



The Business Resource Collective

is a coalition of more than 20 cultural and place-based community organizations with a focus on centering **Black, Indigenous, immigrant, and people of color-owned (BIPOC) businesses** in COVID-19 relief and recovery efforts in Minnesota.

Due to generations of structural racism and underinvestment, the impacts of the COVID-19 pandemic have had a disproportionately devastating impact on Black, African, Asian, Latinx, Indigenous and immigrant-owned businesses in the Twin Cities and across the state. Our businesses play an essential role in building and sustaining the culture, wealth and economic vitality of BIPOC and immigrant communities — and they are central to the economic survival and prosperity of our state overall.

Because they were more likely to be financially at risk before the pandemic, BIPOC-owned businesses must be centered in economic recovery efforts to address the longstanding injustice and imbalance in business support.

Recovery would mean that BIPOC owned businesses have not just returned to their pre-pandemic baseline of underinvestment, but that these business owners have all the tools they need to build back thriving businesses, prepared to withstand the next disaster and continue thriving for decades to come.

The BRC envisions a Minnesota with a thriving small business landscape in every community, where small businesses create living wage jobs for neighborhood residents, and businesses are community-nurturing gathering spaces that generate economic opportunity.



The need for intentional investments

While our small businesses and entrepreneurs are an essential — and growing — part of our regional and state economy, a lack of intentionality in programs and policy has undermined the success of our businesses, and the state as a whole.

Racial disparities cost an estimated loss of \$287 billion dollars for BIPOC communities in Minnesota, including a \$22 billion loss in income because of the wage gap, and \$67 billion loss in racial entrepreneurship gap.¹

Despite the state having procurement goals for women and minority-owned businesses, **only 2% of funding has gone to BIPOC businesses over the past 20 years.**¹

Due to COVID:

- A survey of Black businesses in Minnesota conducted by the African American Leadership Forum in late 2020 found that **62% of Black businesses had experienced reductions in revenue and 40% were struggling to pay their bills.**
- In March 2021, research from the New York Federal Reserve and AARP found that **90% of Asian-owned businesses had seen a 60% reduction in sales.**
- According to the Minnesota Department of Employment and Economic Development, **1 in 3 people of color in the state's labor force have applied for unemployment** during the pandemic — far higher than the percentage of white workers.

The Black, African, Latino, Asian and Native American economy constitutes a \$1.4 trillion asset to the state of Minnesota.¹

From 2007 to 2017, the number of BIPOC-owned businesses doubled, increasing dramatically from just 6%, or 31,000 of the state's nearly 500,000 businesses in 2007 to 11 percent, or roughly 58,000, of the 522,144 businesses in 2017.²

If 15% of **Black businesses** hired just one more full time employee, it would contribute \$3 trillion to the national economy.³

Since the 1980s, the foreign-born percentage of Minnesota's workforce has grown from 2% to over 10%. As of 2018, there were over **18,000 immigrant entrepreneurs** employing 53,239 workers representing about 2% of the state's total labor pool.⁴

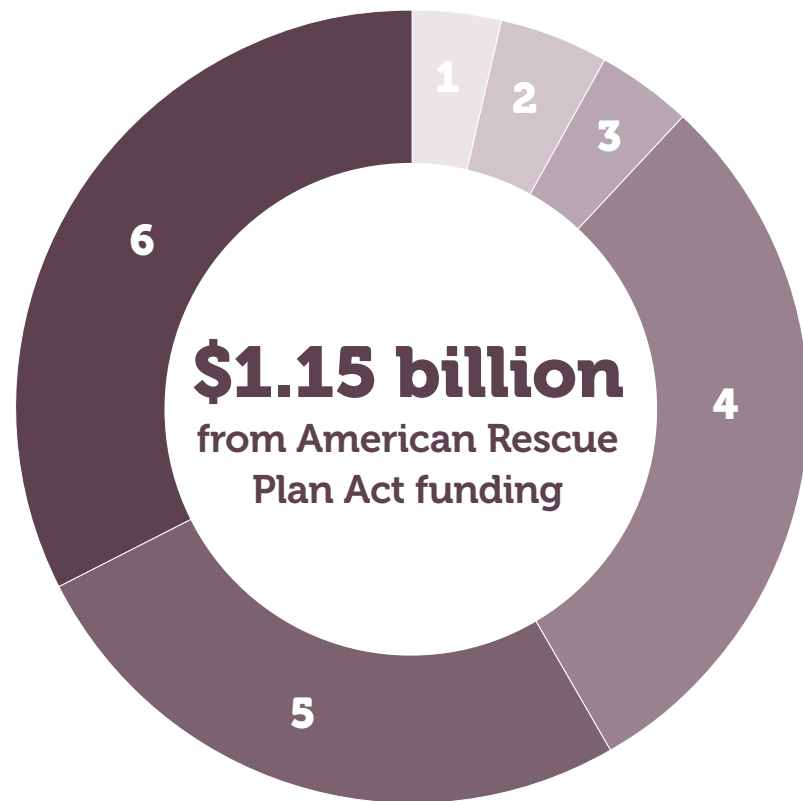
Intentionality makes a difference. Working with Hennepin and Ramsey counties to improve their business relief programs' reach, the BRC helped ensure that more than **50% of applicants were from BIPOC business owners. In comparison, 90% of small businesses in both counties are white-owned.**

1- The Minnesota Solution to Close the \$287 Billion Racial Economic Gap, Bruce Corrie, 2020; 2- Federal Reserve Bank of Minneapolis, 2021; 3- The Tapestry of Black Business Ownership in America, Association of Enterprise Opportunity, 2019; 4- Minnesota Chamber of Commerce; 2021



Recommendations for federal relief funds

In addition to current program spending, BRC members recommend that a portion of the state's remaining American Rescue Plan Act (ARPA) dollars — \$1.15 billion — be invested into the ecosystem that supports BIPOC small businesses, sole-proprietors, microbusinesses and creative businesses to achieve equitable economic recovery over the next five years. BRC members stand ready to review agency processes, carry out projects that fall under each category, reaching more than 10,000 businesses, creating thousands of jobs, and funneling \$25 billion in wages and taxes to the state and municipalities. We also will continue to work with BRC partners to put forward and support additional proposals, such as the "Cultural Corridor Equity Impact Funding Budget" from the Lake Street Leadership Recovery Coalition.



1- Technical Assistance: \$20M

BIPOC-owned small businesses thrive when they have equitable access to technology and small business operation support. This request includes a base increase to a permanent Business Development Competitive Grant Program, and funding to provide technical assistance to an additional 10,000 businesses.

2- Training: \$25M

Aspiring entrepreneurs and community organizations have the vision to drive equitable recovery. This request includes funding to train 5,000+ owners of start-up and growing businesses and community organizations.

3- Small Business Events: \$20M

Events, including creative placekeeping, curated networking and education opportunities, have the potential to connect business owners ready to scale up with institutions ready to support them. The proposed events and workshops would reach 6,000 Minnesotans.

4- Infrastructure: \$162M

To realize equitable economic recovery, community-centered development must extend further than rebuilding what has been lost by creating more space for BIPOC entrepreneurs. The wide-ranging projects encompassed in this category include shared ownership, physical and digital infrastructure that will provide lasting opportunities for wealth generation in historically underinvested neighborhoods.

5- Direct Placement: \$140M

While investing in the future for emerging and growing BIPOC small businesses, the reality of the struggle today due to COVID precautions by both businesses and patrons threatens the vitality of our existing BIPOC businesses and districts on which the ecosystem seeks to build. Cash in hand at this moment continues to be an essential strategy.

- \$80M in grants to help BIPOC business owners sustain their business and recover jobs
- \$60M in loans, with a forgivable component, to provide flexible capital to BIPOC business owners who can't obtain a bank loan to start or grow

6- Corridor Redevelopment: \$176.5M

This includes adding to the Main Street Economic Revitalization Program, capital for existing projects led by BRC member developers, and explicit investments in revitalization projects along specific Twin Cities cultural corridors.

Transforming paradigms: Healthy Businesses Framework

We know that BIPOC entrepreneurs know how to keep a struggling business going longer than others, imagine if that entrepreneur and business were fully resourced in such a way that allows for the owner to be healthy, the business to be healthy, and the employees healthy. Using a broad definition of "healthy" in this framework, that includes physical, mental, and spiritual health at the levels of individual, business and community, the BRC believes a strong small business ecosystem for everyone may include:

- Access to affordable health care for selves and employees
- Low barrier access to working capital
- Personal Time Off
- Wealth building tools
- Support beyond training - low cost professional services
- Community benefits plans to ensure businesses strengthen the communities in which it sits and for whom it serves.