Washington State House of Representatives

Office of Program Research

Innovation, Community & Economic Development, & Veterans Committee

Panel 3: Future Opportunity

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Economic Development Chair

The Washington African American Chamber of Commerce is committed to serving the Black Indigenous People of Color (BIPOC) and Socially and Economically Disadvantaged Individual (SEDI) Businesses in rural and urban communities through access to education, technical assistance, advocacy and economic development.

WAACOC actively promotes the expansion of business opportunities and economic development on behalf of its members and the community.

Investment

If the United States is serious about achieving an infrastructure system fit for the future some specific steps must be taken, beginning with increased, long-term, consistent investment. To close the $2.59 trillion 10-year investment gap, meet future needs, and restore our global competitive advantage, we must increase infrastructure investment from all levels of government and the private sector from 2.5% to 3.5% of U.S. Gross Domestic Product (GDP) by 2025.

This investment must be consistently and wisely allocated, and must begin with the following steps:

1. Congress should fully fund authorized programs.
2. Infrastructure owners and operators must charge, and Americans must be willing to pay, rates reflecting the true cost of using, maintaining, and improving infrastructure.
3. The surface transportation investment gap is the largest deficit in the categories of infrastructure ASCE examines. Continuing to defer maintenance and modernization is impacting our ability to compete in a global marketplace and maintain a high quality of living domestically. Congress must fix the Highway Trust Fund.
4. All parties should strive to close the rural/urban and underserved community resource divide by ensuring adequate investment in these areas through programmatic set asides.
5. All parties should make use of public private partnerships, where appropriate.

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Explore Other Key Solutions:

Striving to Close the Community Resource Divide

by ensuring adequate investment in these areas

- Within the statistical data of numerous websites, such as the SBA, or Commerce's MyStartup365.com, and others the top reasons for Business Closures is attributed to:

  - 30% Lack Capital
  - 23% Lack of Financial Knowledge
  - 17% Lack a Clear Business Model*

*w/o understanding value and pricing it difficult at best to develop a clear business model.

Striving to Close the Community Resource Divide

by ensuring adequate investment in these areas

- ❖ **U.S. Small Business Administration**
  - 7(a) loans
  - microloans
- ❖ **WA Small Business Credit Initiative**
  - $163M – Entrepreneur ownership, increasing capital in underserved communities
- ❖ **MBDA - Mentoring**
- ❖ **Others**

"Approval Agency"

*Lending Partners

- ❖ **4.4% 7(a) went to black applicants**
- ❖ **0.43% Venture capital provided to Women**

Addressing the Lack of Capital

Striving to Close the Community Resource Divide

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- ~45% of BIPOC business owners are more likely to be denied loans
- ~40% BIPOC Small Business owners didn't apply for PPP believing their applications would be denied
- ~43% of White low risk business owners received the full funding requested compared to ~25% of BIPOC applicants who were also considered low risk

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Addressing the Lack of Capital

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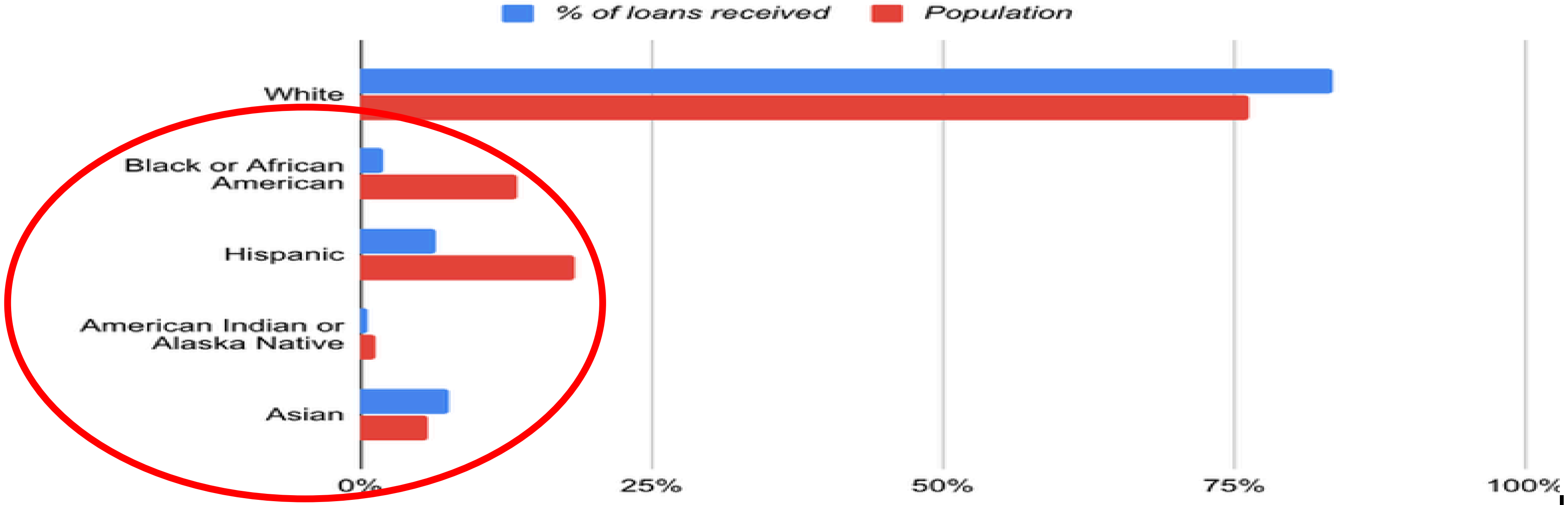
Recent data points from the PPP



	Loan Count	% of loans received	Population
White	78,782	**83%**	76%
Black or African American	1,827	**2%**	13%
Hispanic	6,201	**7%**	19%
American Indian or Alaska Native	551	**1%**	1%
Asian	7,139	**8%**	6%
Puerto Rican	1	**0%**	
Unanswered	566,717		
Total	661,218		

Only 16% of loan recipients that reported their Gender information identified as Female.

Striving to Close the Community Resource Divide

by ensuring adequate investment in these areas

BIPOC/SEDI businesses are often financed through combinations of less than favorable financial institutions and family members.

"Black* owned businesses had the lowest percent of survival rate for employer establishments"   U.S. Small Business Administration Office of Advocacy

"Black* small business owners were also the most likely to experience difficulty accessing credit" Brookings Institution

*Although this data was specifically for Black small businesses, Numbers for the BIPOC/SEDI members were similar.

Striving to Close the Community Resource Divide

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- ❖ **MBDA**
- ❖ **Others**

"Approval Agency"

***Lending Partners**

1. **Remove the 'closed' door process of rejection with no path forward:**
   - **Creation of a new Agency/Department assigned to review applicant packages prior to going to the 'Lending Partner'**
   - **Approved applications are sent to the lending partner for review.**
   - **Applicants not immediately approved are coached and given plans to address the reason(s) for disapproval.**

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Addressing the Lack of Capital

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2. Lenders within program are to be monitored year over year for improved lending practices. Those not showing favorable increases in the lending rates to the BIPOC community should be removed from the list of "favorable lenders", "Lending Partners".

- Rejected applications should be return to the agency/individual for plan development, the doors to yes.

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Addressing the Lack of Capital within the BIPOC Entrepreneural community

Striving to Close the Community Resource Divide

Remove the **Divide** between the Community and the Resource

Questions

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