



ASIAN/PACIFIC ISLANDER AMERICAN CHAMBER  
OF COMMERCE AND ENTREPRENEURSHIP



**U.S. House Committee on Financial Services  
Public/Virtual Hearing  
More than a Shot in the Arm: The Need for Additional COVID-19 Stimulus**

**February 4, 2021 10:00 AM ET  
Chairwoman Maxine Waters (CA-43), Presiding**

**Written Testimony on behalf of:  
Asian/Pacific Islander American Chamber of Commerce and Entrepreneurship  
(National ACE)  
United States Hispanic Chamber of Commerce (USHCC)  
U.S. Black Chambers, Inc. (USBC)**



February 3, 2021

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

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

Dear Chairwoman Waters and Ranking Member McHenry:

On behalf of the minority business community in the United States, we are thankful for the leadership and commitment your committee has demonstrated in helping to advocate for small minority-owned businesses during our current 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 chambers of commerce and business associations across the United States. As the leading national voices for minority businesses in the United States, we want to your committee is aware of the incredible risk these businesses are facing and how their economic security will be threatened by the COVID-19 economic crisis without the proper investment in technical assistance provided by Minority Business Development Centers (MBDCs) and other local partners. This model saw tremendous success in delivering to our minority-owned businesses the technical assistance they needed to access COVID-19 economic relief such as the Paycheck Protection Program (PPP), the Economic Injury Disaster Loan (EIDL) program, among key programs. We stand at an economic precipice in American history, to help businesses survive and recover, as we continue to fight this unprecedented global pandemic.

The Minority Business Development Agency (MBDA) is the only federal agency solely dedicated to the development and growth of our nation's minority business enterprises. We urge the increase of funding to be made available to the MBDA through any future federal stimulus or economic relief packages. The MBDA is an institution that many of our minority-owned businesses and chambers of commerce throughout the country turn to for resources and guidance. This funding and support are needed to help us reach more minority-owned businesses during this pandemic, provide technical assistance, and assist more businesses to keep their doors open. This funding is critical to saving America's minority-owned businesses who are struggling more than any other groups. Our continued collaboration with the MBDA will lead the economic recovery and job growth for our nation as a result of our technical assistance, intervention, and support.

As a result of CARES Act funding from the MBDA, many organizations were able to implement nationwide technical assistance programs to help MBEs during this crisis. Under the MBDA's leadership, these national business organizations are 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. These programs include how to access capital and loan assistance for stopgap funding such as the PPP, EIDL, and other loan and grant opportunities; offering in-language resources and tools; and education and training to support small business resiliency. The programs 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 across our country.

The CARES Act grant awards have had a direct impact in saving jobs within the minority business community. In 2020, the U.S. Hispanic Chamber of Commerce (USHCC) provided support to 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. The U.S. Black Chambers, Inc. (USBC) has 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, the National Asian/Pacific Islander American Chamber of Commerce and Entrepreneurship (National ACE) has helped over 300 minority businesses apply for federal assistance through PPP and EIDL. National ACE has also conducted 41 webinars on financial assistance and 68 virtual events on business recovery and resiliency, providing support to 9,650 businesses and individuals.

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 MBDA, 11% of small minority-owned businesses had employees compared with 22% of non-minority-owned businesses.

Prior to the COVID-19 economic crisis, MBEs had 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. This survey is on the pandemic’s impact on minority businesses and 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.

Because of CARES Act grant funding from the MBDA, we now 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.

We believe that additional technical assistance for MBEs is required and we applaud the committee for its work in this regard.

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 future 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 & CEO  
National ACE



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



Ramiro A. Cavazos  
President & 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  
Members of the Congressional Asian Pacific American Caucus



**Testimony Addendum:** National ACE MBDA CARES Act, Technical Assistance Grant Program, Success and Data to Date

*February 3, 2021*

The National Asian/Pacific Islander American Chamber of Commerce and Entrepreneurship (National ACE) serves as a strong advocate of Asian American and Pacific Islander (AAPI) business interests and effects positive change on all issues that enhance and advance the goals and aspirations of AAPI business owners and entrepreneurs. We provide a unified voice for the business interests of AAPIs with a network of over 65 local chambers and partners throughout the United States.

We represent over 2.2 million AAPI owned businesses who employ over 3.5 million individuals. In the middle of last year, National ACE received a CARES Act grant from the U.S. Department of Commerce Minority Business Development Agency (MBDA) to provide education, training, and advising to minority business enterprises (MBEs) through a technical assistance program.

With this program, we have developed a virtual small business recovery resource center at [www.ACESmallBusiness.org](http://www.ACESmallBusiness.org) where individuals can view past programming, learn about available federal funding, and connect to our consulting team for complimentary one-on-one consulting to scale their business, apply for PPP, pivot their business plan, and more.

With the CARES Act grant funding from the MBDA, we created programming and consulting to reach over 9,000 small businesses to remain resilient and get access to capital during the pandemic. Our ACE NextGen program – the millennial entrepreneur arm of our organization – created a series of cohorts, mentorship, and educational programming to help AAPI millennial business owners apply for PPP, learn from similar industries, and create a toolkit of best practices during the pandemic to keep their businesses operating safely. 400 AAPI entrepreneurs aged 22-48 participated in the program, many of whom have shared their success stories of jobs created, PPP loans received, and pivoting their businesses.

We have conducted over 100 virtual events for small businesses and nonprofits to help minority and AAPI businesses navigate Covid-19 and the changing economy. As of today, we have helped over 500 AAPI-business owners apply for federal resources through virtual programming and one-on-one application assistance. Topics have included applying for EIDL or PPP loans, PPP forgiveness, alternate funding sources available MBEs, hazards and prevention of Covid-19 in the workplace, management and transition to telework, identification and mitigation of cyber threats, mitigating the effects of redacted travel or outside activities, and more.

Lastly, National ACE conducted a national survey fielded from September 28-November 30, 2020. 893 AAPI business owners responded and the findings were dire: 53% of AAPI businesses report increased debt to keep their businesses operating; 61% of AAPIs missed out on critical aid because they did not believe they were eligible; and 49% of AAPI business owners report having to lay off at least one employee. Additionally, the Bureau of Labor Statistics' December 2020 report showed that 44% of AAPI women have been unemployed for more than six months – the highest rate of unemployment among all demographics.

From this data, we know there is still much work to be completed. National ACE will continue to work to prioritize our most vulnerable populations in hopes of providing access to an equitable recovery for all minority business enterprises.



**Testimony Addendum: USHCC MBDA CARES Act Technical Assistance Grant, Program Success and Data to Date**

*February 3, 2021*

As the voice of our nation's **4.7 million Hispanic-owned businesses** that, combined, contribute **over \$800 billion to the American economy** every year, the United States Hispanic Chamber of Commerce (USHCC) in 2020 received a federal grant from the Minority Business Development Agency (MBDA) to establish eight national COVID-19 Technical Assistance Centers to design and execute programs to support the small, Hispanic, and minority business community through the economic hardships caused by the COVID-19 global pandemic. Since 1979, the USHCC has built an ecosystem of over **260 local chambers and business associations** throughout the United States, and together we advocate for and work with entrepreneurs to build sustainable, profitable Hispanic businesses, and strengthen our place in global markets to ensure our economic vitality.

The USHCC CARES Act Grant Program provides bilingual content that educates, informs, and advises the U.S. Hispanic community about support, news, policy, services, resources, access to capital, and other information critical to build and sustain awareness about COVID-19 relief for Latino individuals, families, and their respective businesses. Through this MBDA Grant funding we have been able to accomplish the following:

- The USHCC through the MBDA CARES Act Grant **established eight COVID-19 Technical Assistance Centers (TACs)** across our country in major cities with significant Hispanic and minority populations to provide small minority-owned businesses with free solutions to increase productivity, information on access to funding and grants, webinars and trainings featuring subject matter experts, and comprehensive resources and guidance in English and Spanish, to enable business owners to adapt their models, execution, and demand-generation processes to the new normal, and thrive.
- The USHCC through the MBDA CARES Act Grant has served more than **10,000 small minority-owned businesses** as of February 1, 2021 and we have identified more than 100 success stories among those businesses served in the form of loans approved, businesses reopened, employees re-hired, business transformation to digitization, etc.
- The USHCC through the MBDA CARES Act Grant has **hosted more than 200 Bilingual webinars and trainings, with more than 15,000 attendees**, these have been offered to small minority-owned businesses at no cost to them. **More than 150 business and operational topics** have been covered they have included; financial literacy, virtual work tools, utilizing free online tools to grow business branding, customer engagement, e-commerce and business digitization, SBA's PPP and EIDL application technical assistance, budgeting during an economic crisis, business solutions to retain employees, human resources, legal, and tax compliance, reopening safely to maintain CDC guidelines, the Main Street Lending Program from the Federal Reserve Bank, international business opportunities, strengthening procurement capability statements to access other contracting portfolios, government procurement opportunities, and other relevant topics that have evolved due to the economic hardships caused by the COVID-19 pandemic.
- The USHCC through the MBDA CARES Act Grant has **provided Personal Protective Equipment (PPE) and other sanitation supplies to more than 2,000 businesses** and a

new round of PPE supply drives will take place in the upcoming months to distribute more supplies.

- The USHCC through the MBDA CARES Act Grant created a social media resource and mental health campaign to promote these programs on our social media platforms through all eight of our chamber technical assistance centers. These campaigns are activated and have reached **more than 25,000 viewers with an estimated 400,000 impressions.**
- The USHCC through the MBDA CARES Act Grant has developed a Bilingual website [www.ushcccares.com](http://www.ushcccares.com) which launched at the end of 2020 where people can access resources and contact the TACs closest to them. To date, **more than 2,500 people have visited this site** to gain necessary resources, guidance, and technical assistance. The TACs work with small minority-owned businesses to review the different resource options available to their business, these include: access to capital, loans, alternative funding, health and safety guidelines from the CDC, trainings, credit and tax guidance, operational best practices, tools from subject matter experts on digital transformation, managing remote teams, business opportunities, procurement, productivity, and much more.



## **Testimony Addendum: USBC MBDA CARES Act Technical Assistance Grant**

*February 3, 2021*

The U.S. Black Chambers, Inc. (USBC) provides committed, visionary leadership and advocacy in the realization of economic empowerment. Through the creation of resources and initiatives, we support African American Chambers of Commerce and business organizations in their work of developing and growing Black enterprises. Our five pillars of service include; advocacy, access to capital, contracting, entrepreneur training, and chamber development.

The USBC's primary advocacy asks related to the Minority Business Development Agency (MBDA) are as follow:

- Formally codify the MBDA to increase the amount of Black-owned businesses;
- Create an MBDA website to ensure that black-owned businesses can access and navigate federal resources;
- Establish an inter-agency council within the MBDA at the U.S. Department of Commerce to act as an oversight and public reporting mechanism. The inter-agency will also ensure that Black-owned firms are receiving the prioritization necessary in the months and years ahead;
- Increase appropriations levels for the MBDA to seed and scale Black and minority-owned firms;
- Authorize a study within the MBDA to track and report forthcoming revenue opportunities and solutions for Black businesses following the COVID-19 pandemic;
- Establish additional Minority Business Development Centers (MBDCs) at additional Historically Black Colleges and Universities and Low Minority Income (LMI) communities;
- Establish a fund within the MBDA that will specifically serve our nation's fastest group of entrepreneurs, Black women; and
- Ensure that the MBDA prioritizes Black businesses within Science, Technology, Engineering, the Arts, and Mathematics (STEAM) industries.

REIMAGINE MAIN STREET



# Business Owners of Color and COVID-19

*December 10, 2020*



**PUBLIC PRIVATE  
STRATEGIES**

## REIMAGINE MAIN STREET



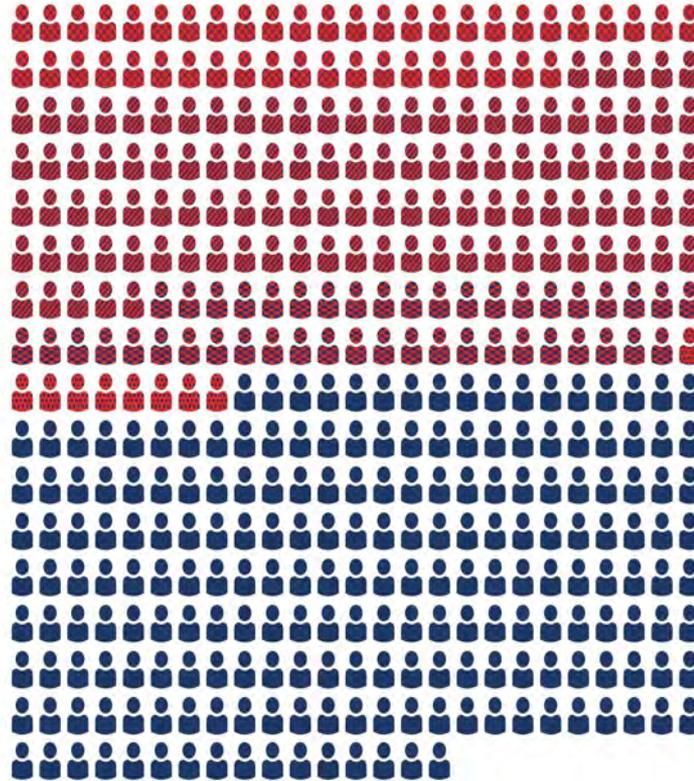
Small businesses and their workers must rebound from the COVID-19 crisis so that communities thrive and the benefits ripple throughout the economy. We are a multi-stakeholder, cross-sector initiative focused on advancing and uplifting innovative solutions to ensure that Main Street is at the center of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

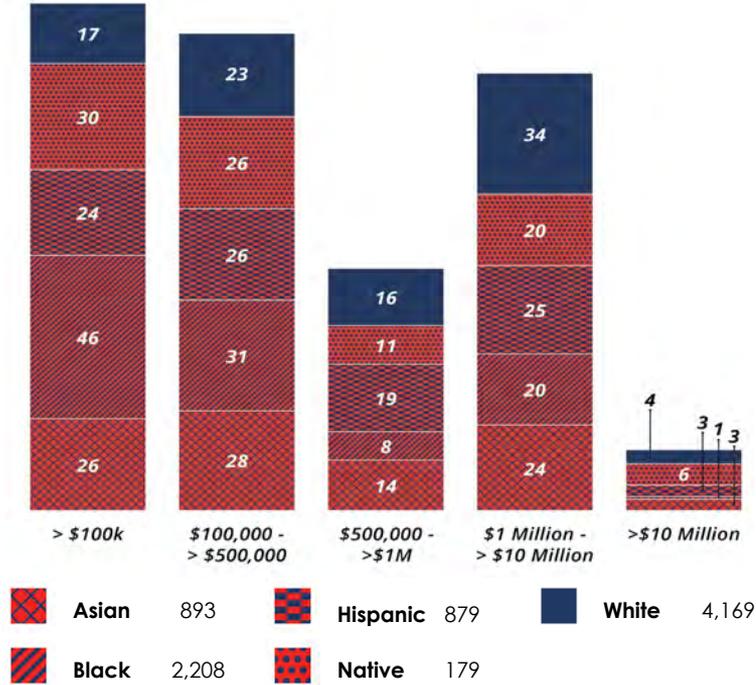


	<b>Asian</b>	893
	<b>Black</b>	2,208
	<b>Hispanic</b>	879
	<b>Native</b>	179
	<b>White</b>	4,169

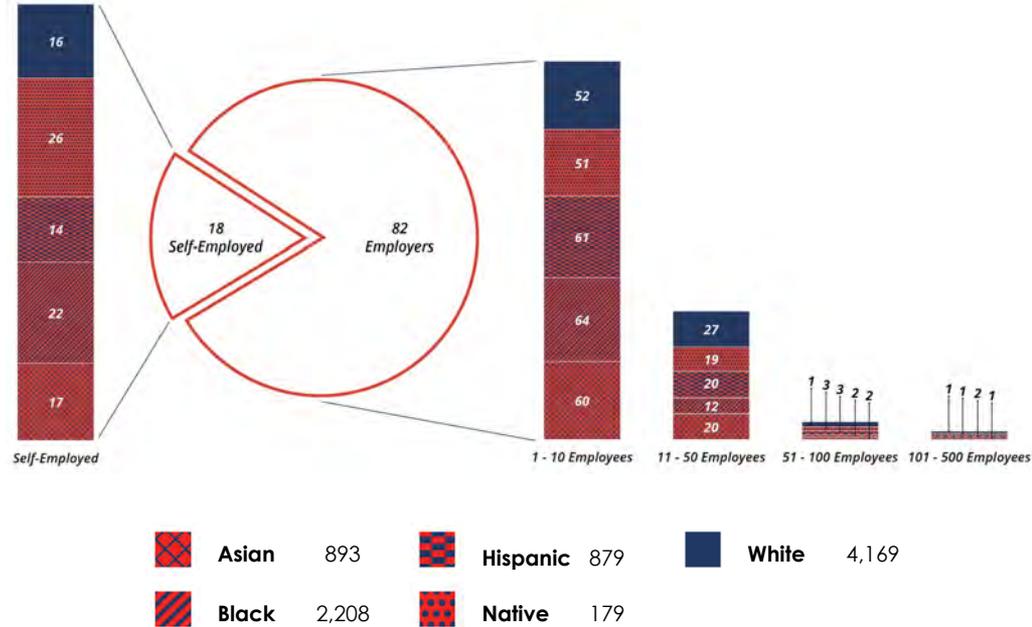
 = 20 Small Business Owners

# Robust Mix of Micro and Small Businesses

2019 Revenue  
% of respondents

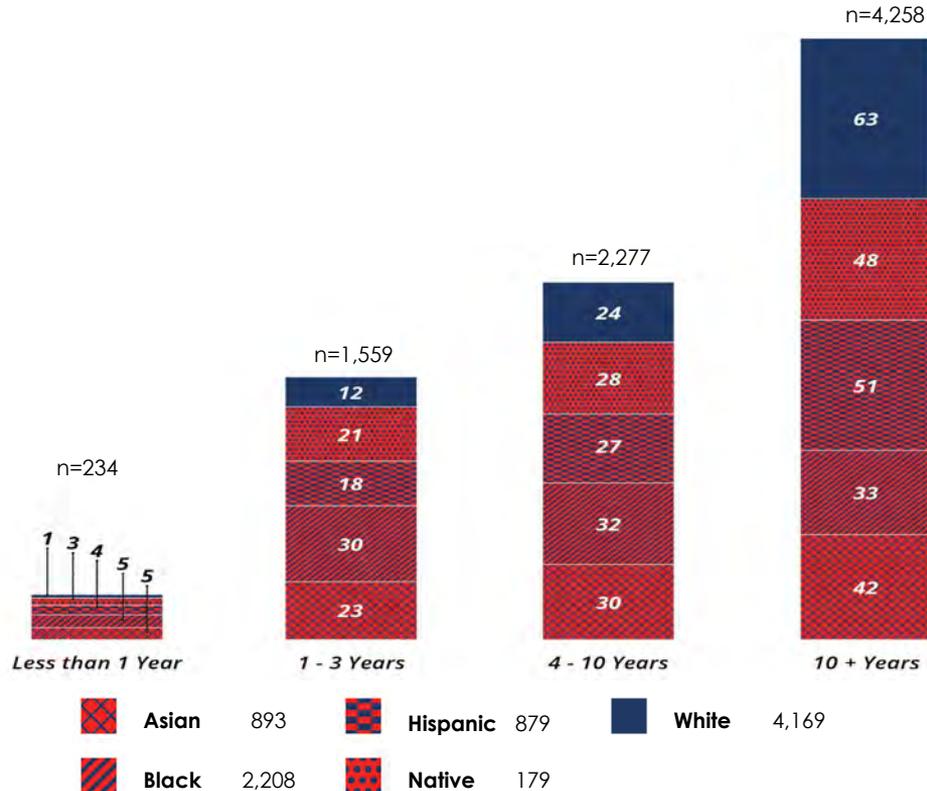


Distribution by Number of Employees  
% of respondents



# Skews Toward Established Businesses

Time in Business  
% of respondents

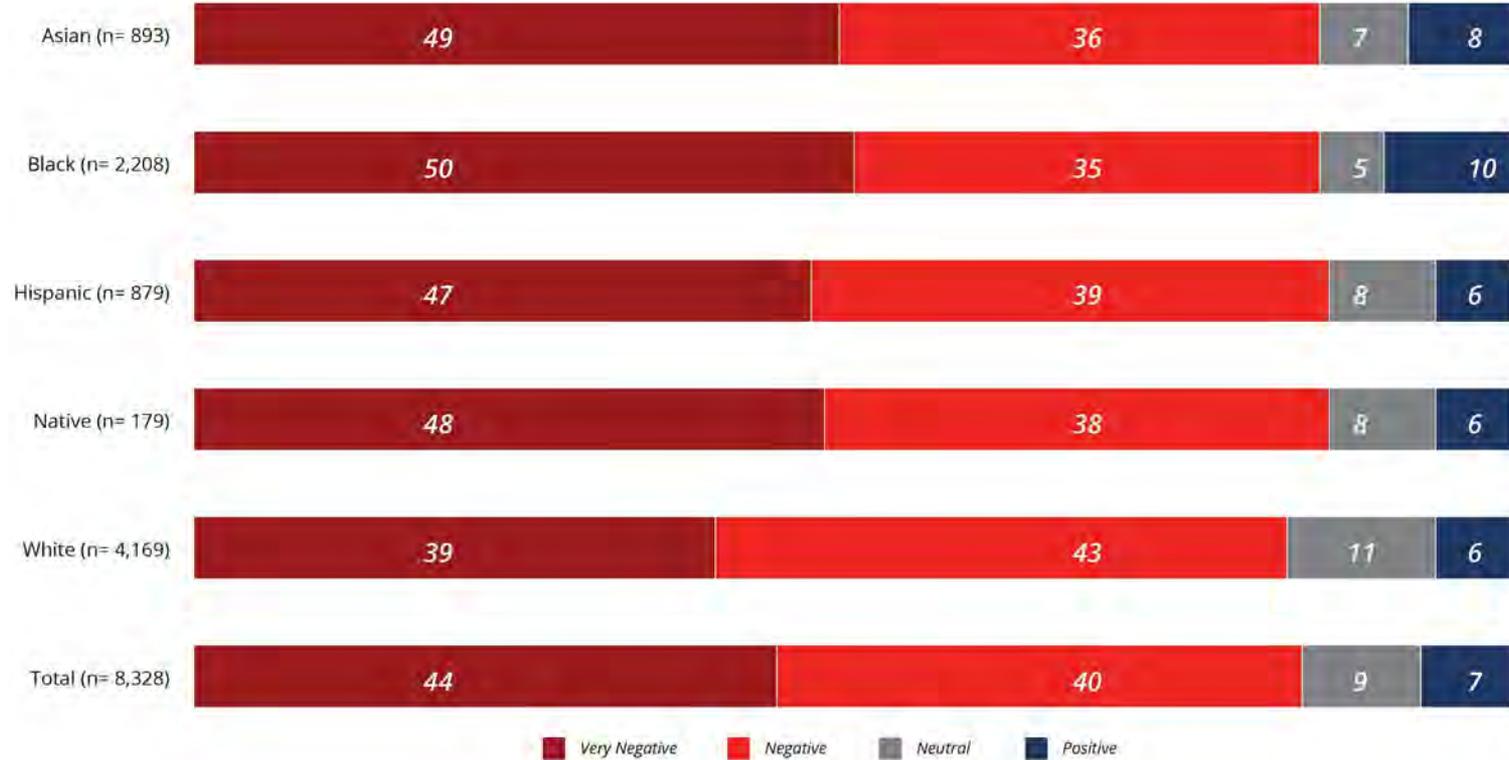


# Takeaways

- **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.

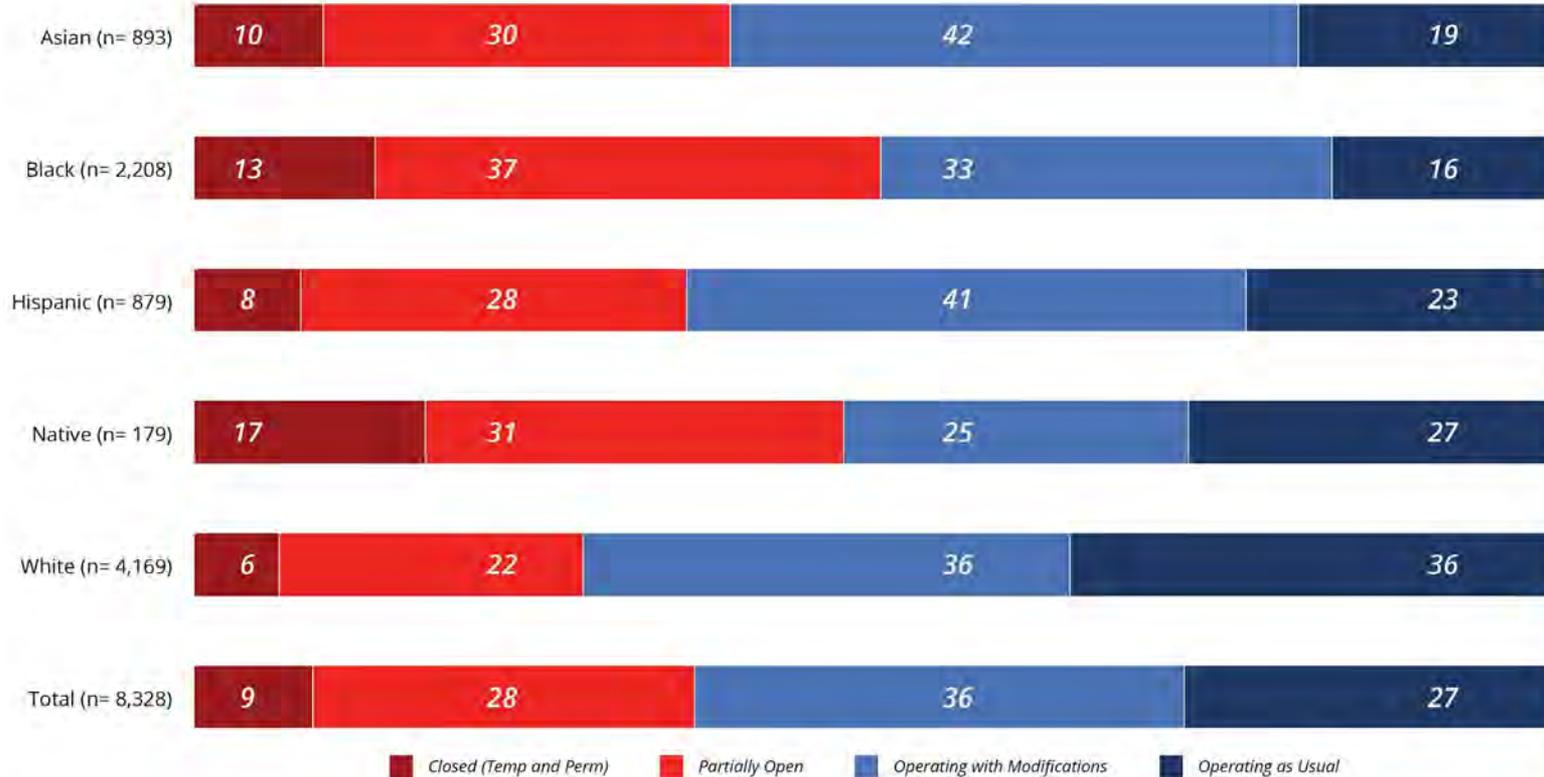
# Small Businesses Hard Hit by Pandemic

Effect of COVID-19 Pandemic  
% of respondents



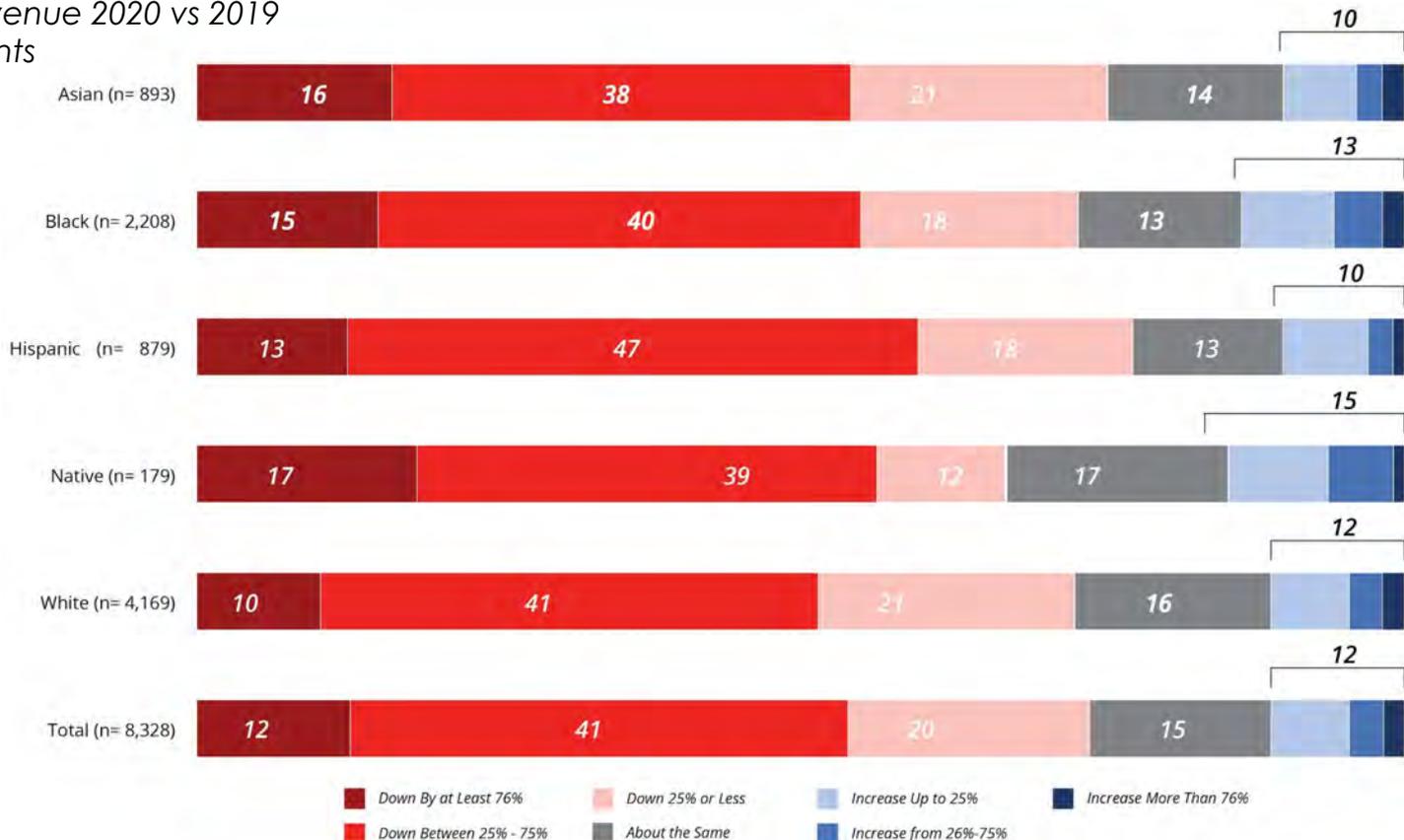
# It's Not Business as Usual for the Majority of Respondents

Status of Operations  
% of respondents



# Revenue Down by > 25% for Most Respondents

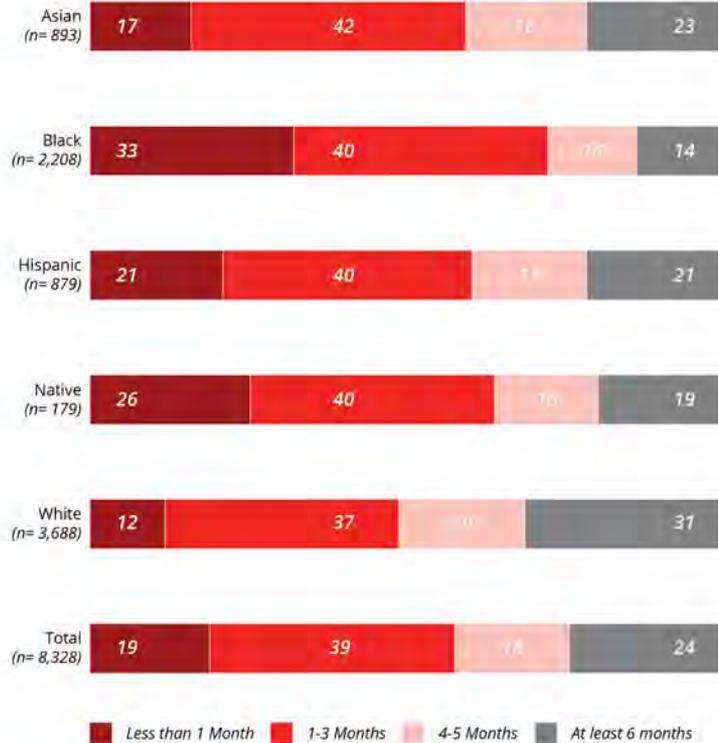
Change in Revenue 2020 vs 2019  
% of respondents



# Expect More Small Businesses to Shut Down

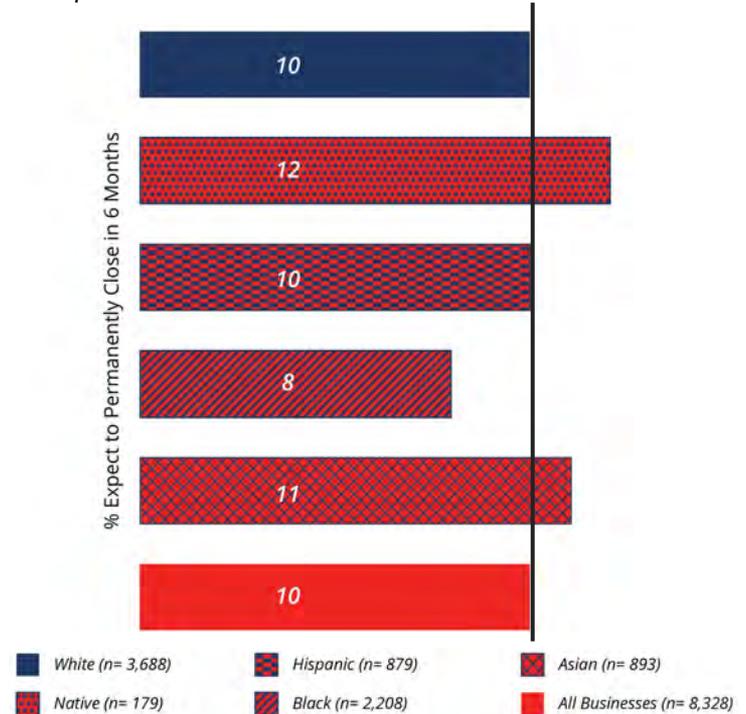
## Cash Crisis without Relief

Months of Cash  
% of respondents



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

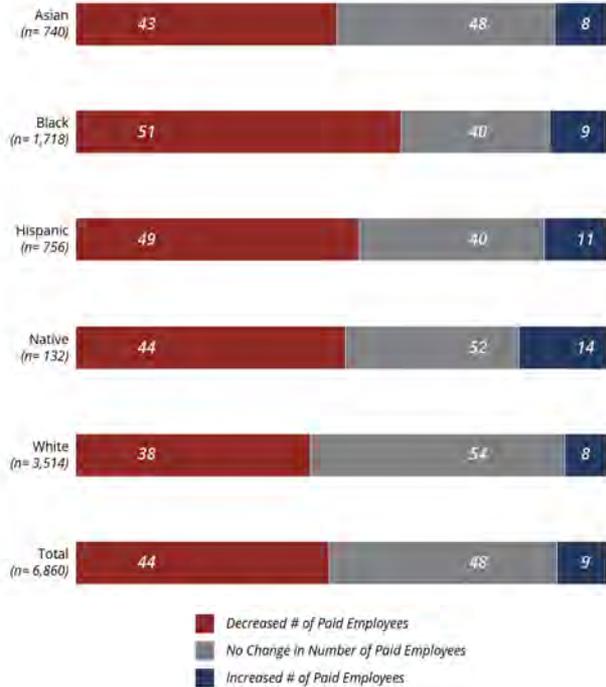
% of Respondents



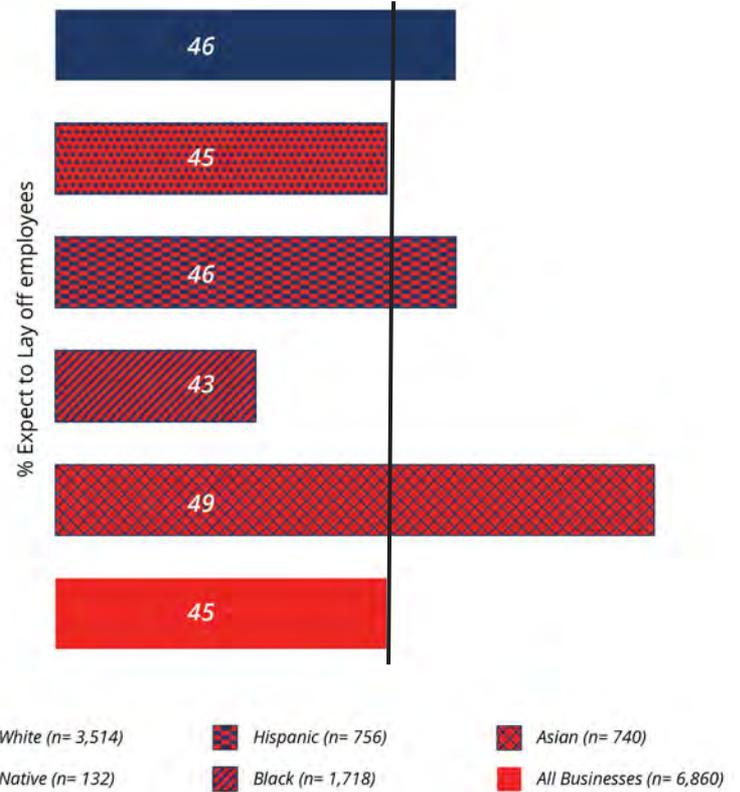
# More Job Shedding Likely

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

Change in Number of Paid Employees  
% of Employer Firms



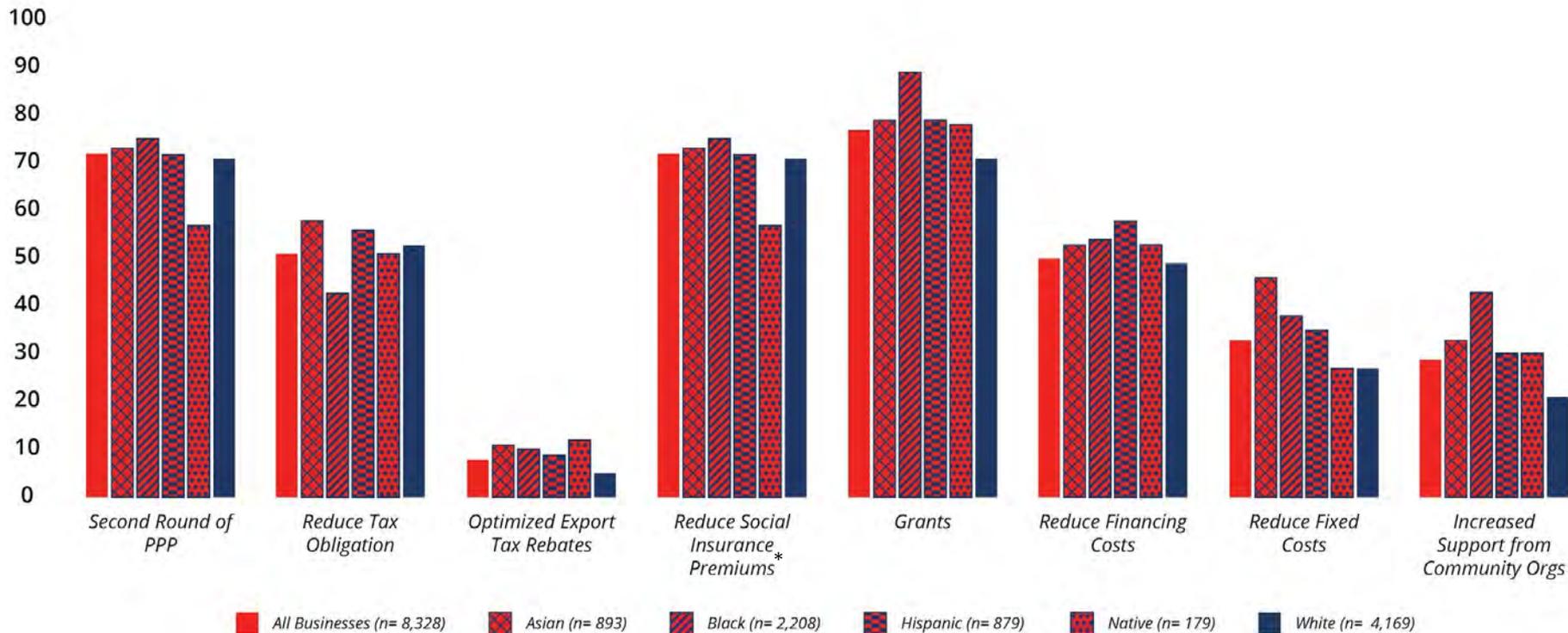
## Nearly Half of Respondents Expect More Layoffs



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

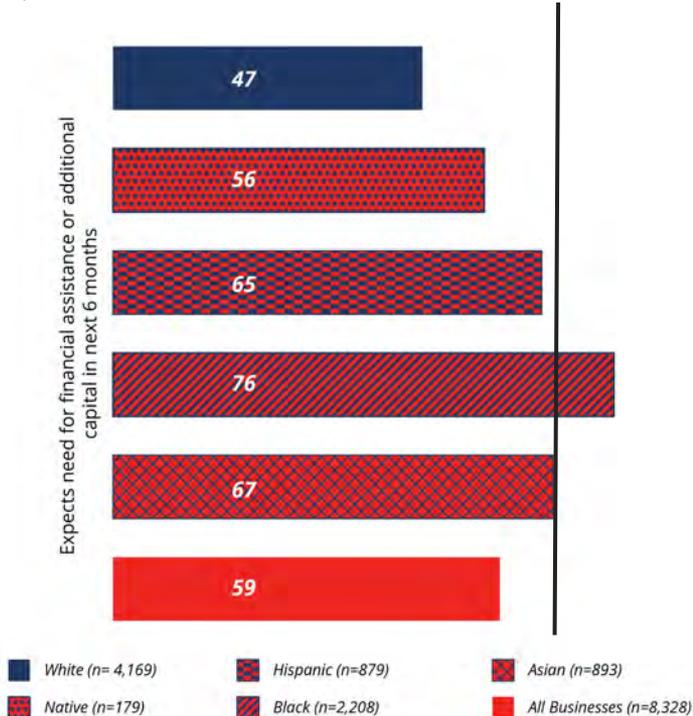
Preferences Among Relief Options Presented  
% of respondents



# Imperative to Maintain Liquidity in Credit Markets

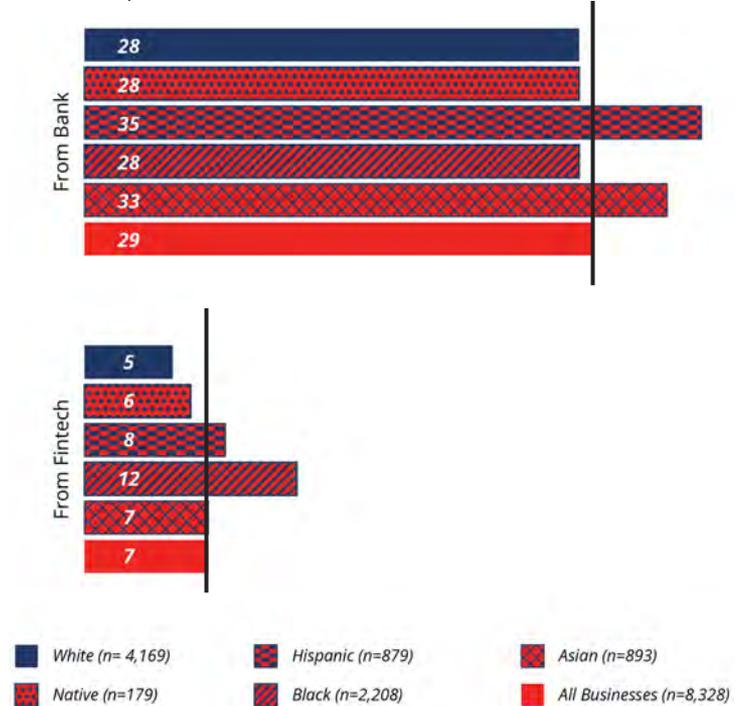
**More than half of respondents say they will need financial assistance or additional capital in next 6 months**

% of respondents



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

% of respondents



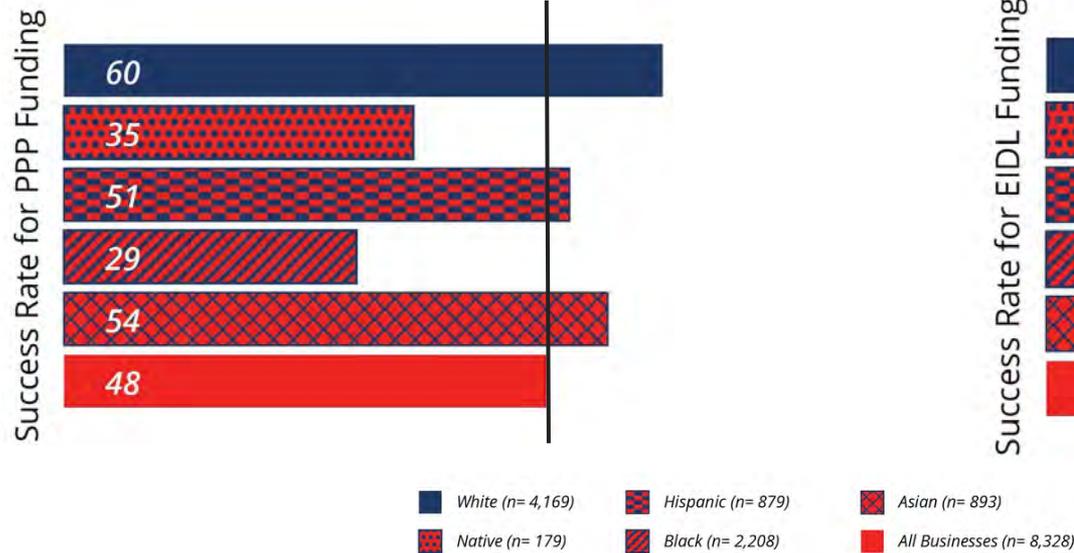
# Federal Support to Date Not Distributed Equally

Success Rate

% Applied x % Received Relief

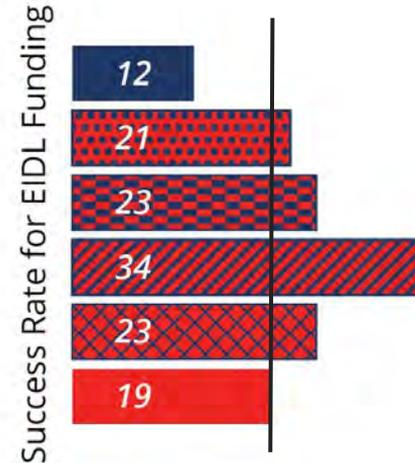
## Paycheck Protection Program

- \$484 Billion
- Distributed via private lenders



## Economic Injury Disaster Loan

- \$20 Billion
- Distributed by the SBA

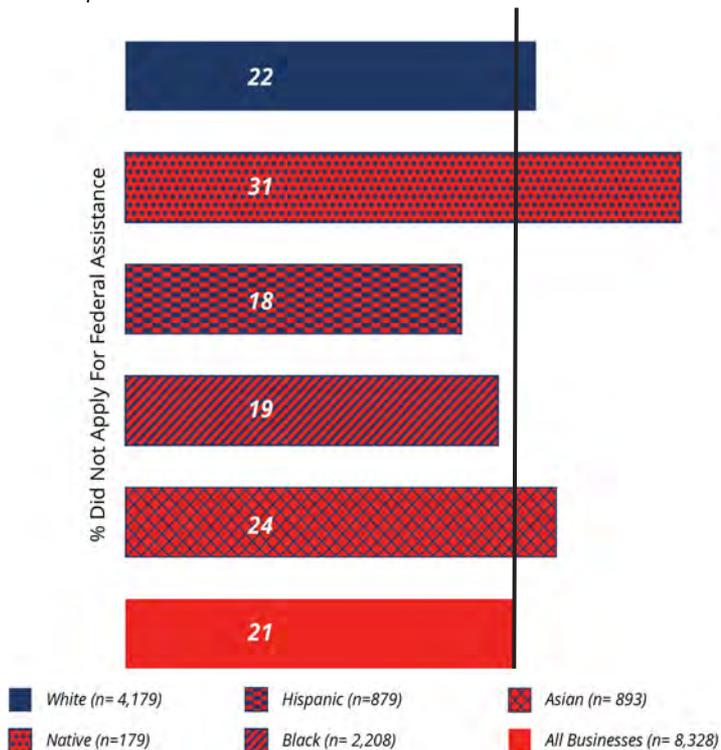


Source: PPS Small Business Survey in partnership with National ACE, US Black Chambers, and US Hispanic Chamber of Commerce (October -November 2020)  
 Q6: Have you applied for any federal financial assistance from any of the following sources? (Select all that apply)  
 Q11: Has your business received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

# Expectations & Needs for Federal Assistance Vary

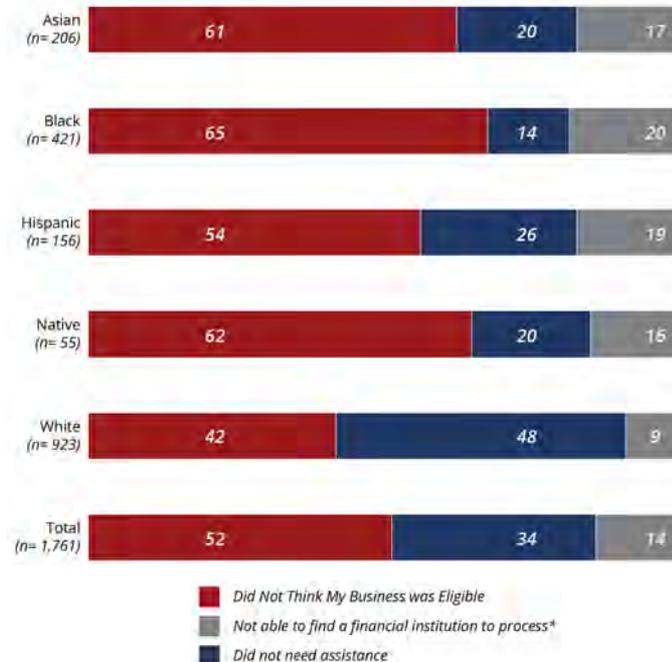
## Roughly 1 in 5 Small Businesses Did Not Apply for Federal Assistance

% 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



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)  
 Q9: Why haven't you applied for federal financial assistance?

# 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**

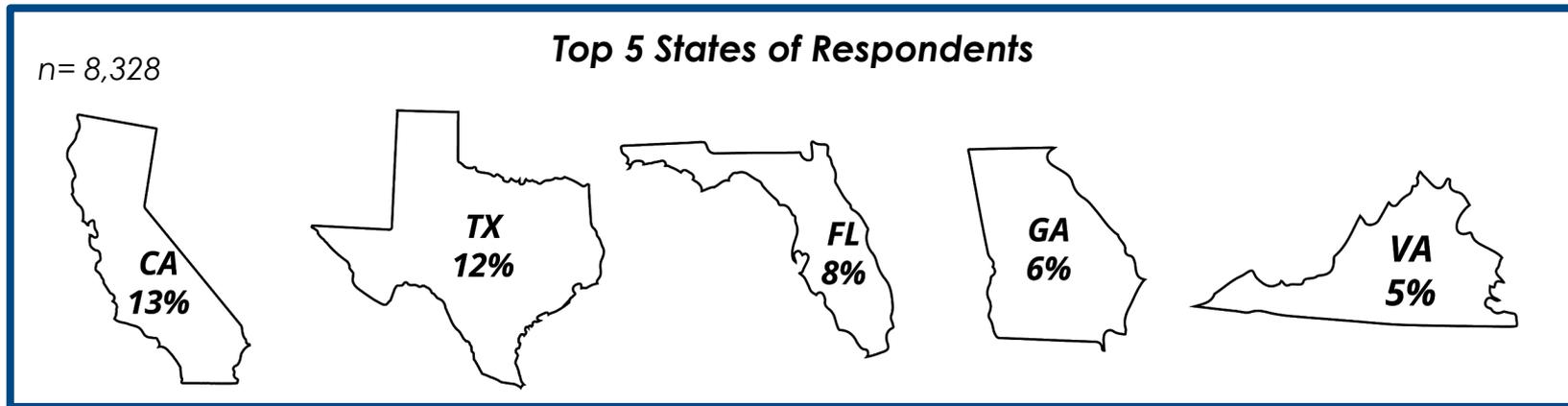
[chris@publicprivatestrategies.com](mailto:chris@publicprivatestrategies.com)



# Appendix: About the Sample

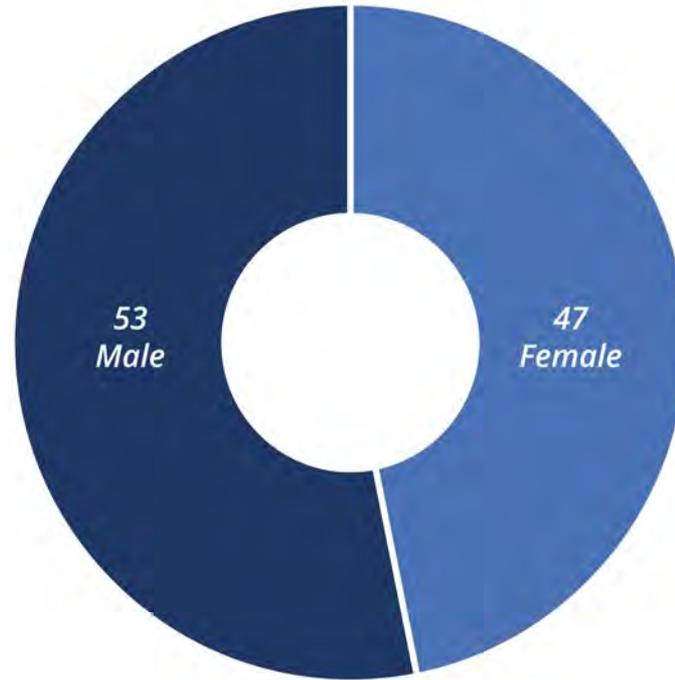
# Broad Geographic Coverage

- 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**



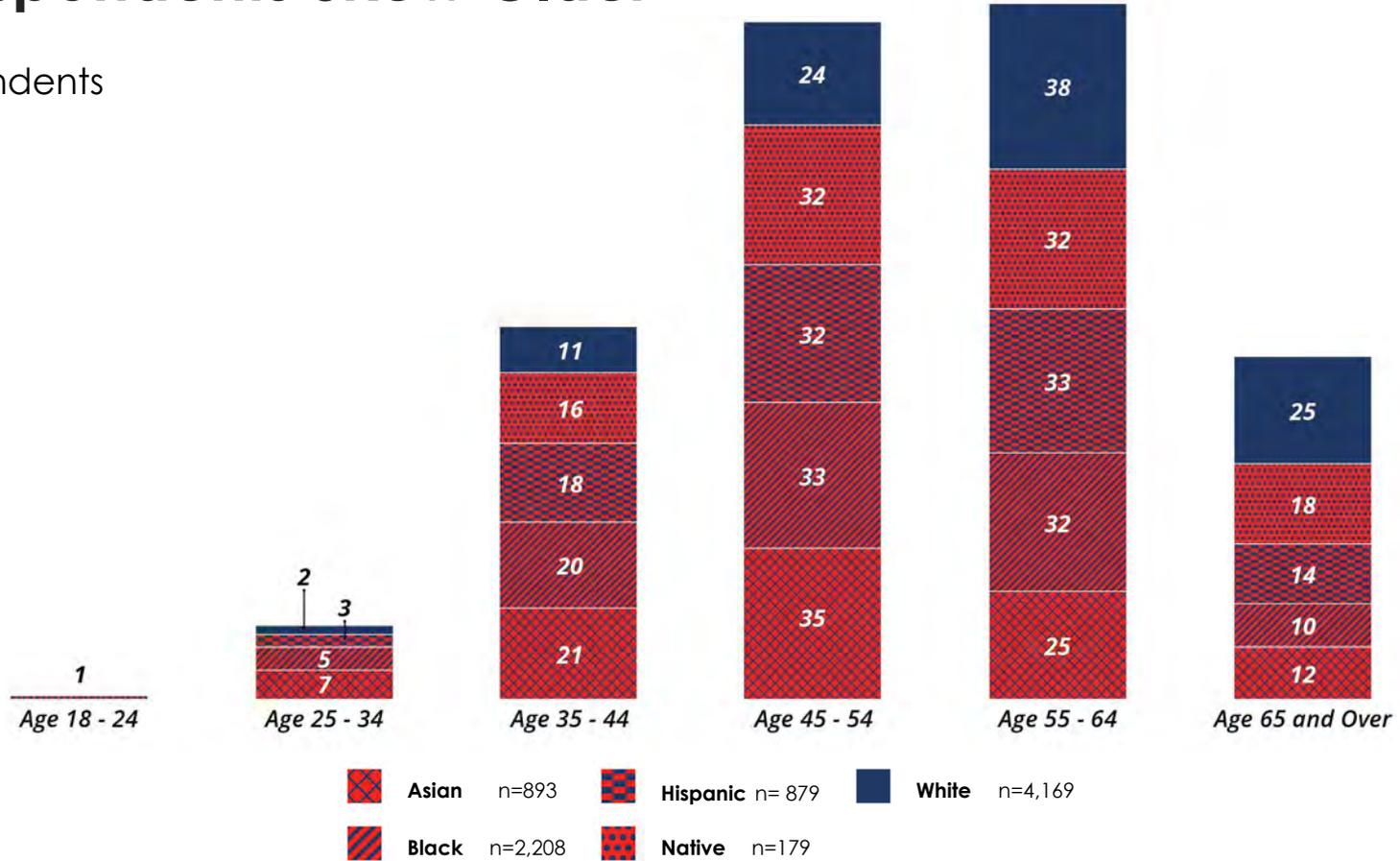
# Rough Parity Between Male and Female Respondents

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



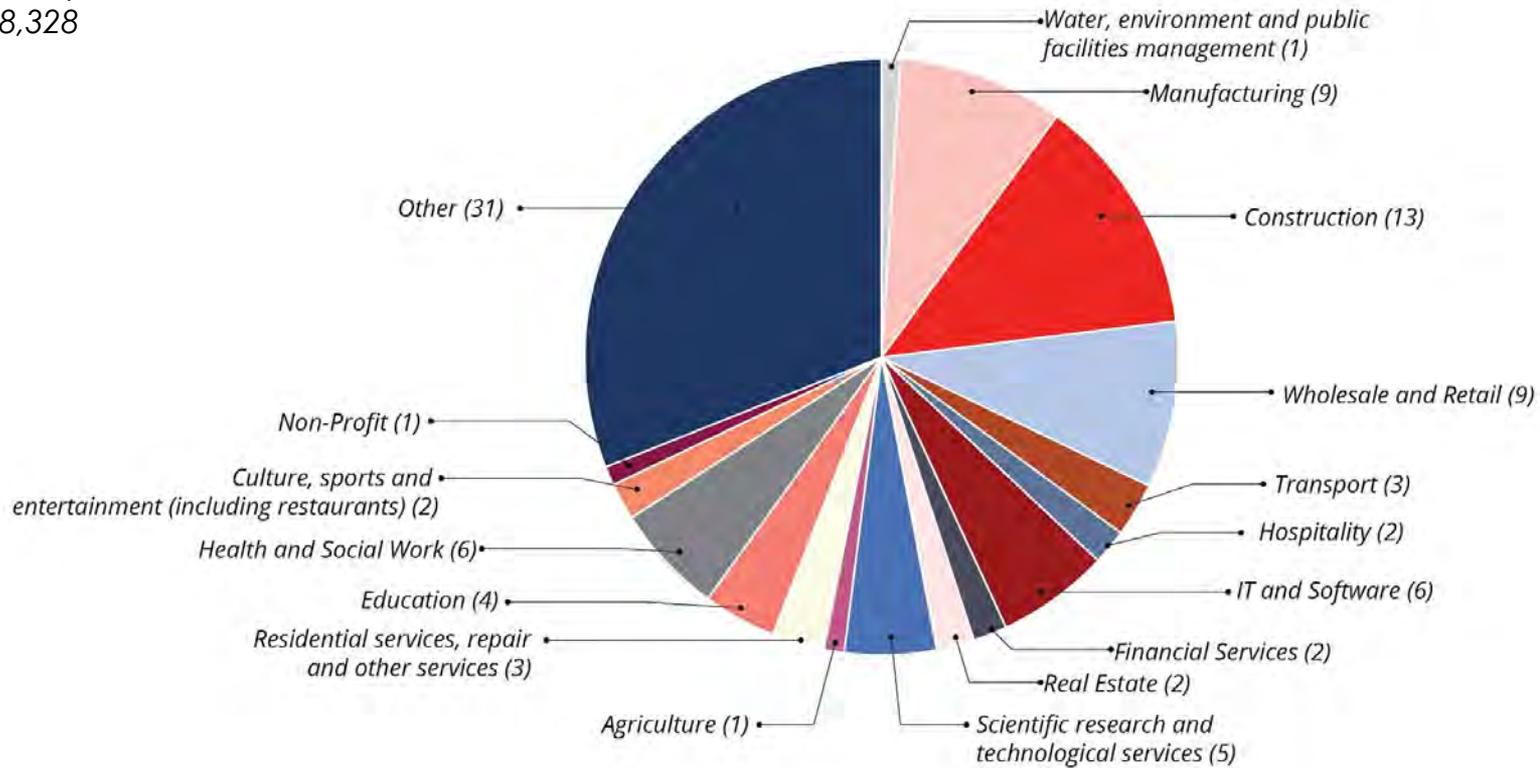
# Respondents Skew Older

% 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%)