



March 10, 2021

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

The Honorable Blaine Luetkemeyer
Minority Ranking Member
House Committee on Small Business
2230 Rayburn House Office Building
Washington, DC 20515

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RE: U.S. House Committee on Small Business Hybrid Hearing: “The Next Steps for the Paycheck Protection Program”, Written Testimony on behalf of the United States Hispanic Chamber of Commerce (USHCC).

Dear Chairwoman Velázquez and Minority Ranking Member Leutkemeyer,

Thank you, Chairwoman Velázquez and Members of this Committee, for the opportunity to share written testimony on behalf of our 4.7 million Hispanic Business Enterprises (HBEs) that contribute an estimated \$800 billion to the U.S. economy annually. The USHCC, through our programming and network of more than 250 Hispanic chambers across our country have been providing necessary resources and technical assistance to ensure that the Paycheck Protection Program (PPP) from the U.S. Small Business Administration (SBA) is being promoted and utilized to revitalize the American economy.

Below are real business testimonials from Hispanic Business Enterprises (HBEs), policy recommendations based on the USHCC’s advocacy, and recent data which illustrates the need and continuation of the PPP and its consideration by Congress.

The USHCC’s ongoing advocacy during the COVID-19 pandemic and after is focused on three driving pillars: increasing public and private sector procurement opportunities for Hispanic Business Enterprises (HBEs), advocating for issues affecting Hispanic business and the more than 61 million Hispanics living in America, and creating synergies of strategic collaboration with our network of more than 250 local Hispanic chambers across our country. Furthermore, we strive to do this work under three overarching goals which are: influence policy makers to adopt recommendations into stimulus related legislation and administration policies, expand Hispanic and minority-owned small business access to government and private sector procurement, and secure inclusion of the Hispanic community with decision and policy makers throughout the process.

According to a study published by Small Business Majority which surveyed small and minority owned business owners: Half said the amount of PPP they qualified for was low because their business doesn’t have a lot of employees or because of how their business is organized. One in three said the process of applying for PPP was challenging due to the calculations and paperwork involved. Roughly one in ten businesses were told there were issues with their credit when they applied, even though credit requirements were waived for the program. Eleven percent struggled to spend at least 60% of funds on payroll to qualify for full forgiveness. Twenty-three percent said finding a lender willing to accept their application was challenging. One in five businesses did not qualify because their business was too new, or they didn’t have enough employees. Three in ten businesses said PPP was helpful, but less restrictive capital is needed to support their businesses and 15% said PPP was not helpful for their business. Given these numbers, it’s clear that small businesses need more flexible assistance, and most respondents (91%) say Congress should pass legislation to provide direct grants to small businesses.



Witness Testimony:

Ms. Lisa Bombin
President & CEO
Unico Communications, Inc.
San Antonio, Texas

Thank you, Chairwoman Velazquez and the Members of this committee, for affording me a moment of your time to share my story as a Latina Small Business Owner.

I have been the proud owner of Unico Communications, a 16-year event production company and a Latina-owned business headquartered in San Antonio, Texas. We have a long history of producing large-scale events for the nation's most reputable non-profit organizations. I am honored to represent the larger event industry that includes master story-tellers, writers, planners, producers, audio and video engineers, caterers and so many more magicians that work behind the scenes of our most memorable celebrations, concerts, galas, conferences and the like. Along with hundreds of other event companies across the country, the pandemic left my business scrambling for a new plan and a method to sustain my staff and execute payroll in the midst of so much uncertainty.

The merciless effects of the resulting shutdown were evident in the swift volume of event cancellations that followed. Our business came to an abrupt halt. The only alternative was to suspend my own salary to retain as much cashflow enabling me to keep our staff secure and fully-employed for the immediate future.

After several emotionally exhaustive days of seeking a new business strategy and plan, we had a glimmer of hope when Congress established the Paycheck Protection Program (PPP) in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). To say the initial roll-out was "problematic", may be an understatement. I, like so many other small businesses, had been banking with a well-known national bank when the application window opened. And like so many small minority-owned businesses, we were left in the dark. Our financial institution offered no method of submitting an application, rather a landing page to "stay tuned" for more details. We found ourselves seeing the hours slip away and feeling the anxiety rise as our peers and fellow business-owners confirmed their applications had been successfully processed, all while payroll deadlines loomed for our team.

After multiple attempts to submit our application we contacted the United States Hispanic Chamber of Commerce to seek advice and technical assistance. The USHCC recommended that we submit a PPP application through a small community bank as they had been seeing an increasing track record of success from other members across the country. Furthermore, the USHCC was one of the few national organizations providing technical assistance in both English and Spanish to minority-owned businesses and worked with the SBA to have them translate their resources into multiple languages. We had no list from which to start, so my husband and I began making calls and scouring the internet through the night, to research local banks across our state to see if they would accept applications from new customers. We were fortunate to have had success in submitting and securing this PPP loan through Pioneer Bank, a small Texas regional institution. Sadly, not all businesses like mine were able to secure a PPP loan and have succumbed to closure. According to a study published by Small Business Majority which surveyed small and minority owned business owners: One in 3 say the process of applying for the PPP was challenging due to the calculations and paperwork involved. Nearly one in four said that finding a lender willing to accept their application was challenging.



Now more than ever, small minority-owned businesses need the U.S. Small Business Administration and its portfolio of loans and technical assistance programs. Our business' membership with the U.S. Hispanic Chamber of Commerce helped me navigate this convoluted process through their communications. Furthermore, I received technical guidance from the University of Texas at San Antonio's Small Business Development Center (UTSA-SBDC) and additional funding through the City of San Antonio's Recovery Grant Program facilitated by LiftFund, a Community Development Financial Institution (CDFI).

These three entities were critical in my business success during one of the most unprecedented economic times in American history. If it had not been for the forgivable loans built into the CARES Act, our business would not have been able to survive because we could not sustain more debt.

As a small business owner, I call upon our Members of Congress to expand PPP loans for our nation's small and minority-owned businesses, and to provide more support and financial resources to the SBA and the Minority Business Development Agency to fund critical technical assistance, in multiple languages, through public private partnerships with Chambers of Commerce and other business associations across the country. Our road to recovery is still vast and organizations like these need to be funded and sustained to continue helping businesses like mine navigate the ongoing economic crisis.

Thank you again Chairwoman Velazquez and members of this committee for your leadership and continued legislative collaboration to ensure the economic survival of America's more than 30 million small businesses, of which 4.7 million are Hispanic-owned.

Reimagine Main Street National Minority-Owned Businesses Survey Summary:

There has been very little data available about the effect this crisis is having on Minority Business Enterprises (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 national survey of its kind, in collaboration with Reimagine Main Street. Our survey was conducted online from September 28 through 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 testimony, paint a sobering picture: 10% of respondents 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.

Collectively, the above mentioned 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. We provide this data in good faith to the House Committee on Small Business so that you may consider necessary legislation, appropriations, and innovative solutions to continue to combat the economic threat that COVID-19 has imposed on our MBE communities.

REIMAGINE MAIN STREET



Business Owners of Color and COVID-19

December 10, 2020



**PUBLIC PRIVATE
STRATEGIES**

REIMAGINE MAIN STREET



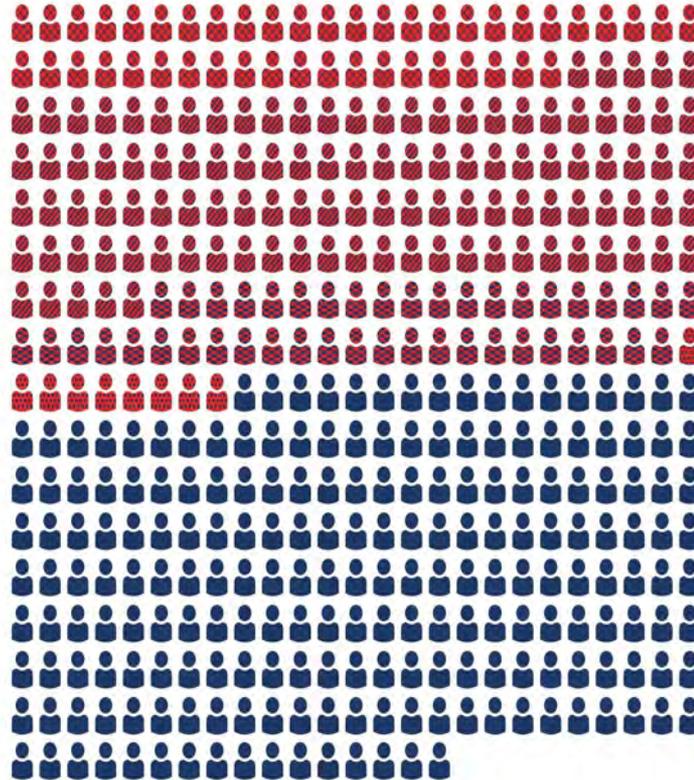
Small businesses and their workers must rebound from the COVID-19 crisis so that communities thrive and the benefits ripple throughout the economy. We are a multi-stakeholder, cross-sector initiative focused on advancing and uplifting innovative solutions to ensure that Main Street is at the center of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

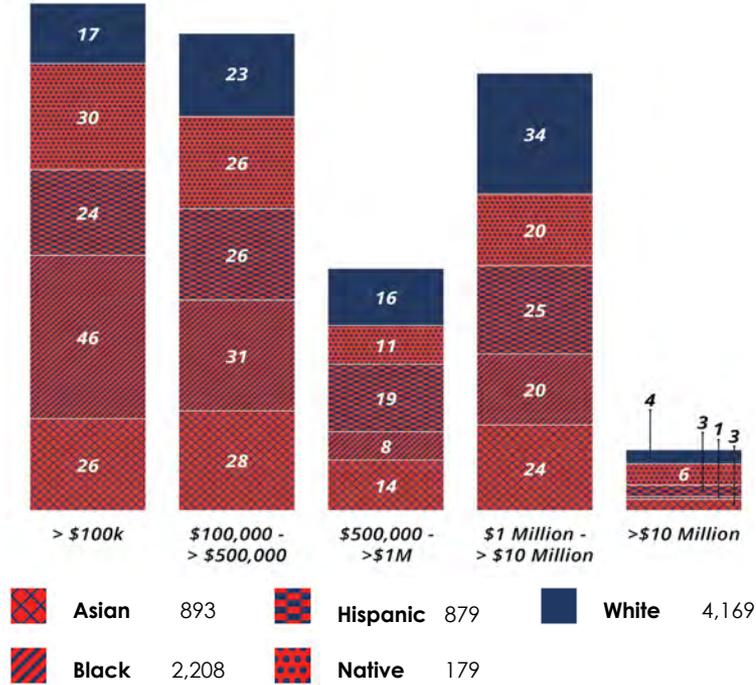


	Asian	893
	Black	2,208
	Hispanic	879
	Native	179
	White	4,169

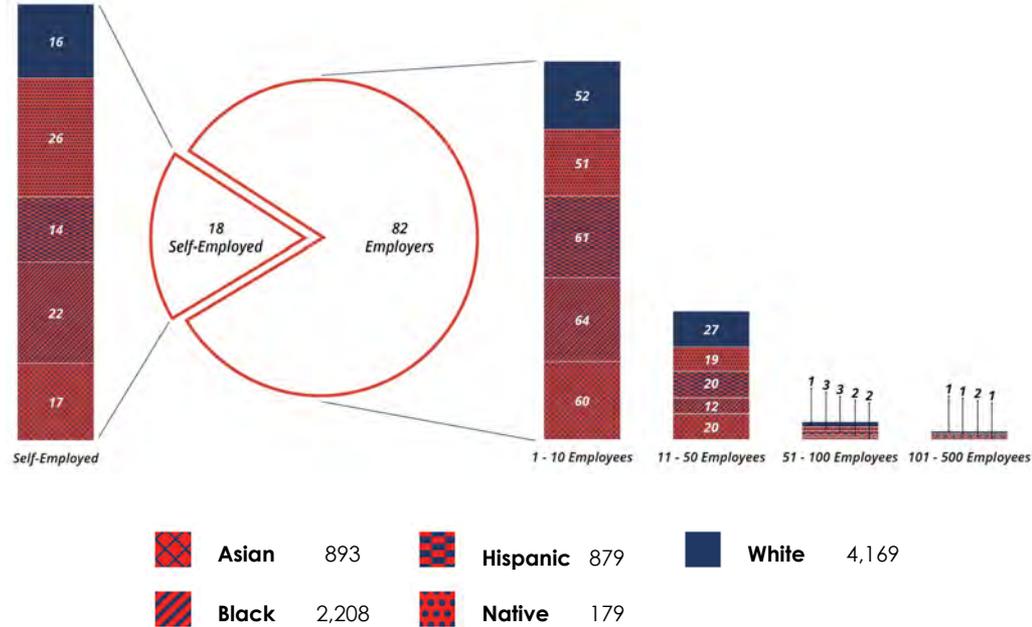
 = 20 Small Business Owners

Robust Mix of Micro and Small Businesses

2019 Revenue
% of respondents

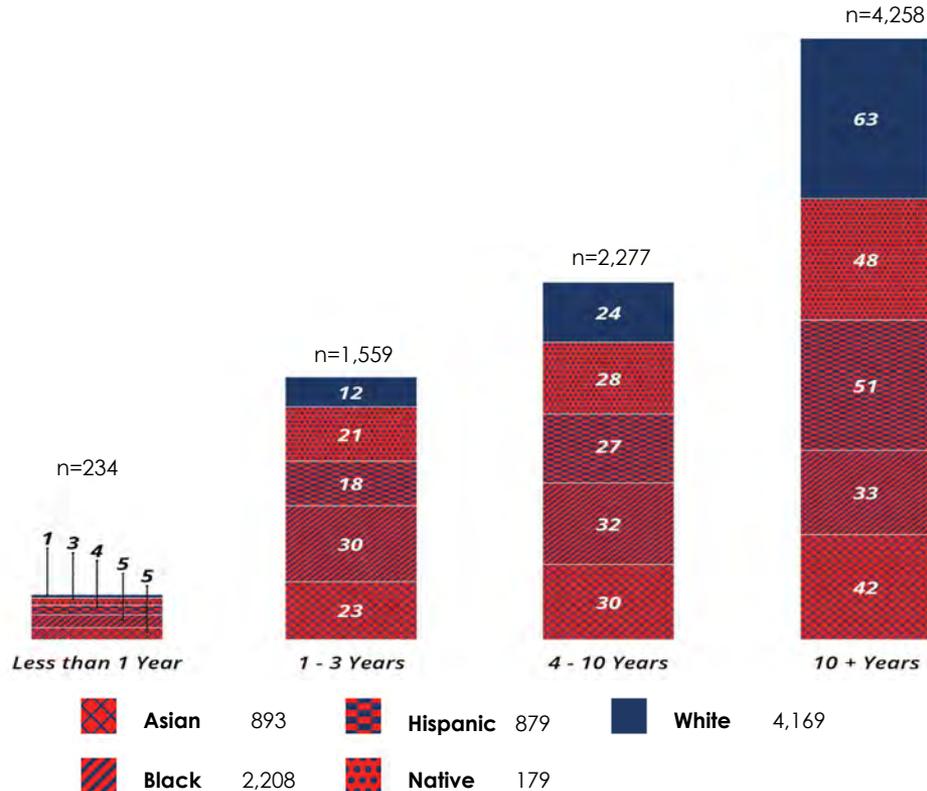


Distribution by Number of Employees
% of respondents



Skews Toward Established Businesses

Time in Business
% of respondents

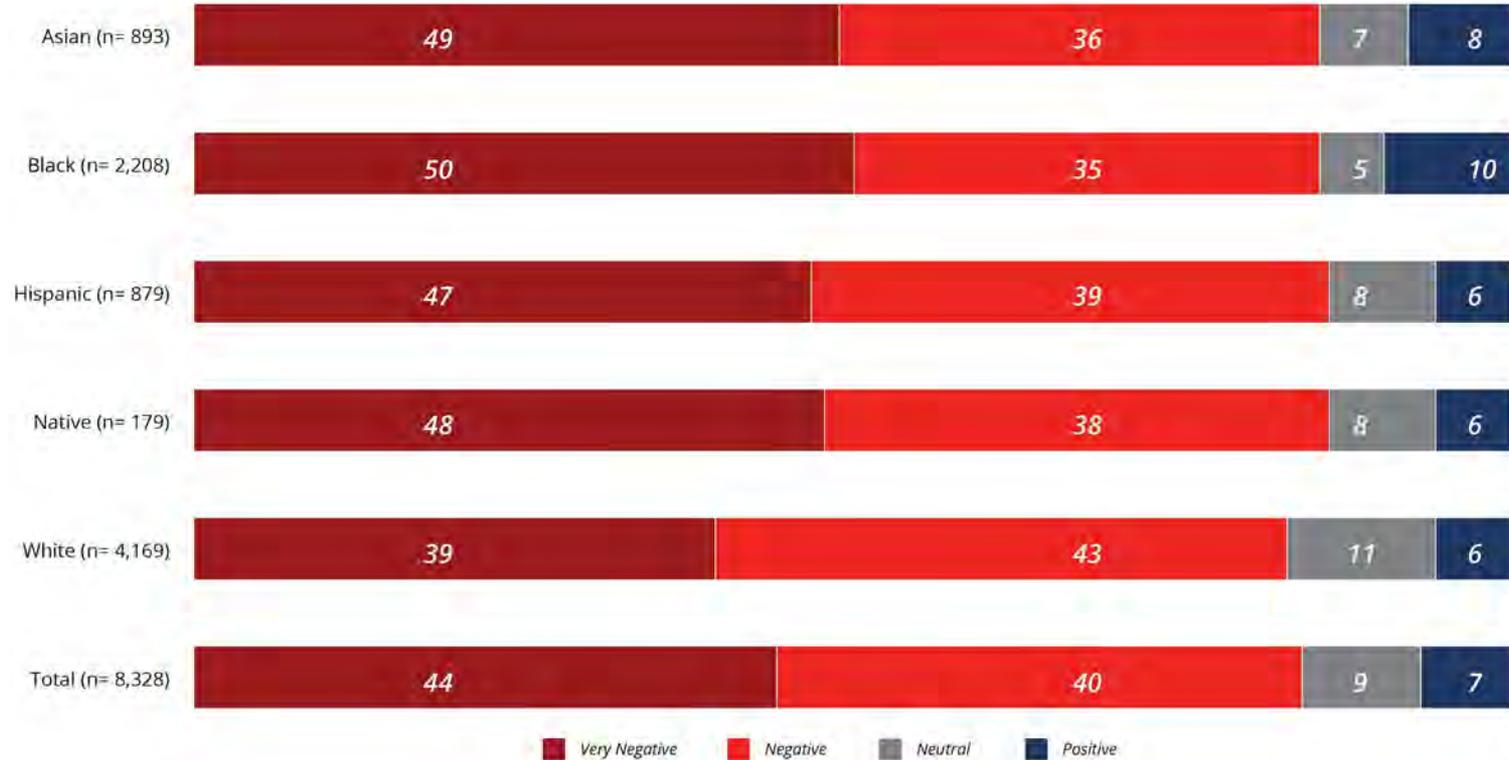


Takeaways

- **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.

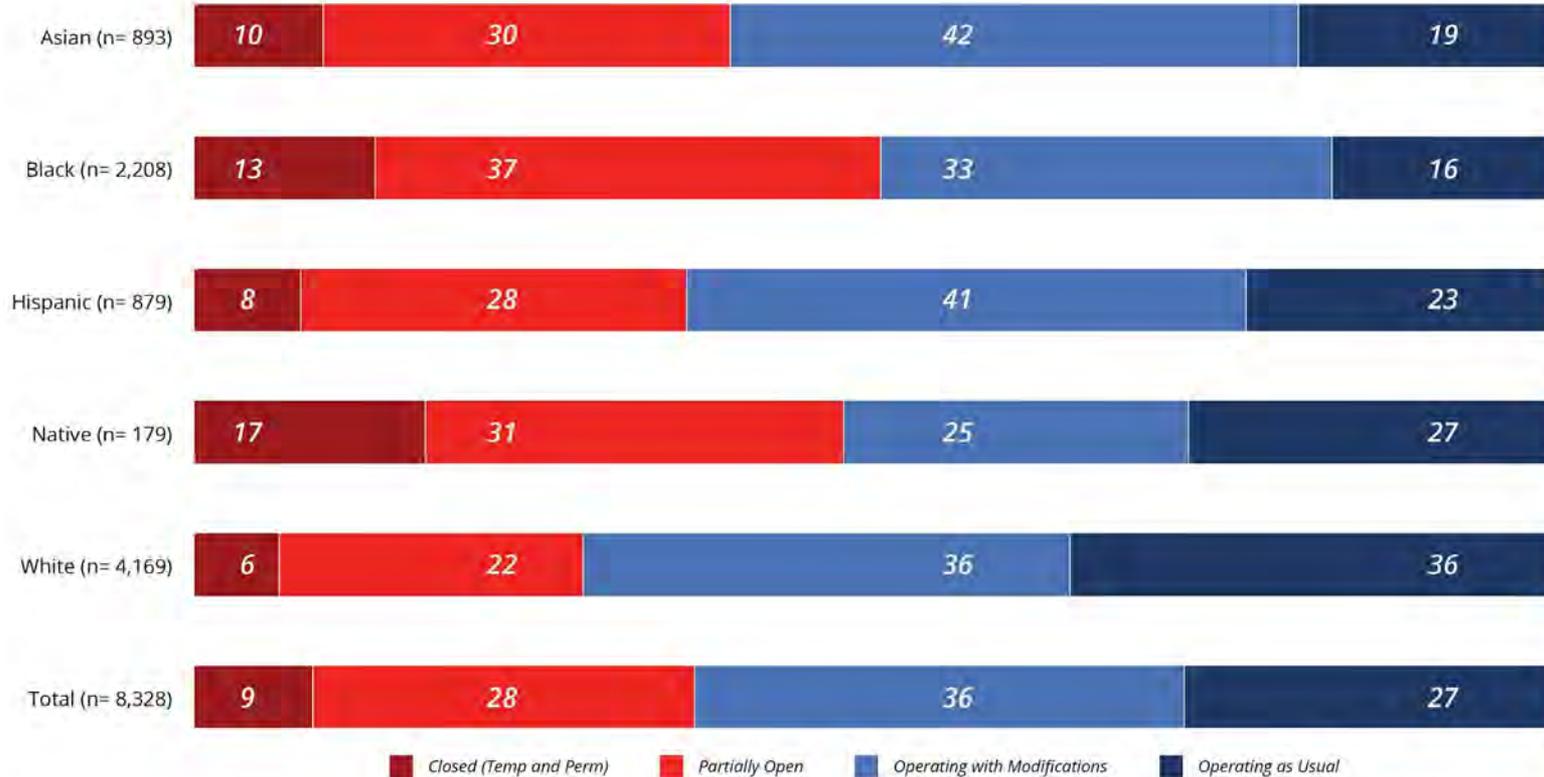
Small Businesses Hard Hit by Pandemic

Effect of COVID-19 Pandemic
% of respondents



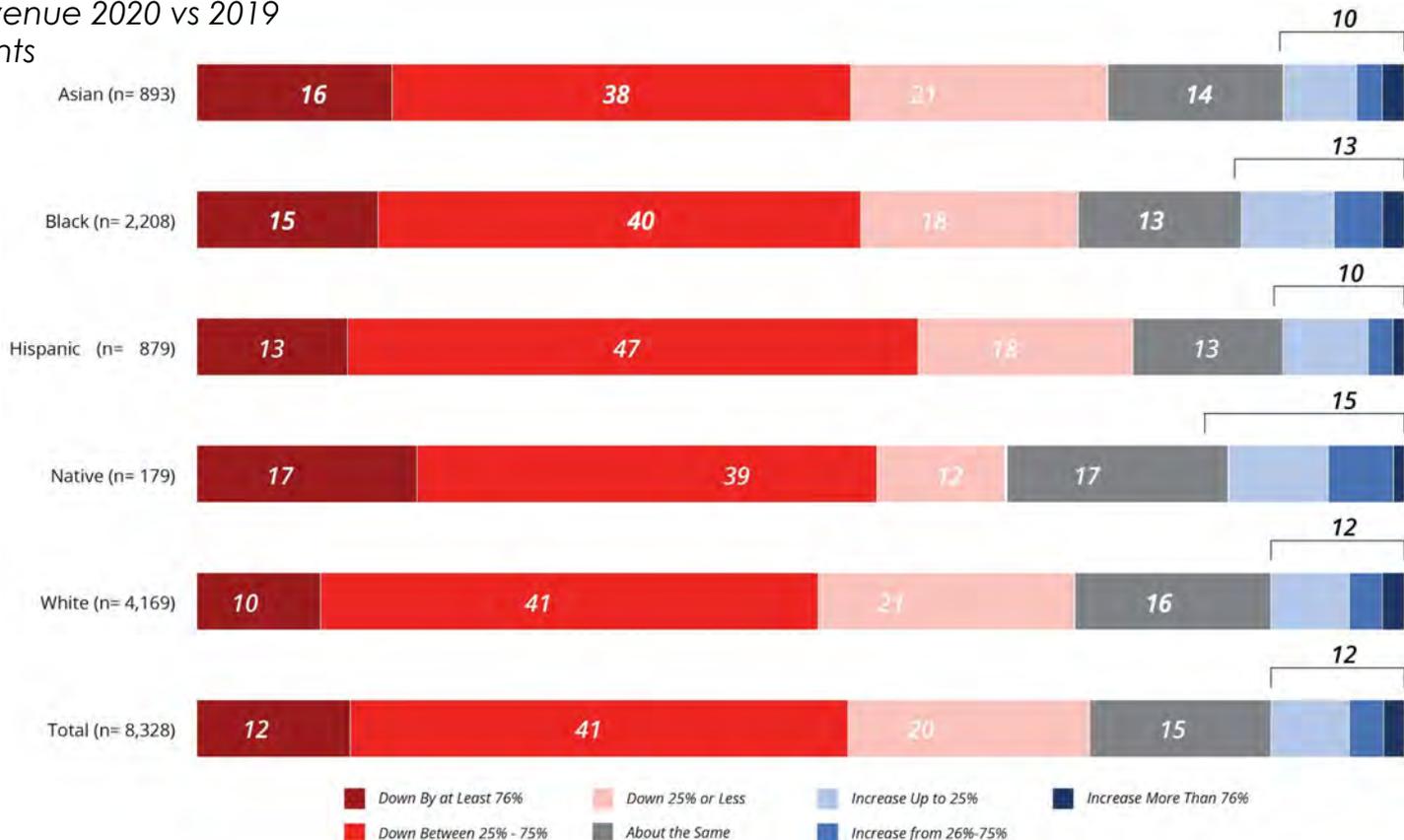
It's Not Business as Usual for the Majority of Respondents

Status of Operations
% of respondents



Revenue Down by > 25% for Most Respondents

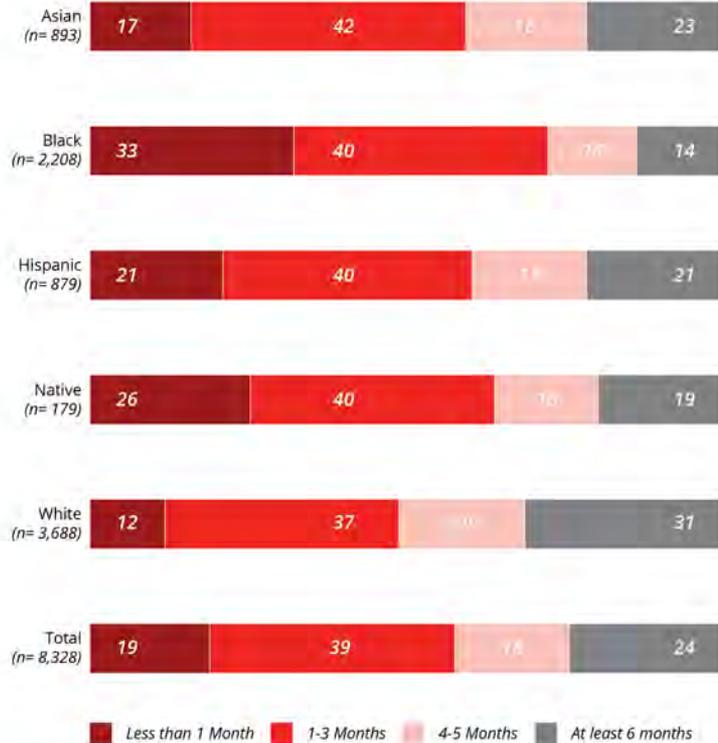
Change in Revenue 2020 vs 2019
% of respondents



Expect More Small Businesses to Shut Down

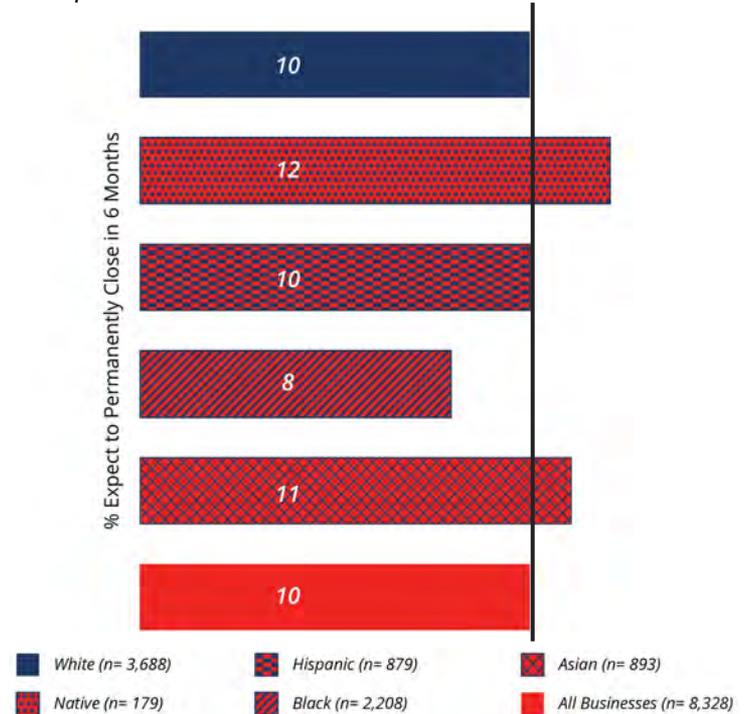
Cash Crisis without Relief

Months of Cash
% of respondents



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

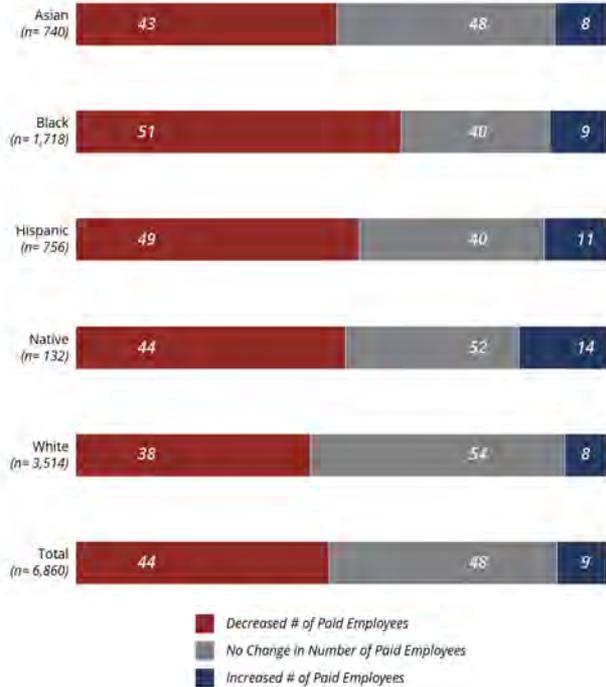
% of Respondents



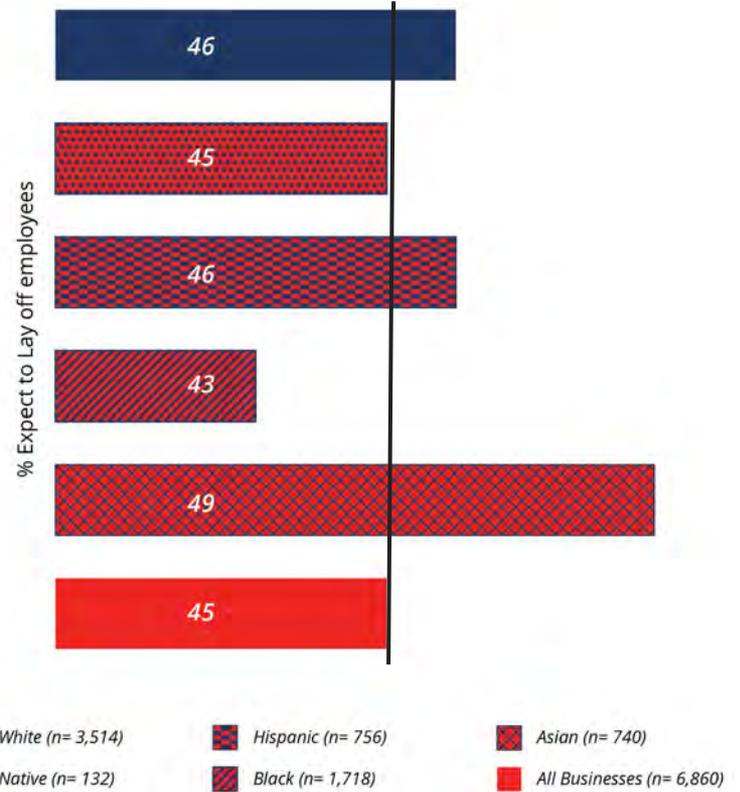
More Job Shedding Likely

~4 in 10 Small Employers Surveyed Have Already Shed Jobs

Change in Number of Paid Employees
% of Employer Firms



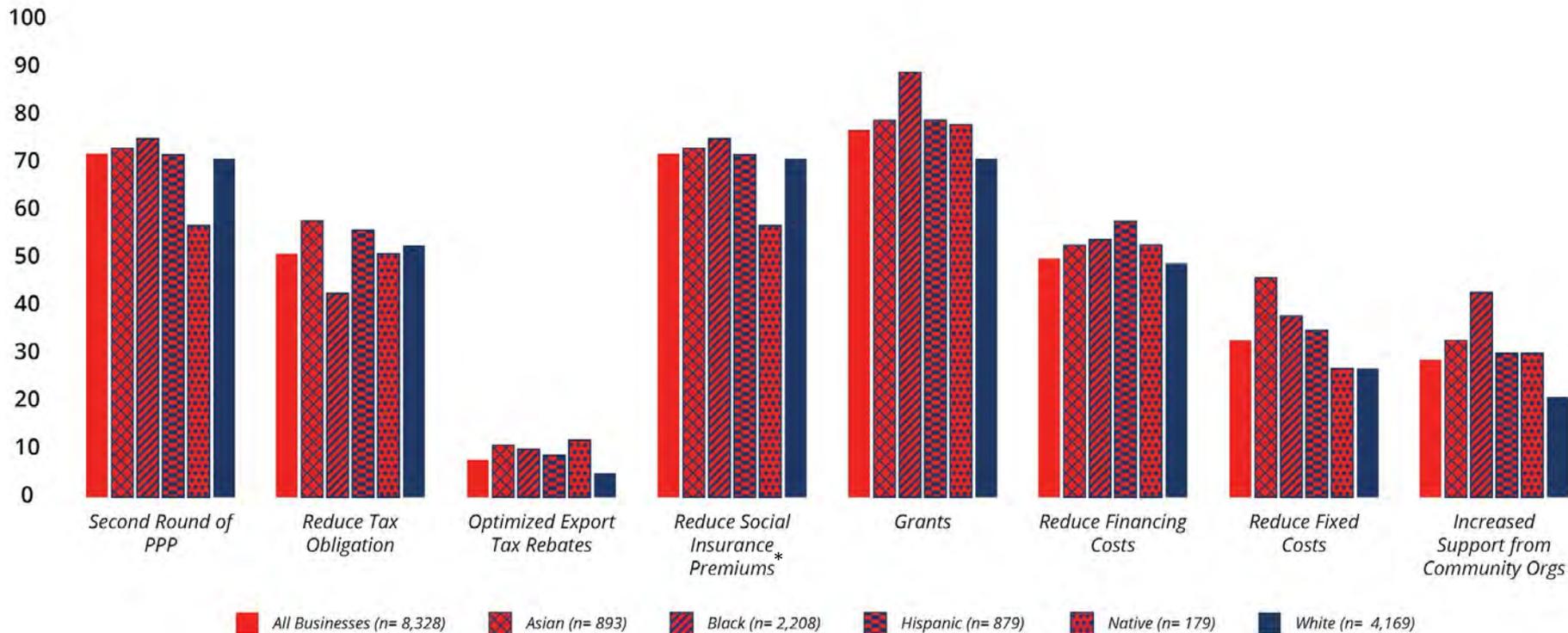
Nearly Half of Respondents Expect More Layoffs



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

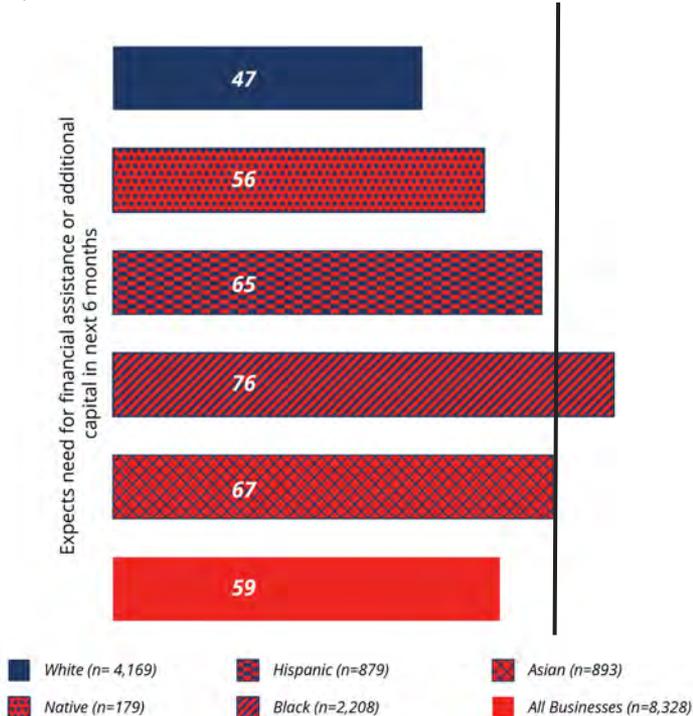
Preferences Among Relief Options Presented
% of respondents



Imperative to Maintain Liquidity in Credit Markets

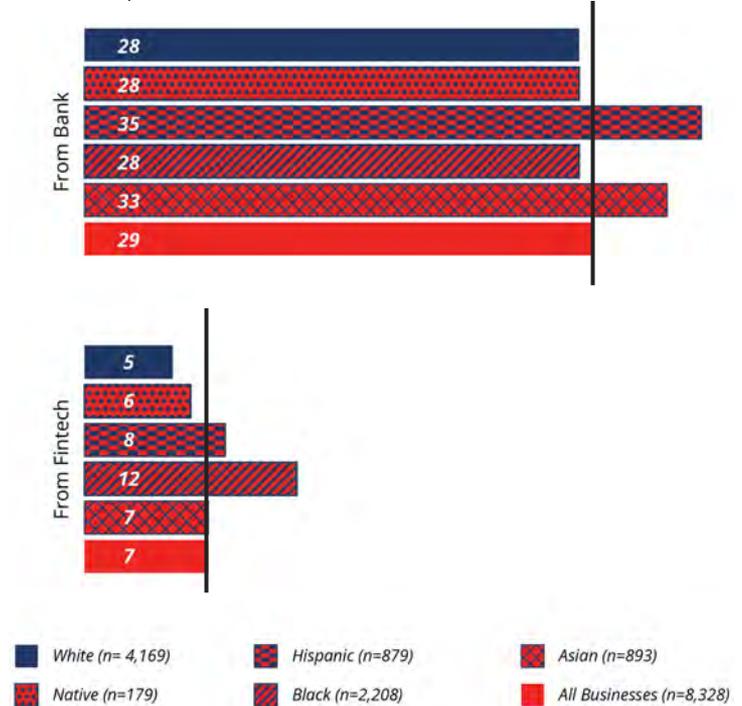
More than half of respondents say they will need financial assistance or additional capital in next 6 months

% of respondents



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

% of respondents



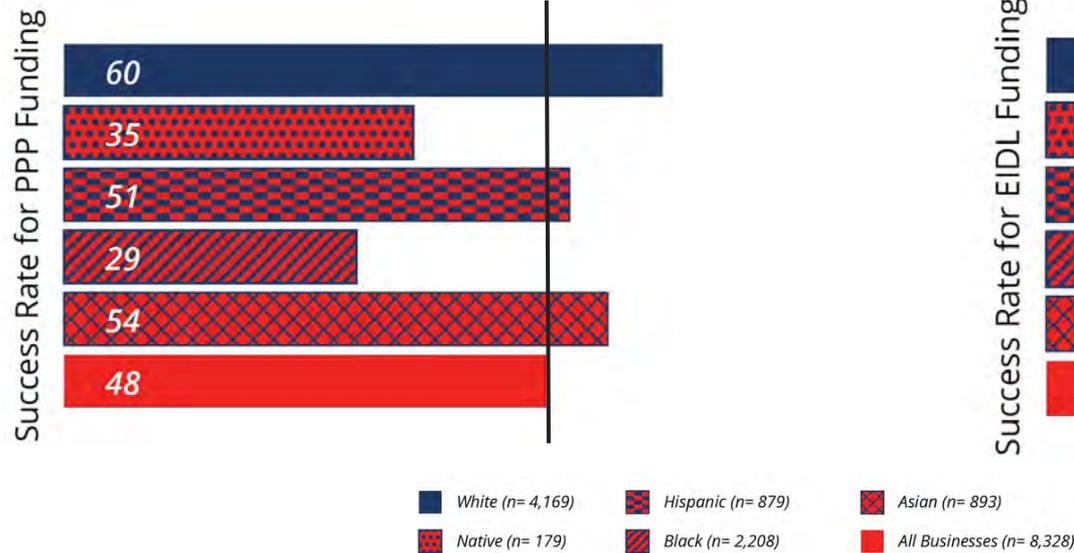
Federal Support to Date Not Distributed Equally

Success Rate

% Applied x % Received Relief

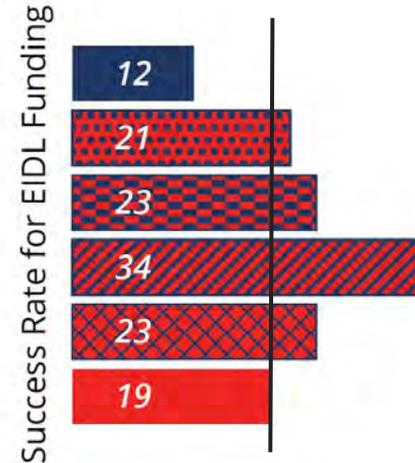
Paycheck Protection Program

- \$484 Billion
- Distributed via private lenders



Economic Injury Disaster Loan

- \$20 Billion
- Distributed by the SBA

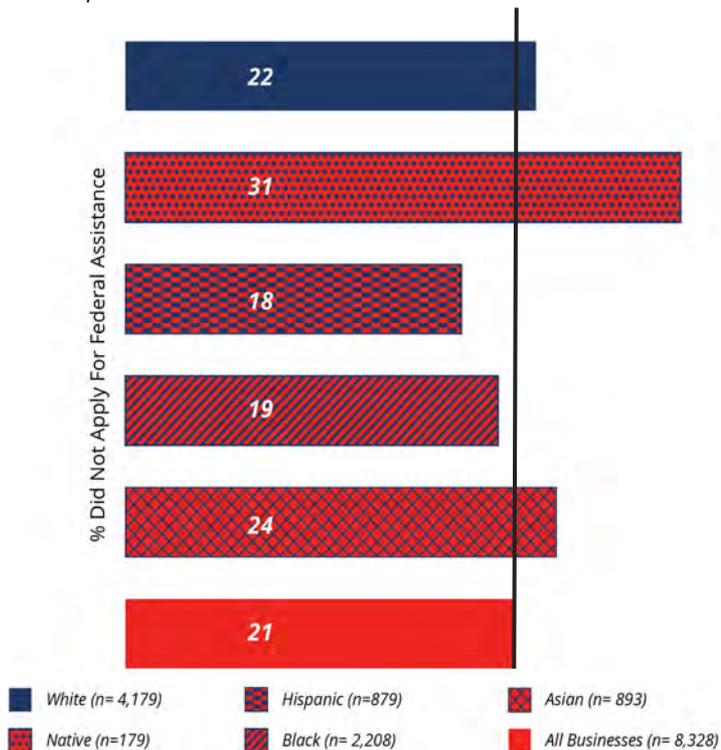


Source: PPS Small Business Survey in partnership with National ACE, US Black Chambers, and US Hispanic Chamber of Commerce (October -November 2020)
 Q6: Have you applied for any federal financial assistance from any of the following sources? (Select all that apply)
 Q11: Has your business received financial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

Expectations & Needs for Federal Assistance Vary

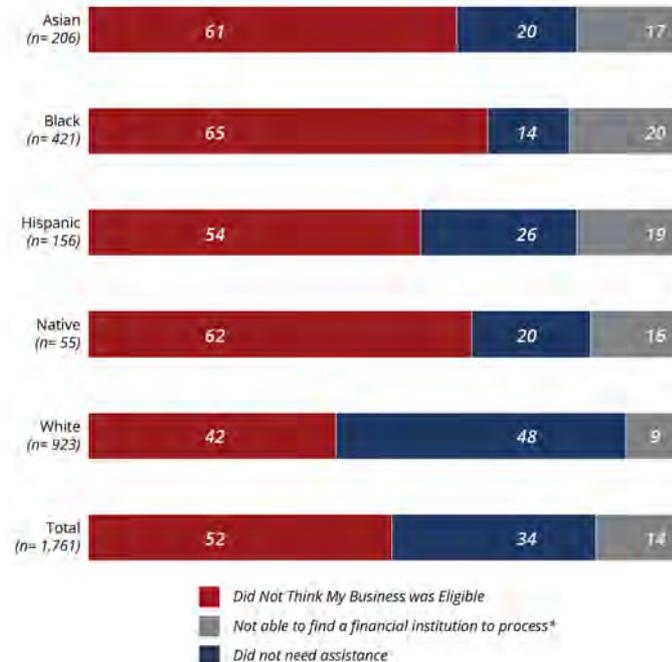
Roughly 1 in 5 Small Businesses Did Not Apply for Federal Assistance

% 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

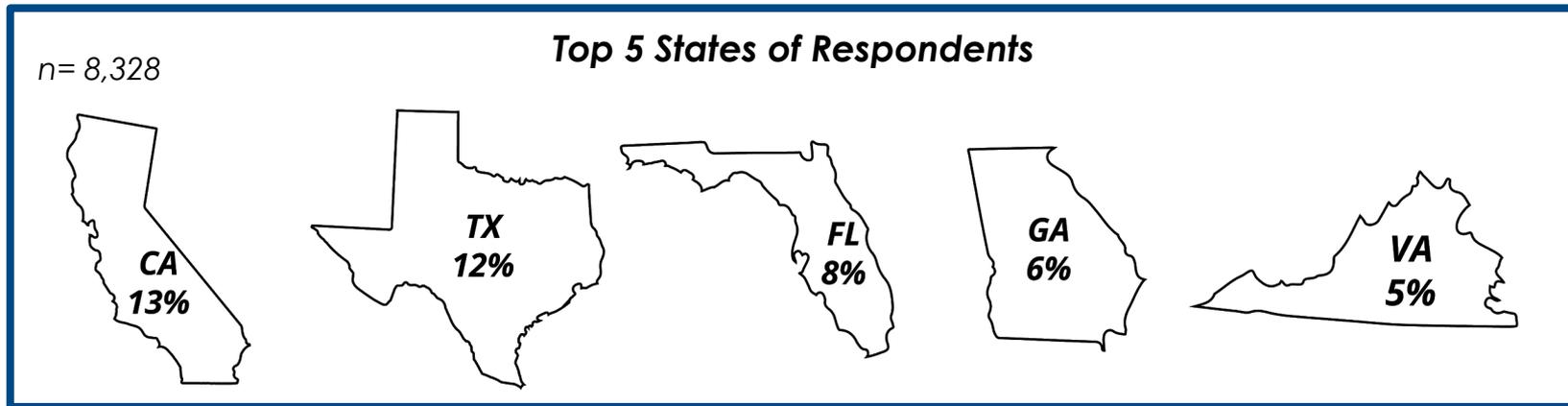
chris@publicprivatestrategies.com



Appendix: About the Sample

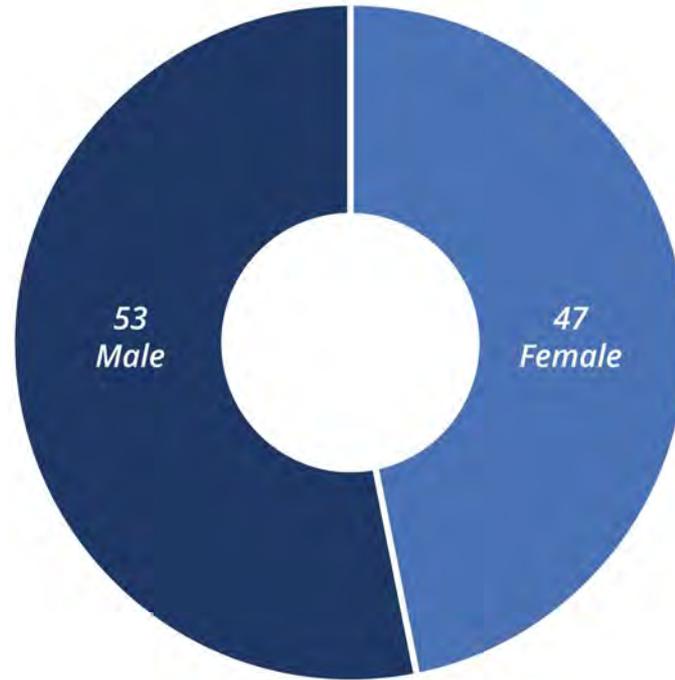
Broad Geographic Coverage

- 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**



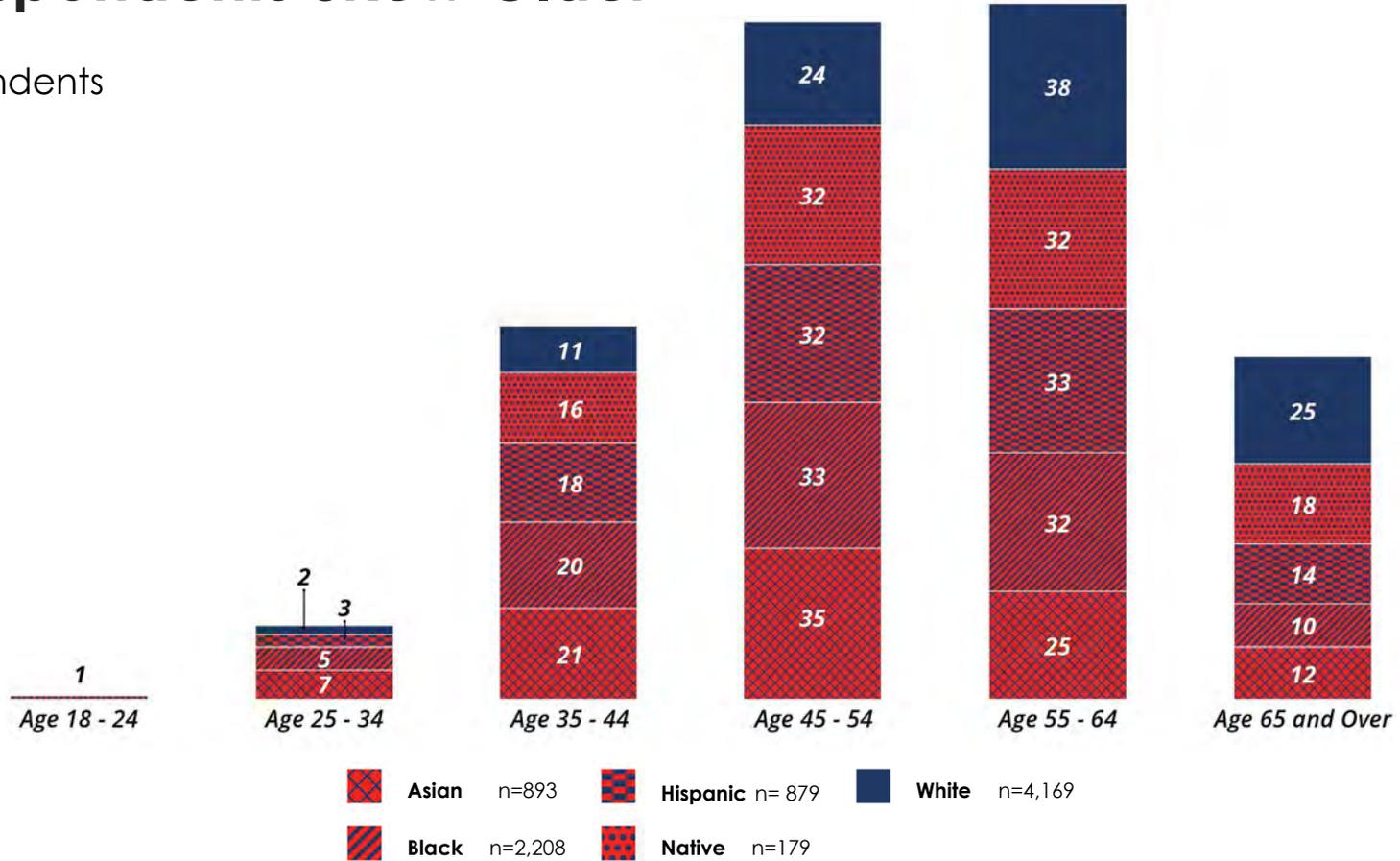
Rough Parity Between Male and Female Respondents

% of respondents
n=8,328



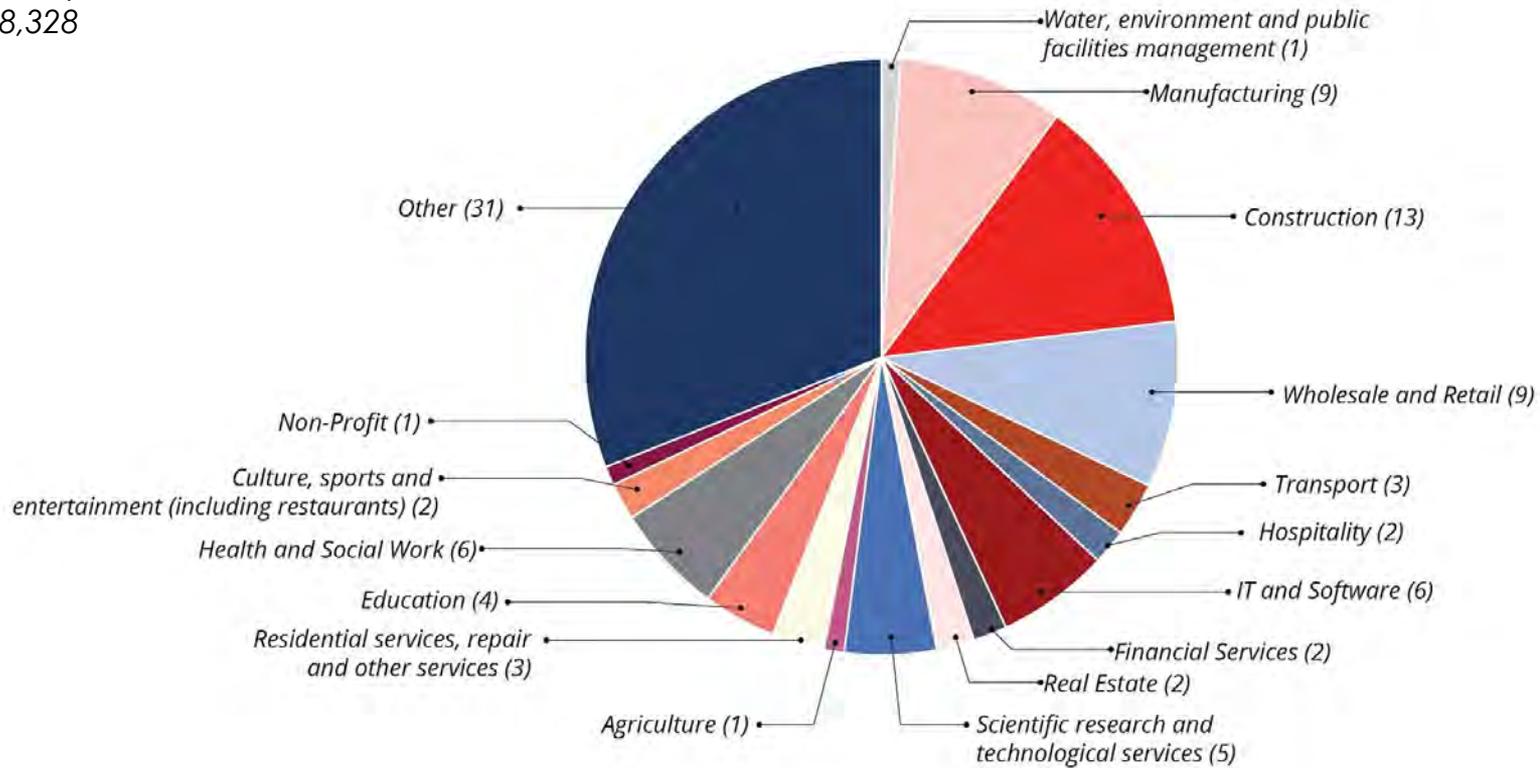
Respondents Skew Older

% 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%)