



July 17, 2020

The Honorable Marco Rubio
Chairman
Committee on Small Business &
Entrepreneurship
U.S. Senate
428A Russell Senate Office Building
Washington, D.C. 20510

The Honorable Nydia M. Velázquez
Chairwoman
Committee on Small Business
U.S. House of Representatives
2302 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Ben Cardin
Ranking Member
Committee on Small Business &
Entrepreneurship
U.S. Senate
428A Russell Senate Office Building
Washington, D.C. 20510

The Honorable Steve Chabot
Ranking Member
Committee on Small Business
U.S. House of Representatives
2371 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Rubio, Chairwoman Velázquez, and Ranking Members Cardin and Chabot:

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 stimulus funding to keep the American economy on track during and after the COVID-19 economic crisis. 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 each of your committees are aware of the incredible risk these businesses are facing in light of COVID-19. We stand at an economic precipice in American history to help businesses recover as we continue to fight this unprecedented 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.

During this COVID-19 crisis, we have discovered a large concentration of minority-owned businesses that are susceptible to disruption and vulnerable to the impact of the pandemic in our country. Minority entrepreneurs are the largest owners of businesses in service industries – including restaurants, laundry services, salons, and retail. A recent study by McKinsey, shows that 51% of small business jobs performed by minorities could be vulnerable in the near term, compared to 47% of non-minorities. Their recent Business Pulse Survey also shows that 58% of these minority businesses are extremely concerned about the financial viability of their respective enterprise.

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.

As organizations committed to help our community during these unprecedented times, we are asking our leaders in Congress to promptly develop legislation to help minority-owned businesses navigate and recover this crisis. On behalf of our members, we urge you to consider the following three policy priorities as we seek to provide aid to the communities, we represent in this recovery process:

- **Establish a Minority Equity Fund of \$10 billion to have the ability to fund Minority Business Enterprises (MBEs):** Congress needs to provide immediate grants to minority businesses to assist them with short-term and long-term liquidity. We are asking for an appropriation of \$10 billion to be allocated in the form of grants to help small minority businesses and nonprofit organizations who serve this demographic to allow them to provide necessary liquidity.
- **Funding for technical assistance and business resiliency through the Minority Business Development Agency (MBDA):** In order for minority-owned businesses to adapt their current models and operations in this new age of doing business, technical assistance, organizational resiliency training, and access to technology will be vital to the long-term success of minority-owned businesses. This includes the ability to understand how to rapidly adjust to a new reality caused by the COVID-19 pandemic. We believe any future relief funding for the businesses of our country must include financial assistance that will develop resilience programs for our businesses. Specifically, \$500 million should be appropriated to the MBDA so that it may provide financial assistance in the form of grants to minority business development centers and minority chambers of commerce to provide education, training, and technical assistance to all MBEs who are in critical need of this recovery guidance.

- **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), minority asset managers, and not exclude other nonprofit groups that have the ability to provide technical assistance to distressed businesses during and after COVID-19.

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 & CEO
U.S. Hispanic Chamber of Commerce

CC: The Honorable Mitch McConnell, United States Senate Majority Leader
The Honorable Nancy Pelosi, Speaker of the United States House of Representatives
Members of the Congressional Hispanic Caucus
Members of the Congressional Black Caucus
Member of the Congressional Asian Pacific American Caucus