training and financial assistance efforts.

We are helping countless MBEs re-enter the economy by providing the training and tools needed to restart their business safely and strategically. The trainings and resources focus on providing education to safeguard workers, customers, and workplaces to prevent the transmission of COVID-19 and other communicable diseases; updating policies and procedures, including telework and providing remote customer service; the mitigation of cyber threats in a remote customer services or telework practices; and updating personal protective equipment (PPE). We connect MBEs to investment and procurement opportunities to help them pivot, grow, and move their business to a digital, more sustainable model.

Because of the CARES Act grants awarded to our organizations, we have had a direct impact in saving jobs within the minority business community. Throughout 2020, the USBC served 2,800 businesses through technical assistance, counsel, and informational resources. The USBC also implemented new Access to Capital programs to ensure that its members could stay afloat, which resulted in over 200 businesses receiving grants and loans totaling \$1,100,000. To date, National ACE has helped over 300 minority businesses apply for federal assistance through PPP and EIDL. National ACE has also conducted 40 webinars on financial assistance and 64 virtual events on business recovery and resiliency, with over 9,014 participants served. The USHCC has served more than 6,000 Hispanic and minority-owned businesses through its seven technical assistance centers at chambers across the country. Furthermore, the USHCC has hosted over 100 webinars and virtual trainings to help business owners recover and scale during the pandemic.

But we are fighting an uphill battle. According to our nationwide survey, a staggering 60% of AAPI businesses who did not apply for federal relief, did not do so because they did not think they were eligible. As a result, hundreds of billions of dollars of available PPP funds were left unused when the program closed in August of last year.

We believe that additional technical assistance for MBEs is required and we applaud the committee for its work to amend the State Small Business Credit Initiative Act of 2010 to respond to the COVID-19 pandemic and provide \$500 million in technical assistance funds.

However, without continued and explicit grant funding for minority chambers of commerce, the successful technical assistance programs our organizations have built will end on May 31, 2021. Based on the data, it is clear to us that more funding is needed for our organizations to expand and build upon our existing technical assistance programs to provide the necessary support to the millions of minority businesses across the country who are on the verge of shutting their doors permanently. We have spent the last eight months leveraging our nationwide networks, building the required infrastructure, and increasing our operational capacity to help save minority businesses around the country. It would be a mistake to have our successful programs shut down because of a lack of continued funding.

**Again, we ask for \$50 million to be allocated to the Minority Business Development Agency specifically for the minority chambers of commerce who have previously received CARES Act funding – to be awarded evenly between the minority chambers – so that we may continue our critical and much-needed programs for the next 30 months as we weather the economic effects of this pandemic.**

If you have any questions or require additional information, please do not hesitate to contact us at any time. Thank you in advance for your consideration in this matter, we look forward to your positive response and collaboration on these important policy priorities as you continue to design the economic future of our country through strategic bipartisan legislative action.

Respectfully,



Chiling Tong  
President and CEO  
National ACE



Ron Busby Sr.  
President and CEO  
U.S. Black Chambers, Inc.



Ramiro A. Cavazos  
President and CEO  
U.S. Hispanic Chamber of Commerce

CC: The Honorable Nancy Pelosi, Speaker, United States House of Representatives  
The Honorable Kevin McCarthy, Minority Leader, United States House of Representatives  
The Honorable Charles E. Schumer, Majority Leader, United States Senate  
The Honorable Mitch McConnell, Minority Leader, United States Senate  
The Honorable Ben Cardin, Senate Committee on Small Business and Entrepreneurship  
The Honorable Marco Rubio, Senate Committee on Small Business and Entrepreneurship  
Members of the Congressional Hispanic Caucus  
Members of the Congressional Black Caucus  
Member of the Congressional Asian Pacific American Caucus

REIMAGINE MAIN STREET



# Business Owners of Color and COVID-19

*December 10, 2020*



**PUBLIC PRIVATE  
STRATEGIES**

## REIMAGINE MAIN STREET



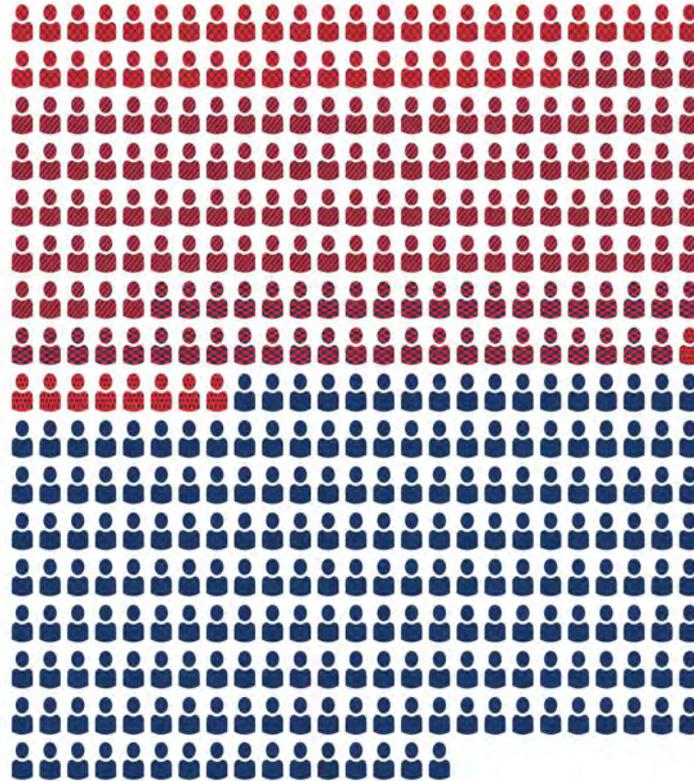
Small businesses and their workers must rebound from the COVID-19 crisis so that communities thrive and the benefits ripple throughout the economy. We are a multi-stakeholder, cross-sector initiative focused on advancing and uplifting innovative solutions to ensure that Main Street is at the center of our recovery. Reimagine Main Street is a project of Public Private Strategies.

# Context for this Survey

- Small business and communities of color hard hit by pandemic
- Limited data available to reflect absolute and relative experience of Asian-, Black-, Hispanic- and Native-owned small businesses
- Large-scale national survey of small business owners fielded from September 28 through November 30, 2020. Large samples of Asian-, Black-, Hispanic-, Native- and White-owned businesses provide timely insight into impact and pain points.

# Large and Diverse Sample

8,328  
Respondents

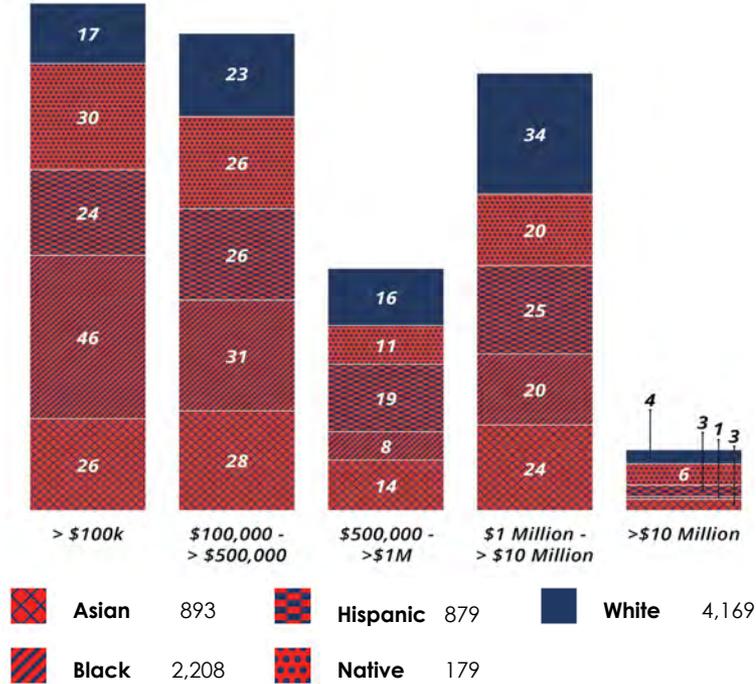


	<b>Asian</b>	893
	<b>Black</b>	2,208
	<b>Hispanic</b>	879
	<b>Native</b>	179
	<b>White</b>	4,169

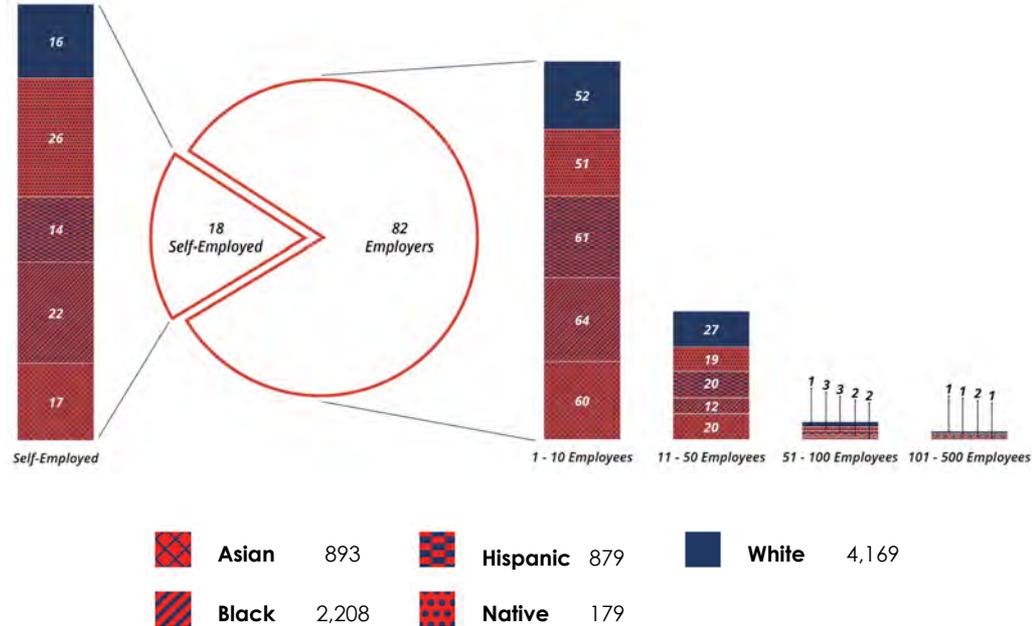
 = 20 Small Business Owners

# Robust Mix of Micro and Small Businesses

2019 Revenue  
% of respondents

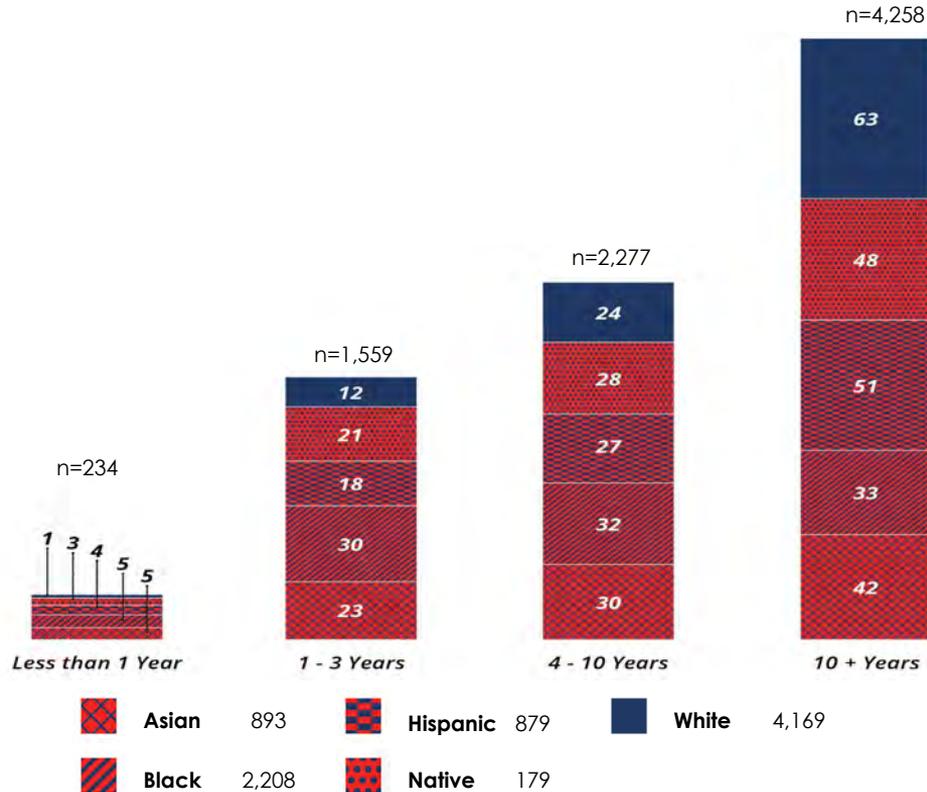


Distribution by Number of Employees  
% of respondents



# Skews Toward Established Businesses

Time in Business  
% of respondents

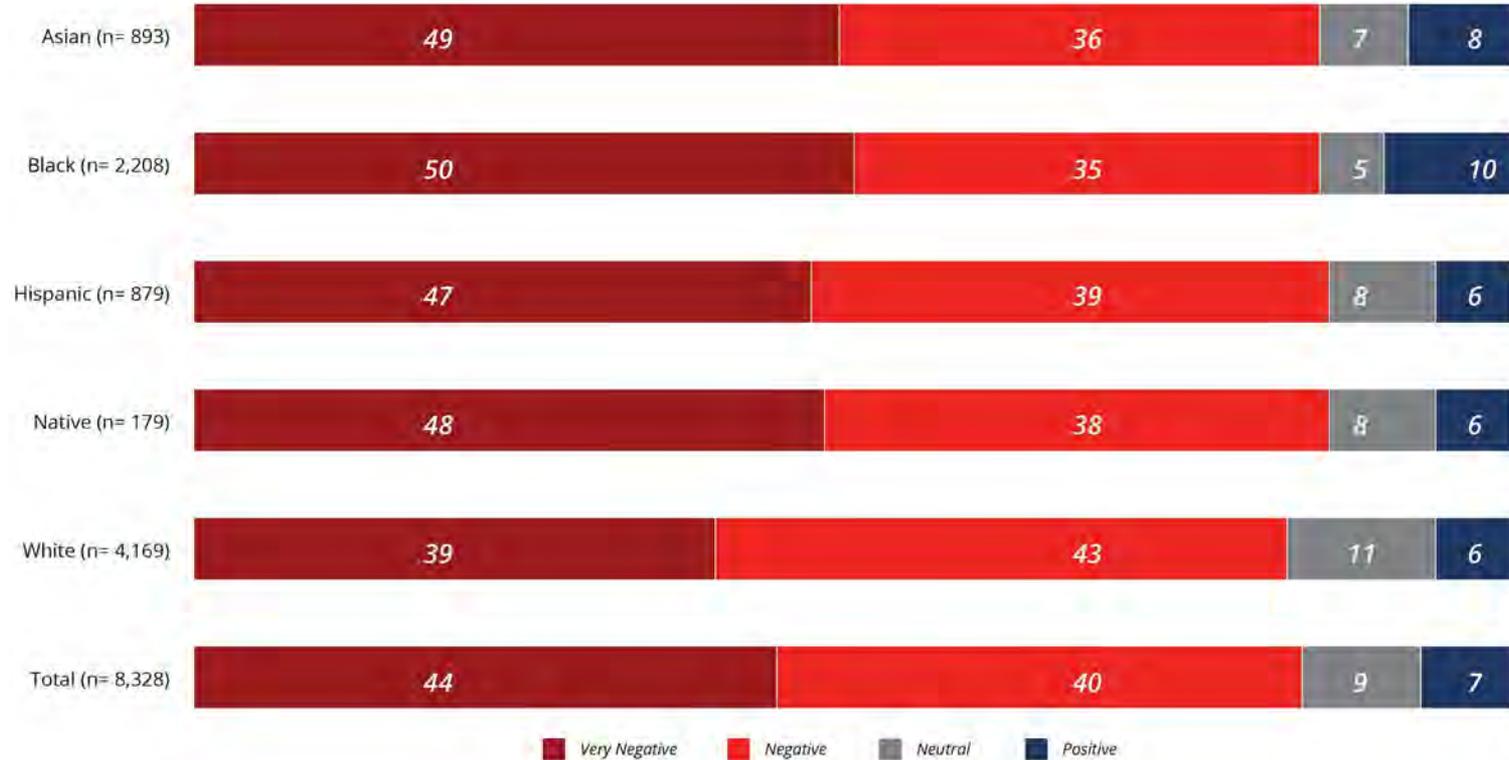


# Takeaways

- **Small businesses have been hard hit to date:** 8 in 10 small business owners surveyed reported negative effects from the pandemic, more than half of respondents have experienced revenue declines of more than 25%, and 37% are not operating at full capacity, with an average of almost 10% closed.
- **It's going to get worse for business owners and their employees:** ~10% of small business respondents expect to close permanently in next 6 months. 44% of employer businesses that responded have already shed jobs and 45% expect more job losses to come.
- **Small businesses need cash:** As expected, most respondents want relief in the form of grants or another PPP loan. More than one-third of small businesses in the survey expect to borrow to address COVID-induced cash flow constraints, making it imperative to ensure liquidity in credit markets, especially for relatively small-dollar loans.

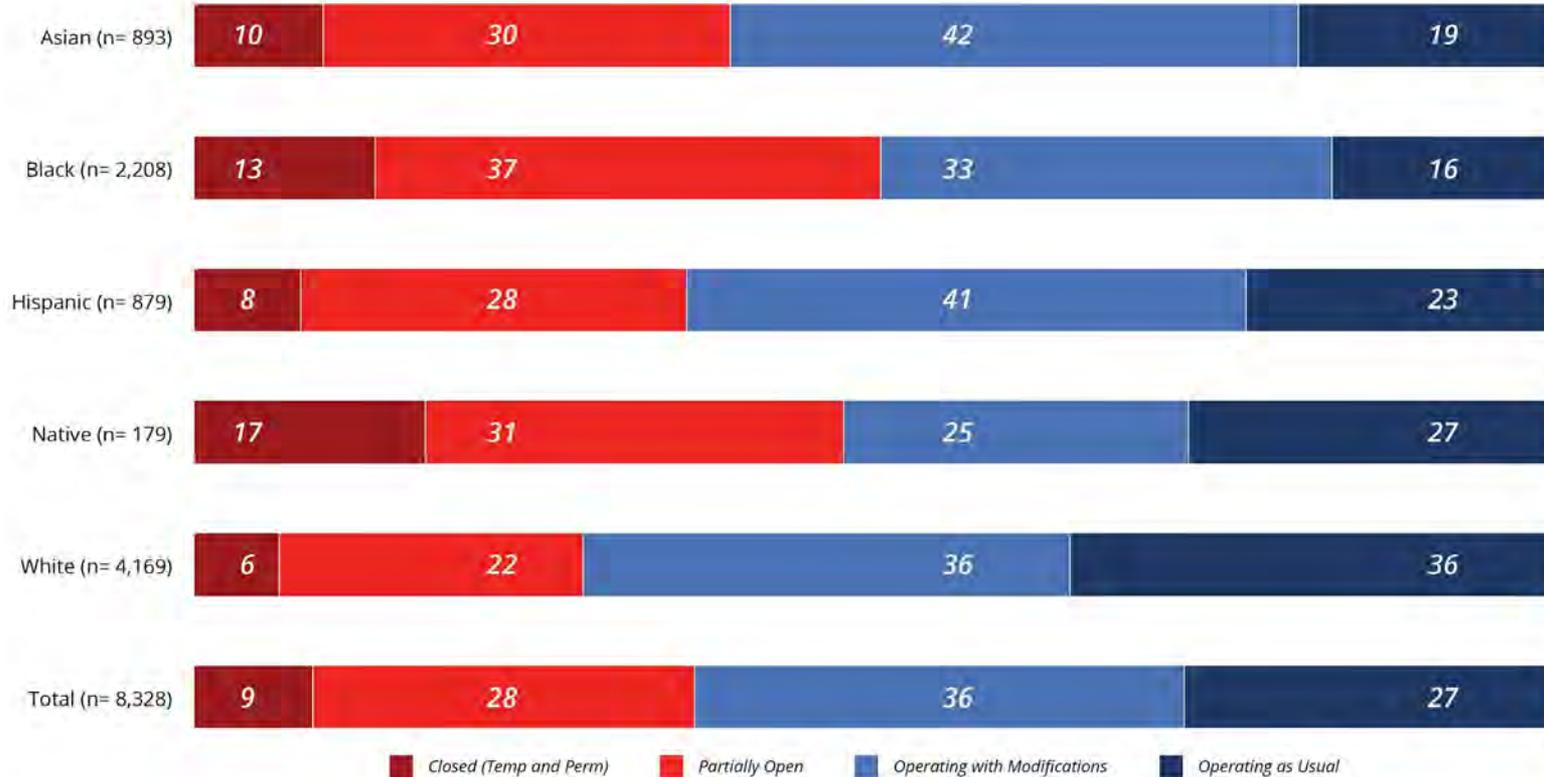
# Small Businesses Hard Hit by Pandemic

Effect of COVID-19 Pandemic  
% of respondents



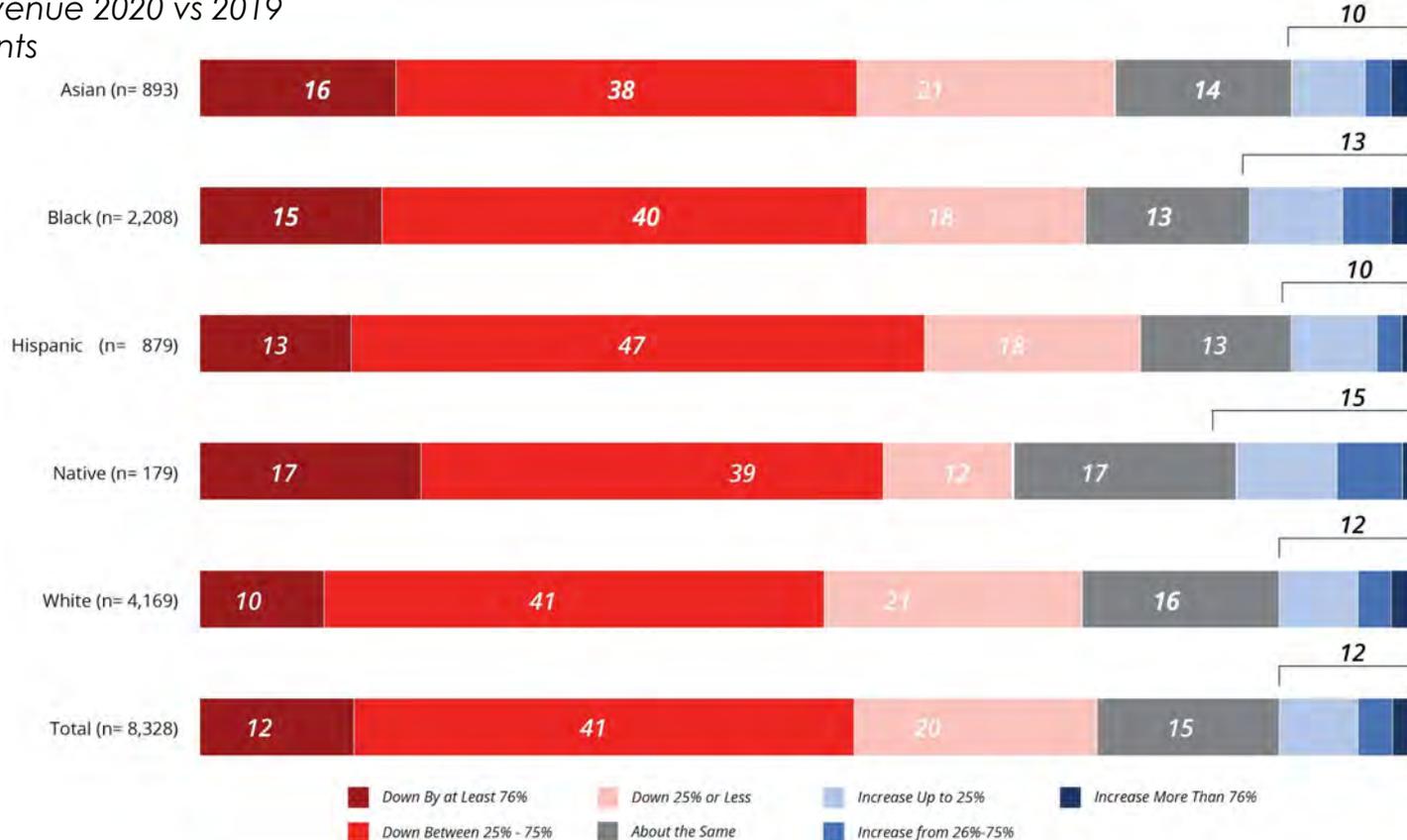
# It's Not Business as Usual for the Majority of Respondents

Status of Operations  
% of respondents



# Revenue Down by > 25% for Most Respondents

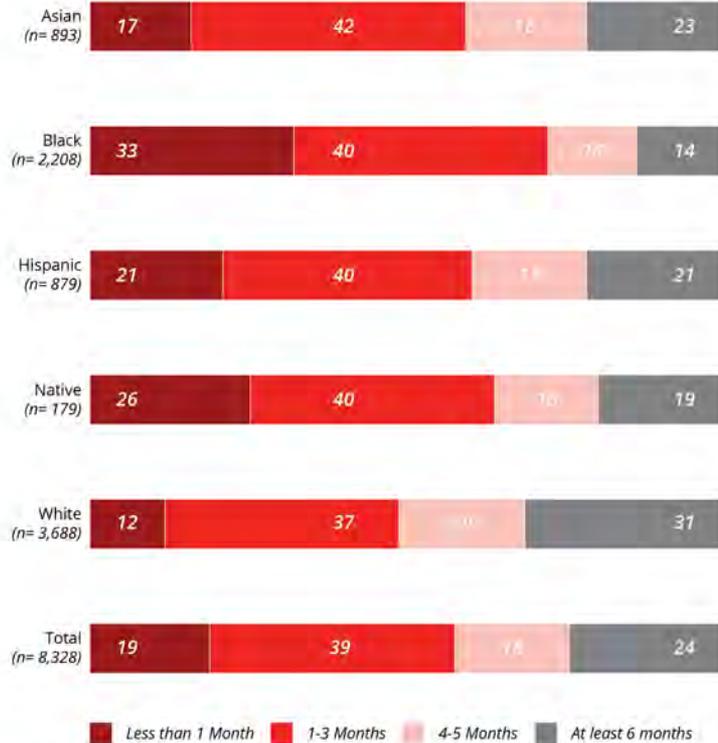
Change in Revenue 2020 vs 2019  
% of respondents



# Expect More Small Businesses to Shut Down

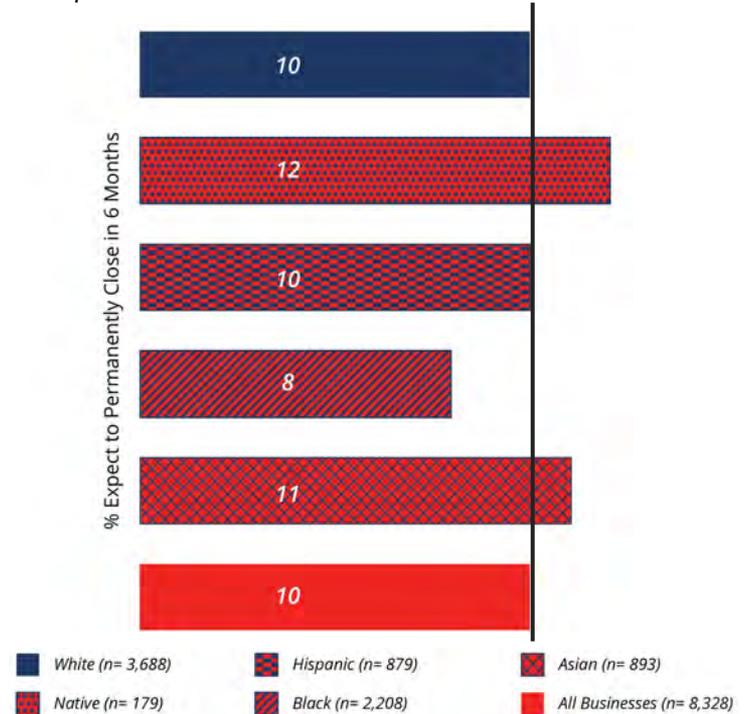
## Cash Crisis without Relief

Months of Cash  
% of respondents



## ~10% of Small Business Respondents Expect to Close Permanently in Next 6 Months

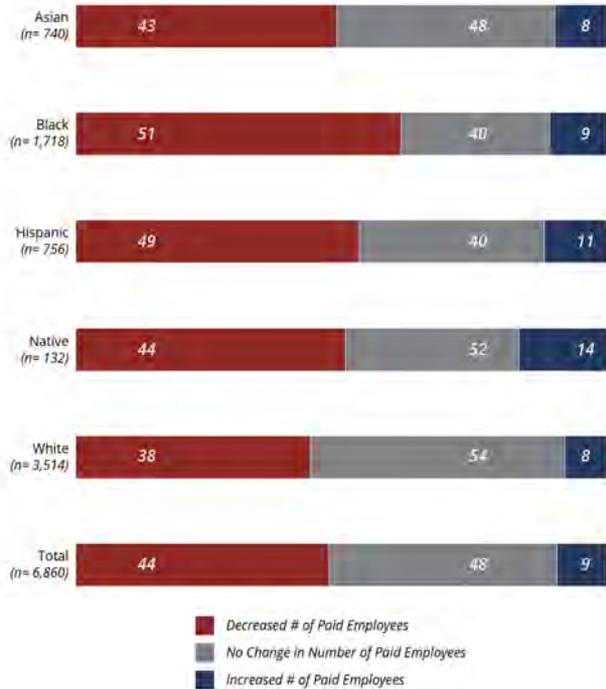
% of Respondents



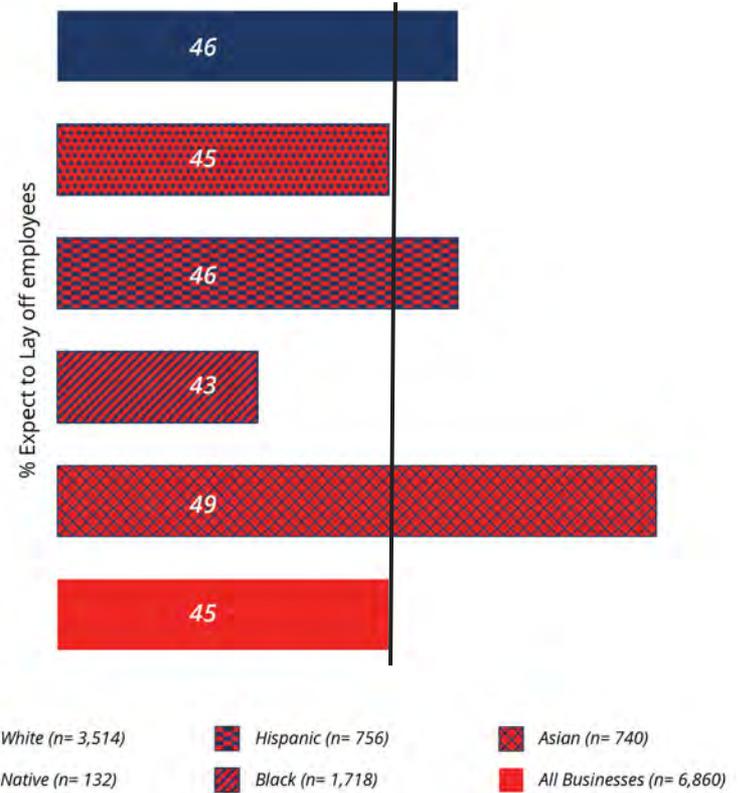
# More Job Shedding Likely

## ~4 in 10 Small Employers Surveyed Have Already Shed Jobs

Change in Number of Paid Employees  
% of Employer Firms



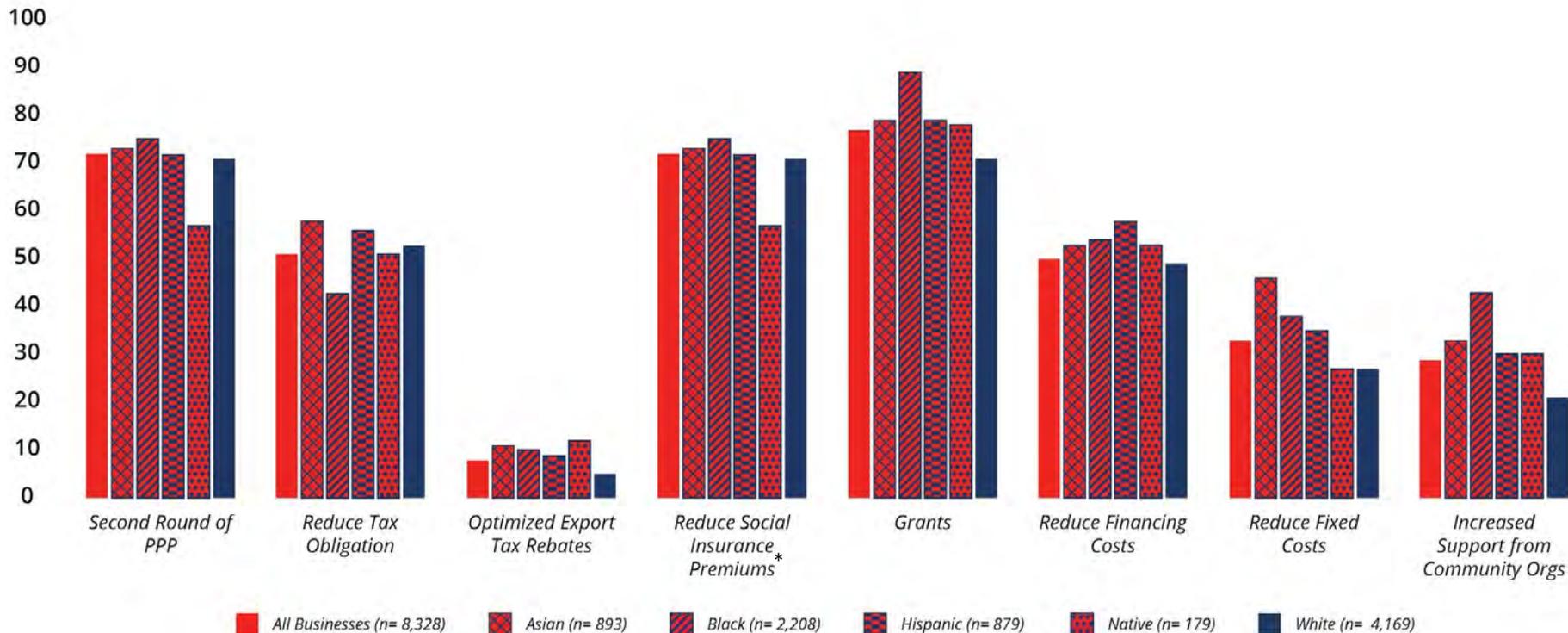
## Nearly Half of Respondents Expect More Layoffs



Source: PPS Small Business Survey in partnership with National ACE, US Black Chambers, and US Hispanic Chamber of Commerce (October -November 2020)  
 Q8: Since the Covid-19 pandemic, did your business have a change in the number of paid employees?  
 Q22: How are you considering managing current or potential cash flow issues? (Select all that apply)  
 Among respondents that employ others

# Business Owners Want Relief, With Varying Priorities

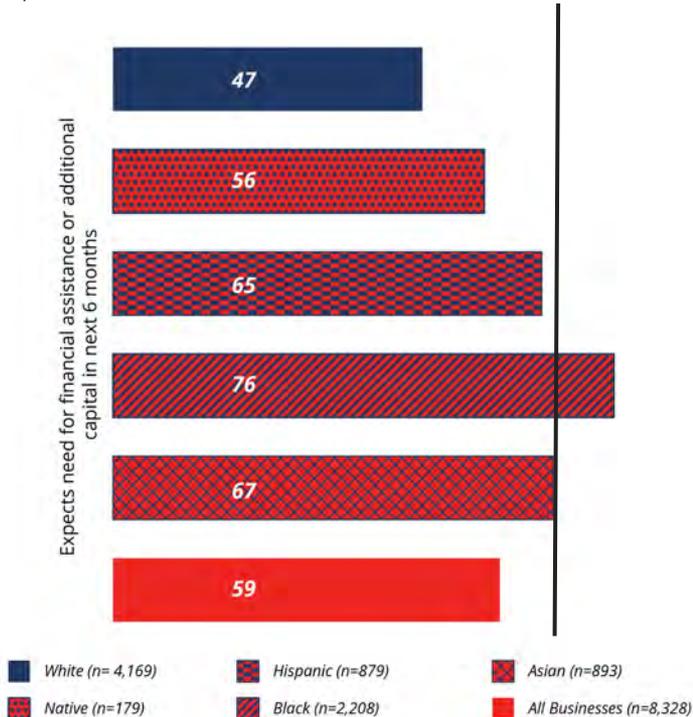
Preferences Among Relief Options Presented  
% of respondents



# Imperative to Maintain Liquidity in Credit Markets

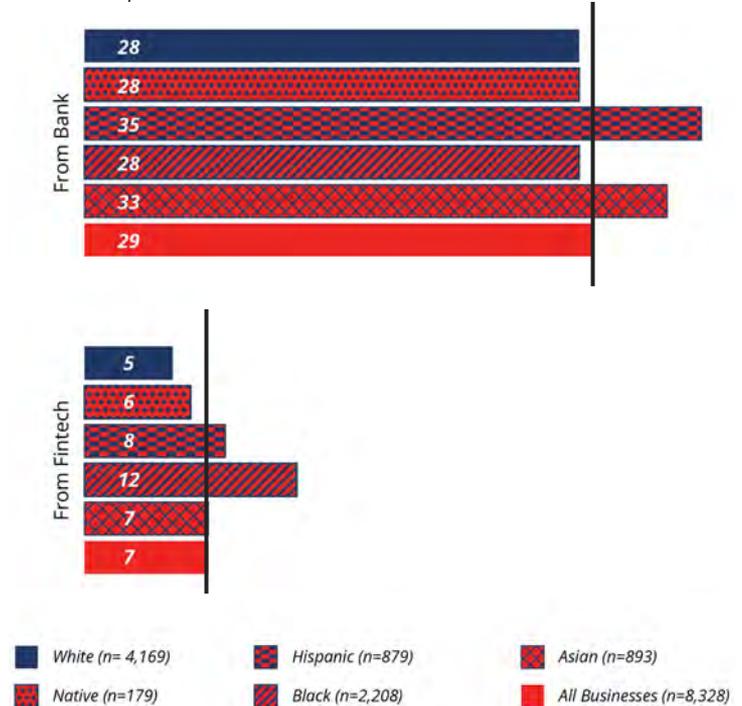
**More than half of respondents say they will need financial assistance or additional capital in next 6 months**

% of respondents



**More than one-third of small businesses expects to borrow to address COVID-induced cash flow constraints**

% of respondents



# Federal Support to Date Not Distributed Equally

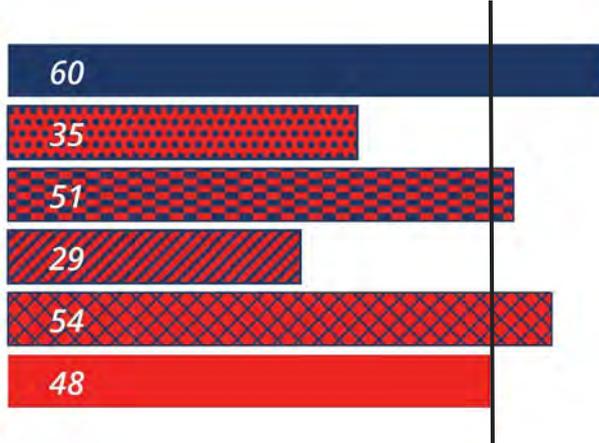
Success Rate

% Applied x % Received Relief

## Paycheck Protection Program

- \$484 Billion
- Distributed via private lenders

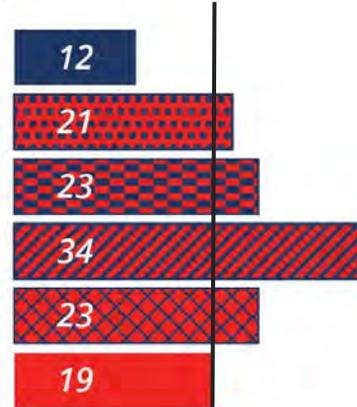
Success Rate for PPP Funding



## Economic Injury Disaster Loan

- \$20 Billion
- Distributed by the SBA

Success Rate for EIDL Funding



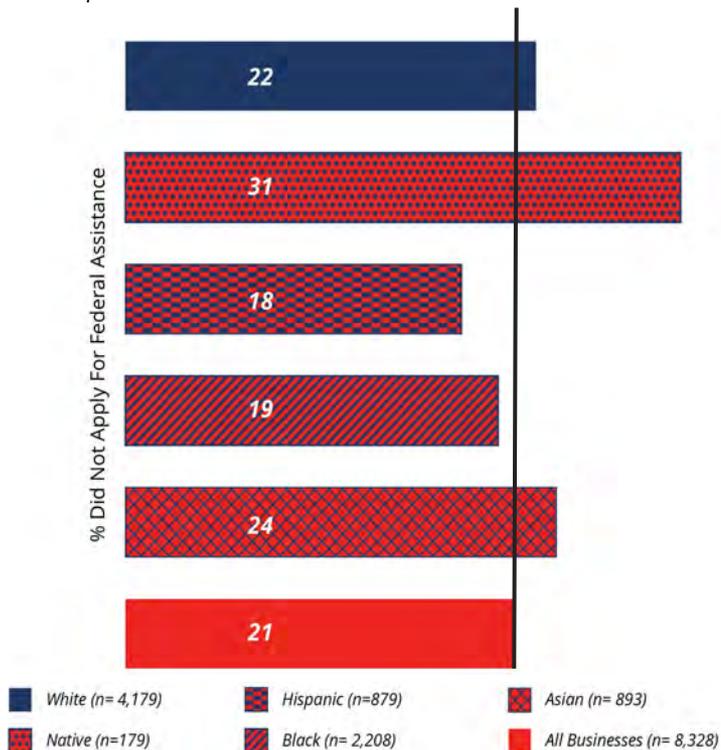
White (n= 4,169)
  Hispanic (n= 879)
  Asian (n= 893)
   
 Native (n= 179)
  Black (n= 2,208)
  All Businesses (n= 8,328)

Source: PPS Small Business Survey in partnership with National ACE, US Black Chambers, and US Hispanic Chamber of Commerce (October -November 2020)  
 Q6: Have you applied for any federal financial assistance from any of the following sources? (Select all that apply)  
 Q11: Has your business received financial assistance from any of these programs from the Federal government? (Select all that apply)

# Expectations & Needs for Federal Assistance Vary

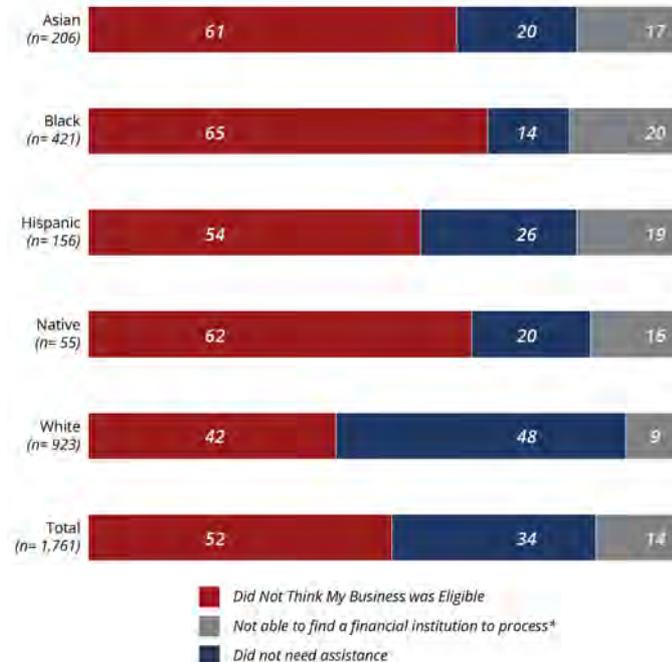
## Roughly 1 in 5 Small Businesses Did Not Apply for Federal Assistance

% of respondents



## Majority of Asian, Black, Hispanic and Native Owners Did Not Think They Were Eligible vs Almost Half of White Business Owners Who Did Not Need Assistance

% of respondents



# What Do We Think Needs to Happen?

- Get the virus under control so that demand returns
- In the meantime, provide flexible and sufficient Federal relief for small businesses and support for credit markets to ensure capital available for Main Street recovery
- Improve data driven insights into segments of small businesses and their workers
- Mobilize effective support for small businesses, the people who work for them and the communities that they serve
- Support innovation of financial products and distribution channels to reach small businesses in communities of color at scale

# Questions? Contact Us

**Chris Landrigan**

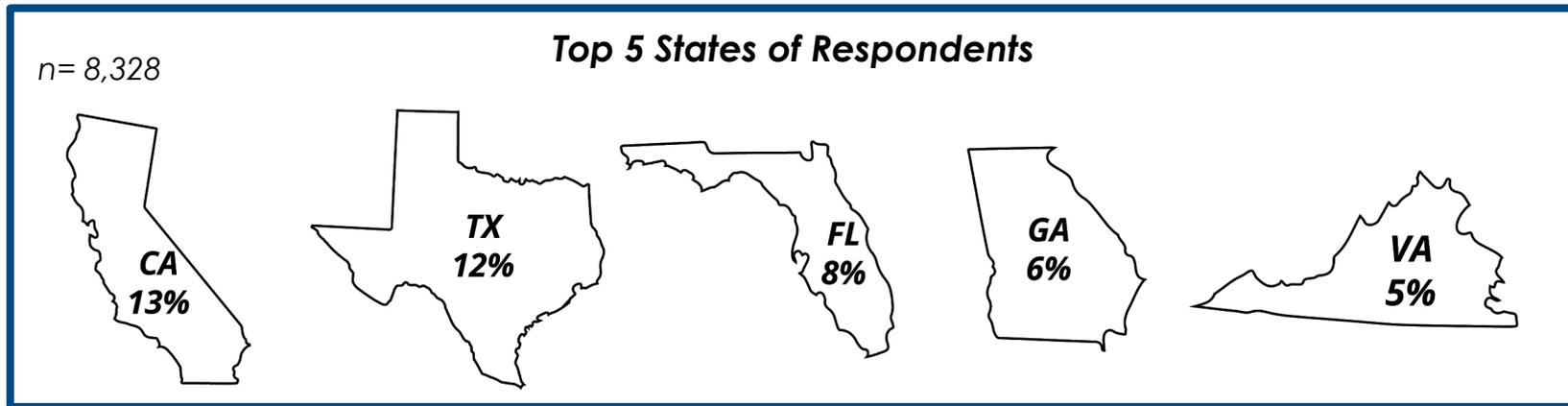
[chris@publicprivatestrategies.com](mailto:chris@publicprivatestrategies.com)



# Appendix: About the Sample

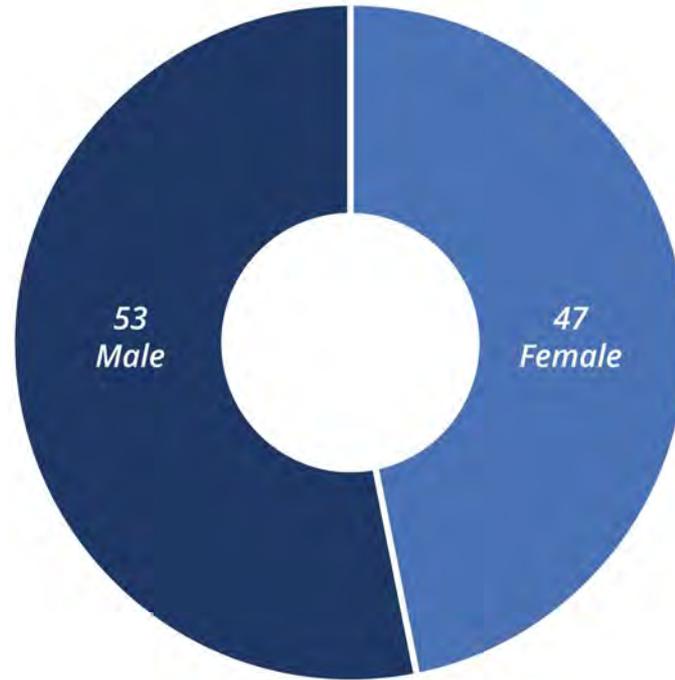
# Broad Geographic Coverage

- Survey **respondents represent all 50 states** and three territories (Puerto Rico, Guam and the Northern Mariana Islands)
- **>1,000** respondents in **California, Texas**
- **>500** respondents in **Florida, Georgia**
- At least **300 respondents** in **Maryland, North Carolina, Illinois, Michigan, Pennsylvania and Ohio**



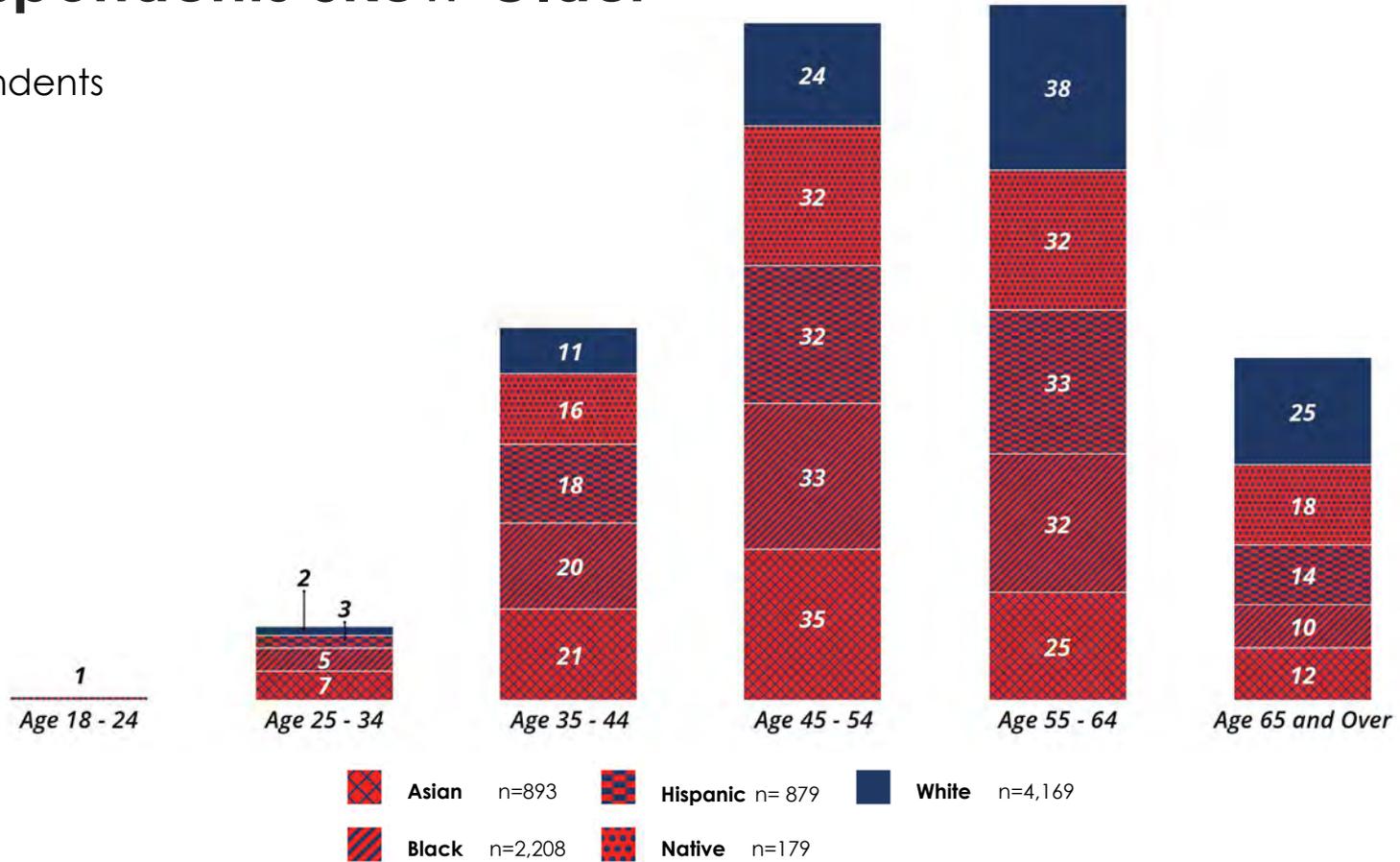
# Rough Parity Between Male and Female Respondents

*% of respondents*  
*n=8,328*



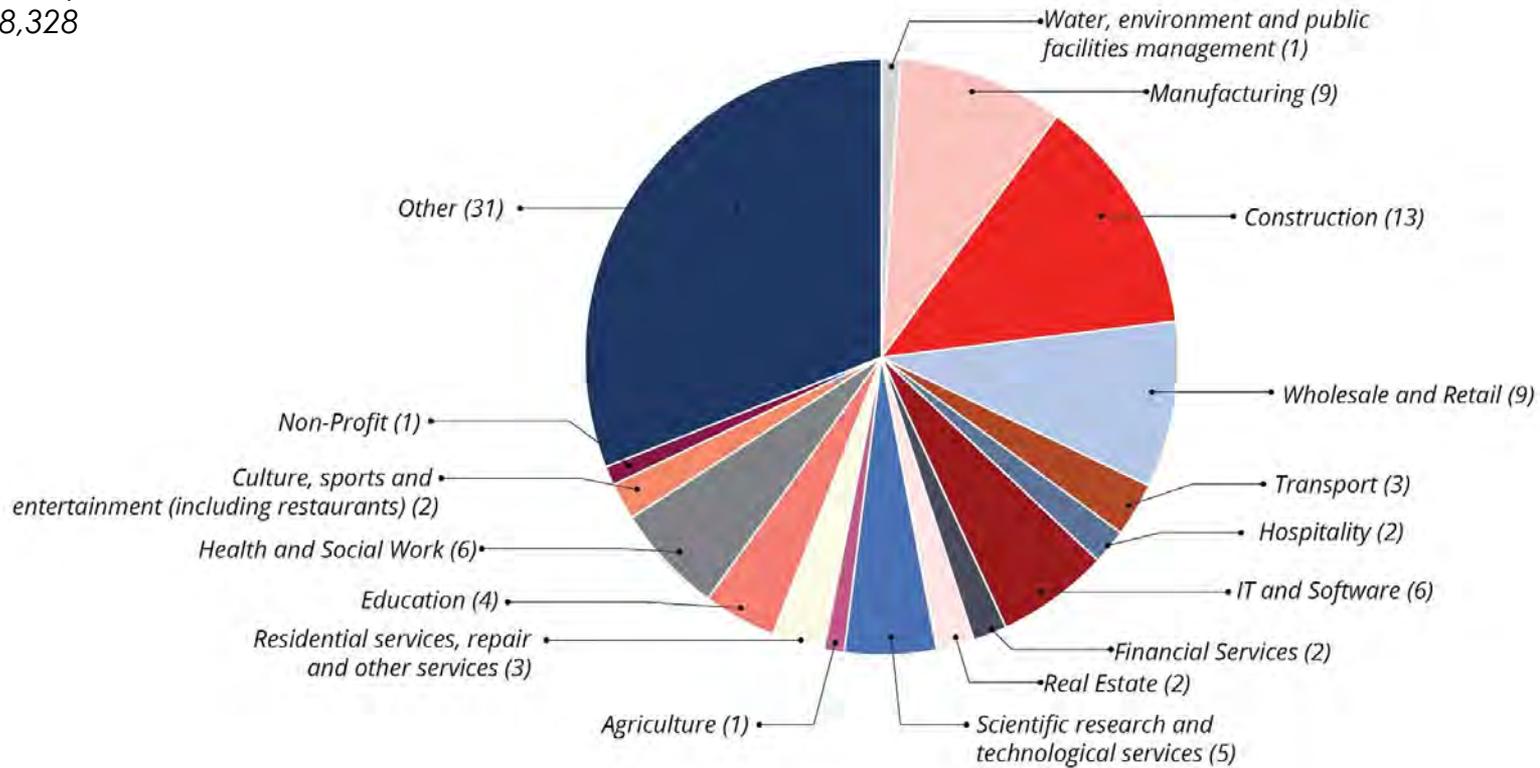
# Respondents Skew Older

% of Respondents  
n=8,328



# Broad Range of Industries Represented in Sample

% of respondents  
n= 8,328



# Top 5 Industries by Race/Ethnicity of the Respondent

Asian	Black	Hispanic	Native	White	Total
IT & Tech Services (12%)	Construction (10%)	Construction (21%)	Construction (24%)	Construction (14%)	Construction (13%)
Wholesale & Retail (10%)	Health and Social (9%)	Wholesale & Retail (7%)	Manufacturing - (10%)	Manufacturing (13%)	Wholesale & Retail (9%)
Scientific research and technological services (9%)	Wholesale & Retail (8%)	Manufacturing (7%)	Wholesale & Retail (8%)	Wholesale & Retail (10%)	Manufacturing (9%)
Construction (8%)	IT & Tech Services (8%)	IT & Tech Services (5%)	Health and Social (7%)	IT & Tech Services 4%	IT & Tech Services (6%)
Manufacturing (7%)	Transport & Logistics (6%)	Health and Social 4%	IT & Tech Services (4%)	Health and Social (4%)	Health and Social (6%)