April 8, 2020

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

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

The Honorable Joyce Beatty  
Chairwoman  
Subcommittee on Diversity & Inclusion  
2129 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable Ann Wagner  
Ranking Member  
Subcommittee on Diversity & Inclusion  
2129 Rayburn Office Building  
Washington, D.C. 20515

RE: United States Hispanic Chamber of Commerce Requests Provisions on Fourth COVID-19 Economic Relief Package to Ensure Diversity, Equity, and Inclusion to Support Hispanic and Minority-Owned Small Businesses in America

Dear Chairwoman Waters, Chairwoman Beatty, Ranking Member McHenry, and Ranking Member Wagner:

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 recommendations as your committee considers the next phase of stimulus funding to keep the American economy on track during and after the COVID-19 crisis.

The USHCC actively promotes the economic growth, development and interests of more than 4.8 million Hispanic-owned businesses that aggregate 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. Given the growing diversity in communities across the nation, the face of business ownership in America is changing, with minority-owned firms driving growth in new business formation. In fact, Latinos open businesses at three times the rate of the national average and Latinas open businesses at six times the rate.

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 legislative recommendations as the U.S. House Committee on Financial Services and its Subcommittee on Diversity and Inclusion consider 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) the 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:

**Federal Government Legislative Impact**

**Establish a Minority Equity Fund of $50 billion to have the ability to fund Minority Business Enterprises (MBEs):** 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.

**Resources for the Minority Business Development Agency (MBDA):** Pass as part of this package the Minority Business Development Act of 2020, which would establish the Minority Business Development Agency (MBDA) in statute. Add an additional $25 million of stimulus money to this agency so that necessary training, resources, and technical assistance can be deployed to businesses across our country through grants for entities who provide these services. MBDA is the only agency of its kind that promotes and administers programs in the public and private sectors to assist the development of MBEs.

**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, and 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.
Resources and Services in Languages other than English: Expand Section 1111 of the existing CARES Acts to provide minority communities with the necessary resources in their individual native languages. This section should not discriminate against communities of diverse racial ethnicities and should be inclusive of all minority groups in America. All resources should be adequately translated and distributed in all available channels to include the world wide web, printed materials, and in-person translation for any presentations conducted by a governmental entity when providing business assistance to affected businesses. This measure should also include services for the legally blind, visually impaired, and deaf communities.

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-Minority Income Communities (LMIs) to provide necessary technical assistance through existing entrepreneurship, leadership, and business educational centers.

Corporate America Legislative Impact

Minority Business Enterprises as part of the U.S. Supply Chain: Require the U.S. Supply Chain, its suppliers, and contractors to include Minority Business Enterprises in the production, operation, and distribution of goods needed to combat disasters and future pandemics. Require the federal government to unbundle contracts from purchasing consortiums for goods and services and identify MBEs who currently manufacture or distribute these goods, to become an integrated part of Fortune 500 supply chains who maintain or seek federal contracts.

Non-Profit Legislative Impact

Stimulus Funding for 501(c)(6) organizations for non-profit economic relief: Propose an amendment to the CARES Act or consider the language under Section 1102 (a) definitions, the term ‘nonprofit organization’ means an organization that is described in section 501(c)(3) or 501(c)6 of the Internal Revenue Code of 1986. These organizations should be included with parameters around their activity, mission, or number of employees in the entity.

Lending for minority and community banks: Addressing the capital needs and lending abilities of MDIs (minority depository institutions), Small Business Investment Companies (SBICs), community banks, smaller regional banks, and Community Development Financial Institutions (CDFIs). These banks primarily operate and serve low and minority income communities who have some of the most vulnerable businesses or most established minority business. Legislative action is needed so that these financial institutions can 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.

Small Business Legislative Impact

2019 Payroll Taxes: Forgive all 2019 Payroll Taxes for America’s 30 million small businesses, allow the Internal Revenue Service (IRS) to wave 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).

**Legislative Impact for Individuals**

**Independent Contractors and 1099 Employees:** Ensure that 1099 employees can access funding to continue working, allowing their clients to maintain them on payroll, and ease the restrictions of the Paycheck Protection Program (PPP) so that employers can use 1099 employees as part of their payroll to access the PPP. Extend the PPP with more stimulus funding to allow for more businesses to apply and expand the number financial institutions who hold the PPP’s lending power. Enact legislation that requires specific disaster business loans and other relief funds for the self-employed and independent contractors. Furthermore, this segment could be immediately boosted if the IRS waves the income taxes for the first $10,000 of self-employed or contracted dollars these Americans gain.

**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, 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
United States Hispanic Chamber of Commerce

Ramiro A. Cavazos
President & CEO
United States Hispanic Chamber of Commerce

**CC:** Hon. Nancy Pelosi, Speaker of the House of Representatives
Hon. Kevin McCarthy, Minority Leader of the House of Representatives
Hon. Nydia M. Velázquez, Chairwoman, House Committee on Small Business
Hon. Steve Chabot, Ranking Member, House Committee on Small Business
Hon. Joaquin Castro, Chairman, Congressional Hispanic Caucus
Hon. Gregory W. Meeks, Chairman, House Financial Services Subcommittee on Consumer Protection and Financial Institutions
Hon. Anthony Gonzalez, Vice Ranking Member, House Financial Services Subcommittee on Diversity & Inclusion