



April 30, 2021

Dear Chair Pratt, Chair Noor, and Committee Members,

As over twenty cultural and place-based business associations, arts organizations, chambers of commerce, and BIPOC-led community organizations, we have come together during the pandemic as the **Business Resource Collective (BRC)** to ensure Black, indigenous, immigrant, and people of color-owned businesses are included in relief and recovery efforts. BRC knows that without explicit intentional focus on our communities, existing racial and economic disparities will continue to widen exponentially .

Due to structural racial inequities, BIPOC-owned businesses started the pandemic with fewer resources and less income on average than white-owned small businesses, and that gap has widened amid the pandemic. As nonprofit organizations and for-profit social enterprises, we have a deep commitment to helping our community thrive. Cultural organizations are bridges for businesses and government. Our organizations have extended and adapted our services to meet the needs of these businesses in the past year. We have developed a deep understanding of what BIPOC business owners need to ensure they can stay open after the pandemic, keep local jobs, generate tax income for the community and state, and build wealth for their families and community.

The Business Resource Collective believes the following provisions are critical to developing and sustaining BIPOC-owned small businesses; therefore, the final Omnibus bill must provide the following:

1. Technical Assistance targeting BIPOC-owned businesses

Culture, language, technology access barriers, and non- “traditional” business models create complications for BIPOC business owners to meet the requirements of grant applications that use technical jargon and vary

widely between institutions. Additionally, BIPOC communities often lack trust in government institutions and miss out on many emergency funding sources. It is the cultural relationships BIPOC businesses have with technical assistance providers like us that helped them stay afloat and access relief funds easily accessed by white-owned businesses.

Culturally responsive technical assistance, provided by experts from organizations that are familiar to BIPOC business owners, is critical. Our organizations have provided thousands of hours supporting business owners to navigate the city, county, and state funding application processes, interpreting applications and clarifying the necessary documents to secure their grant or loan. Because of our technical assistance, over half of the applicants to each Hennepin and Ramsey County's small business relief programs in 2020 were from BIPOC business owners and sole-proprietors. When paired with grant dollars, technical assistance is the most powerful tool to help BIPOC-owned businesses survive. **A significant increase in funding for technical assistance strategies, such as the business development competitive grant program, is needed to maintain Minnesota's small business ecosystem.**

2. Small Business Grants over forgivable loans

To survive the pandemic, business owners needed to generate income without relying on in-person sales. For small business owners with fewer resources and who were unable to adapt to the new requirements of the pandemic, generating income has been a huge challenge. When the future of the pandemic and thus a business's capacity to bounce back is unknown, loans are not an option. Many business owners have received only one or no grant funding sources throughout the pandemic; therefore, we continue to need small business grants to help businesses recover and re-open.

Forgivable loan programs might serve a similar purpose; however, they increase the demand on small business support organizations that provide ongoing assistance throughout the life of the loan to ensure it is forgiven. Forgivable loans do not meet the capital needs of all businesses, as some business owners are not willing to risk potential debt.

Given the access barriers BIPOC business owners face, **we request funding for Small Business Relief Grants designated for BIPOC-owned small businesses, micro-businesses and sole-proprietors.** The application requirements of these grant programs should build on lessons learned from previous programs, with minimal documentation involved ideally, these accessible application processes will continue to be used by city and county governments for future federal grant programs.

3. Microenterprise Development Program

BIPOC small businesses are disproportionately micro-businesses (less than six employees), sole-proprietors, and/or home-based. Establishing a microenterprise development program that provides both technical assistance and allows for lending is a significant wealth-building opportunity for our communities. The lack of existing technical assistance has limited many entrepreneurs from accessing existing small business relief and ongoing State programs, thus inhibiting their long-term economic impact in their communities. **Minnesota needs a microenterprise development program to be a place of growth and innovation for entrepreneurs.**

The Business Resource Collective members believe that this "three-legged stool" approach, with funds allocated as we suggest, would put business owners who have been historically denied opportunities in the best position possible to rebound from the pandemic. Technical assistance, a critical tool best paired with accessible, flexible

capital, is especially important for BIPOC business owners who are not equipped with adequate resources to navigate this recession.

We believe Minnesota can be the best place in the country to start, operate, and grow a small business. Recessions hit all small businesses hard, but none so much as those businesses that have been subject to historic disinvestment. Minnesota's BIPOC small business owners contribute a wealth of entrepreneurial talent, local jobs, and economic activity to our State. We ask that their needs are equitably accounted for in negotiations on the omnibus bill that will see our state's economy through the other side of the current recession. Please contact Joo Hee Pomplun, the executive director of The Alliance, with any questions or for additional information. Joo Hee may be reached at joohee@thealliancetc.org or 612-599-4196.

Sincerely,

African Career, Education & Resource Inc (ACER)
African Economic Development Solutions
Alliance for Metropolitan Stability
Asian Economic Development Association
Black Women's Wealth Alliance
Coalition Asian American Leaders of MN
East Side Neighborhood Development Company
Lao Assistance Center of Minnesota
Latino Economic Development Center
McKinley Community
Metropolitan Consortium of Community Developers
Metropolitan Regional Arts Council
Mni Sota Fund
New American Development Center
Neighborhood Development Center
Northside Economic Opportunity Network (NEON)
Powderhorn Park Neighborhood Association
Social Impact Strategies Group / ConnectUP
Springboard for the Arts
West Broadway Business and Area Coalition
West Side Community Organization
WomenVenture