



July 8, 2020

The Honorable Joyce Beatty  
Chairwoman  
House Committee on Financial Services  
Subcommittee on Diversity and Inclusion  
2303 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable Ann Wagner  
Ranking Member  
House Committee on Financial Services  
Subcommittee on Diversity and Inclusion  
2350 Rayburn Office Building  
Washington, D.C. 20515

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Dear Chairwoman Beatty and Ranking Member Wagner:

Thank you for the opportunity to address this committee on important policy matters facing Women and Minority-owned businesses in my role as President & CEO of SDI International, a company which I founded more than 25 years ago as a Latina immigrant, and as Chairwoman of the Board of Directors for the United States Hispanic Chamber of Commerce (USHCC). On behalf of myself and my board colleagues we would like to thank you for the opportunity to submit oral and written testimony to the U.S. House Committee on Financial Services Subcommittee on Diversity and Inclusion during the scheduled hearing on Thursday July 9, 2020, "*Access Denied: Challenges for Women- and Minority-Owned Businesses Accessing Capital and Financial Services During the Pandemic.*"

The USHCC actively promotes the economic growth, development and interests of more than 4.7 million Hispanic-owned businesses that, combined, contribute over \$800 billion to the American economy every year. We also serve as a platform for our nationwide network of over 250 local Hispanic chambers of commerce. With the growing diversity in communities across the nation, the face of business ownership in America is changing, with minority-owned firms driving the growth in new business formation. In fact, Latinos open businesses at three times the rate of the national average and Latinas open businesses at six times the rate.

Minority Business Enterprises (MBEs) have been succeeding despite 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 loans, they report annual gross receipts that are only one-third of the annual receipts reported by non-minority owned companies and they are half as likely to have at least one employee on payroll.

When we fail to invest in minority-owned businesses, our economy suffers. In fact, according to the Kauffman Foundation, if minorities were able to start and own businesses at the same rate as non-minorities, there would be 9.5 million more jobs and, according to Stanford University, \$1.3 trillion added to the American economy. Now is the time to invest in America's minority entrepreneurs as they face grave economic challenges due to the overwhelming impact of the COVID-19 pandemic. Collectively, we have actively been advocating for policies that will create systemic change and positive economic outcomes for MBEs as they strive to recover from this unprecedented economic turndown in America.

Attached for the congressional record of this hearing, please find the following letters detailing the recent advocacy conducted by myself and the USHCC over the past four months leading up to this hearing on behalf of women and minority-owned businesses:

- **April 8, 2020:** United States Hispanic Chamber of Commerce Requests Provisions on Fourth COVID-19 Economic Relief Package to Ensure Diversity, Equity, and Inclusion to Support Hispanic and Minority-Owned Small Businesses in America.



- **April 15, 2020:** Urge for the inclusion of 501(c)(6) organizations among the list of entities that qualify for assistance under the Paycheck Protection Program (PPP).
- **April 20, 2020:** Additional Small Business Funding and 501(c)(6) Inclusion in Next Round of COVID-19 Relief.
- **May 8, 2020:** U.S. Hispanic Chamber of Commerce Policy Requests to Ensure Diversity, Equity, and Inclusion of Hispanic and Minority-Owned Small Businesses in Fourth COVID-19 Economic Relief Package.
- **May 15, 2020:** Broad set of policy recommendations and concerns as Congress considers additional legislation as it relates to economic relief during the COVID-19 crisis.
- **June 1, 2020:** Recommendations for the forgiveness provisions related to loans made through the Paycheck Protection Program (PPP) for the economic benefit of Minority-owned small businesses.
- **June 22, 2020:** Request that the Federal Reserve utilizes its full powers to support, with a debt and equity facility, a vital sector of the economy that represents \$1.4 trillion in gross receipts and 7.2 million in jobs.
- **July 1, 2020:** Endorsement of the Minority Business Resiliency Act of 2020.

In my role as President & CEO of SDI International, and as Chairwoman of the USHCC Board of Directors, we will stay committed to advocating for the U.S. Congress to enact legislation that will create positive economic impact for MBEs across America. We will continue to propose necessary solutions for the equitable inclusion of women and minorities into future economic stimulus legislation. We ask that our respective constituents be considered when our leaders in Congress seek to build solutions for COVID-19 economic relief, that our advocacy leaders of diverse backgrounds be included at the decision-making table, and that together we fledge forward to aid the prevalent needs of MBEs and their necessary economic recovery during and after the COVID-19 pandemic.

If you have any questions or require additional information, please do not hesitate to contact me via email at [castilloc@sdintl.com](mailto:castilloc@sdintl.com). Thank you in advance for your consideration in this matter, we look forward to your positive response and collaboration on these important policy priorities and presentation of my oral testimony.

Respectfully,

Carmen Castillo  
President and CEO, SDI International Corp.  
Chairwoman, Board of Directors, United States Hispanic Chamber of Commerce

CC: Hon. Nancy Pelosi, Speaker of the House of Representatives  
Hon. Kevin McCarthy, Minority Leader of the House of Representatives  
Hon. Maxine Waters, Chairwoman, House Committee on Financial Services  
Hon. Nydia M. Velázquez, Chairwoman, House Committee on Small Business  
Hon. Joaquin Castro, Chairman, Congressional Hispanic Caucus  
All Members of the U.S. House Committee on Financial Services Subcommittee on Diversity and Inclusion  
Hon. Marco Rubio, Chairman, Senate Committee on Small Business and Entrepreneurship  
Hon. Ben Cardin, Ranking Member, Senate Committee on Small Business and Entrepreneurship



April 8, 2020

The Honorable Maxine Waters  
Chairwoman  
House Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable Patrick McHenry  
Ranking Member  
House Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, D.C. 20515

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2129 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable Ann Wagner  
Ranking Member  
Subcommittee on Diversity & Inclusion  
2129 Rayburn Office Building  
Washington, D.C. 20515

**RE: United States Hispanic Chamber of Commerce Requests Provisions on Fourth COVID-19 Economic Relief Package to Ensure Diversity, Equity, and Inclusion to Support Hispanic and Minority-Owned Small Businesses in America**

Dear Chairwoman Waters, Chairwoman Beatty, Ranking Member McHenry, and Ranking Member Wagner:

On behalf of the United States Hispanic Chamber of Commerce (USHCC), our Board of Directors, and the Hispanic-owned business community, we are writing to express our recommendations as your committee considers the next phase of stimulus funding to keep the American economy on track during and after the COVID-19 crisis.

The USHCC actively promotes the economic growth, development and interests of more than 4.8 million Hispanic-owned businesses that aggregately contribute over \$800 billion to the American economy every year. We also serve as a platform for our nationwide network of over 250 local Hispanic chambers of commerce. Given the growing diversity in communities across the nation, the face of business ownership in America is changing, with minority-owned firms driving growth in new business formation. In fact, Latinos open businesses at three times the rate of the national average and Latinas open businesses at six times the rate.

Minority Business Enterprises (MBEs) have 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.

In this spirit, the USHCC asks for your consideration of the following proposed legislative recommendations as the U.S. House Committee on Financial Services and its Subcommittee on Diversity and Inclusion consider the next stimulus package. Our advocacy is focused on three overarching principles: 1) providing immediate liquidity for Hispanic small and medium-sized businesses, 2) ensuring that Hispanic and minority-owned small businesses are included in procurement opportunities with the federal government and in the economic stimulus funding, and 3) the commitment to continue to work as a resource with Congress in helping write future legislation and shape policy that aims to rescue the American economy.



The following legislative priorities have the ability to positively impact the economic trajectory of Hispanic and minority-owned small businesses in our country:

### **Federal Government Legislative Impact**

**Establish a Minority Equity Fund of \$50 billion to have the ability to fund Minority Business Enterprises (MBEs):** Refer to the [Economic Stabilization Act of 2008](#) for language regarding MBE inclusion, specifically Section 107 contracting procedures to include the following legislative determinations: (a) STREAMLINED PROCESS.—For purposes of this Act, the Secretary may waive specific provisions of the Federal Acquisition Regulation upon a determination that urgent and compelling circumstances make compliance with such provisions contrary to the public interest. Any such determination, and the justification for such determination, shall be submitted to the Committees on Oversight and Government Reform and Financial Services of the House of Representatives and the Committees on Homeland Security and Governmental Affairs and Banking, Housing, and Urban Affairs of the Senate within seven days. Additional contracting requirements should include, any solicitation or contracts where the Secretary has, pursuant to subsections for minorities, deadline, or waiver authority. Waive any provision of the Federal Acquisition Regulation pertaining to minority contracting, the Secretary shall develop and implement standards and procedures to ensure, to the maximum extent practicable, the inclusion and utilization of minorities (as such term is defined in section 1204(c) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1811 note)) minority and women-owned businesses (as such terms are defined in section 21A(r)(4) of the Federal Home Loan Bank Act (12 U.S.C. 1441a(r)(4)), in that solicitation or contract, including contracts to asset managers, servicers, property managers, and other service providers or expert consultants. Add the eligibility of FDIC insured financial institutions notwithstanding subsections (a) and (b), the Corporation, (1) shall be eligible for, and shall be considered in, the selection of asset managers for residential mortgage loans and residential mortgage-backed securities; and (2) shall be reimbursed by the Secretary for any services provided.

**Resources for the Minority Business Development Agency (MBDA):** Pass as part of this package the Minority Business Development Act of 2020, which would establish the Minority Business Development Agency (MBDA) in statute. Add an additional \$25 million of stimulus money to this agency so that necessary training, resources, and technical assistance can be deployed to businesses across our country through grants for entities who provide these services. MBDA is the only agency of its kind that promotes and administers programs in the public and private sectors to assist the development of MBEs.

**Resource Partner Grants:** Set forth an appropriation to expand Section 1103 (c) of the existing CARES Act to fund grant programs for resource and technical assistance support in the areas of business revitalization, new business technologies, expanded customer service, supplier diversity trainings, supplier diversity matchmaking, and financial services and lending to national organizations with business memberships. These organizations should include minority chambers of commerce, minority depository institutions (MDIs), community development financial institutions (CDFIs), and not exclude other nonprofit groups that have the ability to provide technical assistance to distressed businesses during and after COVID-19.



**Resources and Services in Languages other than English:** Expand Section 1111 of the existing CARES Acts to provide minority communities with the necessary resources in their individual native languages. This section should not discriminate against communities of diverse racial ethnicities and should be inclusive of all minority groups in America. All resources should be adequately translated and distributed in all available channels to include the world wide web, printed materials, and in-person translation for any presentations conducted by a governmental entity when providing business assistance to affected businesses. This measure should also include services for the legally blind, visually impaired, and deaf communities.

**Capital Financing for Hispanic-Serving Institution (HSIs):** Expand Section 3512 of the existing CARES Act to include capital financing for Hispanic-Serving Institutions (HSIs). These educational centers create the pipeline of future business owners, entrepreneurs, and executives that will have the ability to actively contribute to the rebuilding and new evolving vitality of the American economy post COVID-19. HSIs should be considered for grant funding in Low-Minority Income Communities (LMIs) to provide necessary technical assistance through existing entrepreneurship, leadership, and business educational centers.

### **Corporate America Legislative Impact**

**Minority Business Enterprises as part of the U.S. Supply Chain:** Require the U.S. Supply Chain, its suppliers, and contractors to include Minority Business Enterprises in the production, operation, and distribution of goods needed to combat disasters and future pandemics. Require the federal government to unbundle contracts from purchasing consortiums for goods and services and identify MBEs who currently manufacture or distribute these goods, to become an integrated part of Fortune 500 supply chains who maintain or seek federal contracts.

### **Non-Profit Legislative Impact**

**Stimulus Funding for 501(c)(6) organizations for non-profit economic relief:** Propose an amendment to the CARES Act or consider the language under Section 1102 (a) definitions, the term ‘nonprofit organization’ means an organization that is described in section 501(c)(3) or 501(c)6 of the Internal Revenue Code of 1986. These organizations should be included with parameters around their activity, mission, or number of employees in the entity.

**Lending for minority and community banks:** Addressing the capital needs and lending abilities of MDIs ([minority depository institutions](#)), Small Business Investment Companies (SBICs), community banks, smaller regional banks, and Community Development Financial Institutions (CDFIs). These banks primarily operate and serve low and minority income communities who have some of the most vulnerable businesses or most established minority business. Legislative action is needed so that these financial institutions can serve their customers, including businesses who may not have existing relationships with traditional financial institutions or lenders, in order to get them the necessary operating capital.

### **Small Business Legislative Impact**

**2019 Payroll Taxes:** Forgive all 2019 Payroll Taxes for America’s 30 million small businesses, allow the Internal Revenue Service (IRS) to waive these taxes to keep more Americans employed by infusing more capital into the economy and creating a substantial



operational impact for small businesses. This designation should be allowed for small businesses, per the established guidelines of the Small Business Administration (SBA).

### Legislative Impact for Individuals

**Independent Contractors and 1099 Employees:** Ensure that 1099 employees can access funding to continue working, allowing their clients to maintain them on payroll, and ease the restrictions of the Paycheck Protection Program (PPP) so that employers can use 1099 employees as part of their payroll to access the PPP. Extend the PPP with more stimulus funding to allow for more businesses to apply and expand the number financial institutions who hold the PPP's lending power. Enact legislation that requires specific disaster business loans and other relief funds for the self-employed and independent contractors. Furthermore, this segment could be immediately boosted if the IRS waves the income taxes for the first \$10,000 of self-employed or contracted dollars these Americans gain.

**Undocumented Business Owners and Workers:** Set forth provisions to allow undocumented business owners and undocumented workers who can actively prove that they have paid the Internal Revenue Service (IRS) taxes in 2018 to take advantage of the existing CARES Act. These entrepreneurs and employees thereof, are active contributors to the American economy and should have the same access to rebuild their businesses and families to continue those economic contributions. Furthermore, Deferred Action for Childhood Arrivals (DACA) recipients who are in this country by no fault of their own should also be guaranteed access to these provisions regardless of the immigration status of others on their tax return or household.

If you have any questions or require additional information, please do not hesitate to contact C. LeRoy Cavazos-Reyna, Vice President of Government and International Affairs, [LCavazos@ushcc.com](mailto:LCavazos@ushcc.com) or via phone at 956-844-9628. Thank you in advance for your consideration in this matter, we look forward to your positive response and collaboration on these important policy priorities.

Respectfully,

Carmen Castillo  
Chairwoman, Board of Directors  
United States Hispanic Chamber of  
Commerce

Ramiro A. Cavazos  
President & CEO  
United States Hispanic Chamber of  
Commerce

**CC:** Hon. Nancy Pelosi, Speaker of the House of Representatives  
Hon. Kevin McCarthy, Minority Leader of the House of Representatives  
Hon. Nydia M. Velázquez, Chairwoman, House Committee on Small Business  
Hon. Steve Chabot, Ranking Member, House Committee on Small Business  
Hon. Joaquin Castro, Chairman, Congressional Hispanic Caucus  
Hon. Gregory W. Meeks, Chairman, House Financial Services Subcommittee on  
Consumer Protection and Financial Institutions  
Hon. Anthony Gonzalez, Vice Ranking Member, House Financial Services  
Subcommittee on Diversity & Inclusion

April 15, 2020

The Honorable Nancy Pelosi  
The Speaker of the House  
United States Capitol  
Washington, D.C. 20515

The Honorable Mitch McConnell  
Majority Leader  
United States Senate  
Washington, DC 20510

The Honorable Nydia Velázquez  
Chair  
House Committee on Small Business  
2361 Rayburn House Office Building  
Washington, DC 20515

The Honorable Marco Rubio  
Chair  
Senate Small Business and Entrepreneurship  
284 Russell Senate Office Building  
Washington, DC 20510

Speaker Pelosi, Majority Leader McConnell, Chair Velazquez and Chair Rubio:

First, we write to thank you for the historic passage of the Coronavirus, Aid, Relief and Economic Security Act. The undersigned organizations represent a broad coalition of industry trade associations that are working diligently with individuals desperately in need of the aid offered by the stimulus program. We write to you to urge that you include 501-C-6 organizations among the list of entities that qualify for assistance under the Paycheck Protection Program.

As the country gears up for what is bound to be one of the most difficult years in U.S. history, small businesses, independent contractors and the self-employed are seeking out help more than ever. Under unprecedented circumstances, these individuals are heavily leaning on trade associations to find training, guidance and peer-to-peer support as they navigate closed businesses, shelter-in-place restrictions, changing work parameters, and difficult budgetary decisions.

During the 2008 Great Recession, trade associations were instrumental in helping struggling businesses reinvent themselves to thrive despite changing economic landscapes and to help them rebound. Today, trade associations are playing that same role.

It is important to underscore that trade associations, like many struggling businesses, are employers. These nonprofit member-based organizations are facing similar difficult budgetary decisions, including possible layoffs. At a time when small businesses are relying more and more on these organizations, many small trade associations are in need of the same support small businesses are receiving to keep people on payroll and to keep overhead costs current.

The Paycheck Protection Program extended loans and loan forgiveness programs to businesses that employ fewer than 500 employees. The program also extended aid to 501c(3) non-profits because they too were facing difficult reduction of income streams while offering much needed public service during these difficult times. However, trade associations categorized as 501c(6)s were not included in the Paycheck Protection Program.

**The undersigned organizations urge Congress to include 501c(6) organizations in the next Coronavirus legislation in order to access relief through the Payroll Protection Program.**

Thank you for your consideration of this very important matter.

Sincerely,

American Land Title Association

Asian Real Estate Association of America

Latino Hotel Association

National Association for Equal Opportunity In Higher Education

National Association of Black Hotel Owners & Operators and Developers

National Association of Hispanic Real Estate Professionals

National Association of Local Housing Finance Agencies

National Association of Minority Automobile Dealers

National Association of Minority Bankers of America

National Association of Real Estate Brokers

National Association of Realtors

National Association of Women in Real Estate Business

National Business League, Inc.

National Housing Conference

National Leased Housing Association

United States Hispanic Chamber of Commerce



April 20, 2020

The Honorable Nancy Pelosi, Speaker  
United States House of Representatives  
United States Capitol  
Washington, D.C. 20515

The Honorable Mitch McConnell, Majority Leader  
United States Senate  
United States Capitol  
Washington, D.C. 20510

The Honorable Kevin McCarthy, Minority Leader  
United States House of Representatives  
United States Capitol  
Washington, D.C. 20515

The Honorable Charles Schumer, Minority Leader  
United States Senate  
United States Capitol  
Washington, D.C. 20510

**RE: Additional Small Business Funding and 501(c)6 Inclusion in Next Round of COVID-19 Relief**

Dear Speaker Pelosi and Leaders McConnell, McCarthy and Schumer:

We, the undersigned national organizations and our collective state and local affiliates are the top advocates for America’s diverse entrepreneurs and workforce. Many of the organizations represented herein are members of the National Business Inclusion Consortium (NBIC). Collectively, the NBIC organizations represent over *\$9 trillion* in economic impact, as well as tens of thousands of tax-paying, industry-innovating jobs. Collectively, our organizations encourage parity in cross-segment diversity and inclusion initiatives, work to identify areas of collaboration among diverse businesses, and advocates for the advancement of policies that support the growth of diverse-owned companies in both the public and private sectors: including support for our businesses in times of crisis.

We are grateful for recent relief measures taken to protect our communities’ small businesses and nonprofits impacted by the coronavirus (COVID-19) epidemic. However, many small and diverse owned businesses, already facing challenges due to marginalization and historic under investment, were not able to take advantage of the first round. We strongly urge you to make more money available and to prioritize America’s diverse economy.

Our organizations and our affiliate chamber partners also urge you to include 501(c)6 business organizations in any upcoming federal aid packages or supplemental appropriations measures, as many have been and will be harmed economically by COVID-19, just as our 501(c)3 peers continue to be. Our specific organizations are primarily 501(c)(6) organizations that employ thousands of team members across the country and provide work for countless contractors throughout the year.

While advocacy for small business is but one facet of our operation, organizations like ours are essential partners to both government and businesses of all sizes. We are the trusted community partners of the small business owners and nonprofits who need this relief most, and who trust our ability to offer them invaluable resources to stay afloat and keep their teams employed. For relief



efforts to be successful, we must ensure all community-facing business organizations, including the 501(c)6s represented here who have the most intimate relationships with job creating small businesses, receive the resources they need to succeed as well.

Our organizations play a key role in connecting small diverse owned companies to contract and RFP opportunities that are the lifeblood of any small business and its ability to be successful.

Our organizations play a key role in educating small businesses on everything from financial literacy to writing a capabilities statement to leadership development and building an inclusive team.

Our organizations are called upon by the collective membership to help decipher economic development programs, including those developed specifically for COVID-19. Simply put, we are the key resource in helping businesses thrive, become a bigger part of the tax base and employ more people.

We would not object to stipulations that relief funds received by a 501(c)6 organization, may not be used for any lobbying expenses, employee size or industry representation as stipulated in the current amendment being discussed. We recognize the importance of accountability and transparency during this crisis.

We thank you for your leadership and standby to assist you with information to help you ensure that another round of relief funds is allocated for small businesses and that all tax-exempt entities be included in any temporary aid designed to stem the economic fallout resulting from COVID-19.

Sincerely,

  
Justin Nelson  
Co-Founder & President  
National LGBT Chamber of Commerce

  
Ramiro Cavazos  
President & CEO  
US Hispanic Chamber of Commerce

  
Ron Busby  
President & CEO  
US Black Chambers Inc.

  
Chiling Tong  
President & CEO  
Asian/Pacific Islander American Chamber  
of Commerce and Entrepreneurship

  
Candace Waterman  
President & CEO  
Women Impacting Public Policy



In partnership with:

ACE NextGen

African American Business Leaders Council of Greater Lehigh Valley Chamber of Commerce

Albuquerque Hispano Chamber of Commerce

American Vietnamese Chamber of Commerce Las Vegas

Arizona Hispanic Chamber of Commerce

Asian American Business Assistance Center

Asian American Executive Network

Asian Business Association

Asian Chamber of Commerce

Asian Chamber of Texas (ACT) previously known as Greater Dallas Asian American Chamber of Commerce

Asian Pacific American Chamber of Commerce

Austin LGBT Chamber of Commerce

Austin Young Chamber

Balch Springs Chamber

Brazoria County Hispanic Chamber of Commerce

Brooklyn NY Hispanic Chamber of Commerce

Cal Asian Chamber of Commerce

Charlotte LGBT Chamber of Commerce

Civitas Regional Chamber of Commerce

Colorado LGBTQ Chamber of Commerce

Connecticut Gay and Lesbian Chamber (CTGLC)

Desert Business Association

Detroit Regional LGBT Chamber of Commerce

Diversity Chamber of Central Ohio

Equality Chamber of Commerce DC

Florida Hispanic American Chamber of Commerce, Inc.

Gay & Lesbian Chamber of Commerce of Nevada

Georgia Hispanic Chamber of Commerce



Golden Gate Business Association  
Greater Austin Asian Chamber of Commerce  
Greater Austin Hispanic Chamber of Commerce  
Greater Fort Lauderdale LGBT Chamber of Commerce  
Greater Houston LGBT Chamber of Commerce  
Greater Oklahoma City Hispanic Chamber of Commerce  
Greater Philadelphia Hispanic Chamber of Commerce  
Greater Phoenix Gay and Lesbian Chamber of Commerce  
Greater Quad Cities Hispanic Chamber of Commerce  
Greater San Jose Hispanic Chamber of Commerce  
GSBA, Washington State's LGBTQ and Allied Chamber  
Guatemala Chamber of Commerce  
Gulf South LGBT Chamber of Commerce  
Hampton Roads Business OutReach  
Hispanic Chamber Cincinnati USA  
Hispanic Chamber of Commerce Lehigh Valley Chamber of Commerce  
Hispanic Chamber of Commerce of Coastal Virginia  
Hispanic Chamber of Commerce of Greater Kansas City  
Hispanic Chamber of E-Commerce  
Hispanic Chamber of Commerce of Greater Orlando  
Hispanic Chamber of Commerce of Louisiana  
Hispanic Chambers of Commerce San Francisco  
Houston Hispanic Chamber of Commerce  
Illinois Hispanic Chamber of Commerce  
Independence Business Alliance  
Iowa LGBT Chamber of Commerce  
Irving Hispanic Chamber of Commerce  
Keystone Business Alliance  
Latin American Chamber of Commerce of Charlotte  
Latin Chamber of Commerce Nevada



Latino Chamber of Commerce of SE Wisconsin Inc.

Leaders Forum

LGBT Chamber of Commerce of Illinois

LGBTQ Business Council of the Greater Lehigh Valley Chamber

Long Beach Gay & Lesbian Chamber of Commerce

Long Island Hispanic Chamber of Commerce

Los Angeles Gay & Lesbian Chamber of Commerce

Los Angeles Latino Chamber of Commerce

Maryland LGBT Chamber of Commerce

Metropolitan Savannah Hispanic Chamber of Commerce

Miami-Dade Gay & Lesbian Chamber of Commerce

Michigan Hispanic Chamber of Commerce

Mid-America LGBT Chamber of Commerce

Midland Hispanic Chamber of Commerce

Morris County Hispanic American Chamber of Commerce

Nashville Area Hispanic Chamber of Commerce

Nashville LGBT Chamber

New Jersey Chinese-American Chamber of Commerce

nlgccNY: New York's LGBT Chamber of Commerce

Nicaraguan American Chamber of Commerce Northern California

NJ LGBT Chamber of Commerce

North Texas LGBT Chamber of Commerce

Orange County Hispanic Chamber of Commerce

OUT Georgia Business Alliance

Quorum: Twin Cities LGBT Chamber of Commerce

Rainbow Chamber Silicon Valley

Regional Hispanic Chamber of Commerce

Regional Hispanic Contractors Association

Rio Grande Valley Hispanic Chamber of Commerce

Rio Grande Valley Partnership



San Antonio Hispanic Chamber of Commerce  
San Diego Equality Business Association  
South Carolina Hispanic Chamber of Commerce  
Seattle Latino Metropolitan Chamber of Commerce  
St. Louis LGBTQ+ Chamber of Commerce  
Statewide Hispanic Chamber of Commerce of NJ  
Tampa Bay LGBT Chamber  
Tennessee Latin American Chamber of Commerce  
Texas Association of Mexican American Chambers of Commerce  
The Massachusetts LGBT Chamber of Commerce  
The National Puerto Rican Chamber of Commerce  
The Pride Chamber of Orlando  
The United States-Mexico Chamber of Commerce  
United Corpus Christi Chamber of Commerce  
Utah LGBTQ+ Chamber of Commerce  
Virginia Hispanic Chamber  
West Michigan Hispanic Chamber of Commerce  
Wichita Hispanic Chamber of Commerce  
Wisconsin LGBT Chamber of Commerce  
Women's Business Council of the Greater Lehigh Valley Chamber

CC: Chairwoman Nydia Velázquez  
Chairman Richard Neal  
Chairwoman Nita Lowey  
Ranking Member Steve Chabot  
Ranking Member Kevin Brady  
Ranking Member Kay Granger



May 8, 2020

The Honorable Nancy Pelosi  
Speaker of the House  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Mitch McConnell  
Majority Leader  
U.S. Senate  
Washington, D.C. 20510

The Honorable Charles Schumer  
Minority Leader  
U.S. Senate  
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The Honorable Kevin McCarthy  
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Jennifer Rodriguez

Raul Salinas

### **Re: U.S. Hispanic Chamber of Commerce Policy Requests to Ensure Diversity, Equity, and Inclusion of Hispanic and Minority-Owned Small Businesses in Fourth COVID-19 Economic Relief Package**

Dear Speaker Pelosi, Majority Leader McConnell, Leader Schumer, and Leader McCarthy,

On behalf of the United States Hispanic Chamber of Commerce (USHCC), our Board of Directors, and the Hispanic-owned business community, we are writing to express our policy requests as you consider the next phase of stimulus funding to keep the American economy on track during and after the COVID-19 economic crisis.

The USHCC actively promotes the economic growth, development and interests of more than 4.7 million Hispanic-owned businesses that aggregately contribute over \$800 billion to the American economy every year. We also serve as a platform for our nationwide network of over 250 local Hispanic chambers of commerce.

Prior to the COVID-19 economic crisis, Minority Business Enterprises (MBEs) have 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.

In this spirit, the USHCC asks for your consideration of the following proposed policy requests as Congress considers the next stimulus package. Our advocacy is focused on three overarching principles: (1) providing immediate liquidity for Hispanic, small, and medium-sized businesses, (2) ensuring that Hispanic and minority-owned small businesses are included in procurement opportunities with the federal government and in the economic stimulus funding, and (3) our commitment to continue to work as a resource with Congress in helping write future legislation and shape policy that aims to rescue the American economy.

The following legislative priorities have the ability to positively impact the economic trajectory of Hispanic and minority-owned small businesses in our country:

**Ensure Stimulus Funding and Economic Relief for 501(c)(6) Chambers of Commerce and nonprofit organizations:** Amend the CARES Act under Section 1102 (a) definitions, to clarify that the term 'nonprofit organization' means an organization that is described in section 501(c)(3) or 501(c)(6) of the Internal Revenue Code. These organizations should be included with parameters around their activity, mission, or number of employees in the entity, and be amended to specifically allow Chambers of Commerce to access these funds.



**Expand lending for minority and community banks, debt, and equity capital for minority asset managers:** Address the capital needs and lending abilities of Minority Depository Institutions (MDIs), Small Business Investment Companies (SBICs), community banks, smaller regional banks, minority asset managers and Community Development Financial Institutions (CDFIs) that serve minority and low-income communities who represent some of the most vulnerable businesses as it pertains to cash flow and liquidity. According to the U.S. Small Business Administration, the \$30 billion that were earmarked for lenders that hold less than \$1 billion in assets and “non-banks” which include CDFI funds and other microlenders have nearly been exhausted within five days of the funds becoming available. Legislative action is needed to expand the \$30 billion of funding that were allocated so that these financial institutions can continue to serve their customers, including businesses who may not have existing relationships with traditional financial institutions or lenders, in order to get them the necessary operating capital.

**Integrate Minority Business Enterprises as Strategic Vendors of the U.S. Supply Chain:** Require the U.S. Supply Chain as it relates to federal government contracting to include Minority Business Enterprises in the production, operation, and distribution of goods and services needed for relief efforts, to combat disasters and future pandemics. A critical measure is to unbundle contracts from purchasing consortiums for goods and services and identify MBEs who currently manufacture or distribute these goods and services, to become an integrated part of public sector supply chains as they seek to maintain or obtain contracts. We encourage our leaders in Congress to leverage the U.S. Small Business Administration Small Business Development Centers, U.S. Minority Business Development Agency Minority Business Development Centers, and national business diversity organizations such as the U.S. Hispanic Chamber of Commerce to accomplish this goal.

**More transparent reporting on SBA’s PPP and disaster relief programs:** Require lenders of all types to ask the ethnicity of loan applicants to the SBA to enable reporting with more demographics that includes the total number and dollar amounts of loans or grants approved and disbursed through the PPP, Emergency EIDL Grants Program, and the EIDL Program as well as the amount of remaining funding in each program. Weekly reporting should include a breakdown by industry, ethnicity, and loan/grant size. Furthermore, the SBA should require the top 15 Financial Institutions who are managing the lending for these loans to provide a good faith effort and set aspirational goals for a certain percentage for Hispanic and Minority-owned small businesses and report these results.

**Resource Partner Grants:** Set forth an appropriation to expand Section 1103 (c) of the existing CARES Act to fund grant programs for resource and technical assistance support in the areas of business revitalization, new business technologies, expanded customer service, supplier diversity trainings, supplier diversity matchmaking, financial services, and lending to national organizations with business memberships. These organizations should include minority chambers of commerce, Minority Depository Institutions (MDIs), Community Development Financial Institutions (CDFIs), and not exclude other nonprofit groups that have the ability to provide technical assistance to distressed businesses during and after COVID-19.

**2019 Payroll Taxes:** Forgive all 2019 Payroll Taxes for America’s 30 million small businesses, allow the Internal Revenue Service (IRS) to waive these taxes to keep more Americans employed by infusing more capital into the economy and creating a substantial operational impact for small businesses. This designation should be allowed for small businesses, per the established guidelines of the Small Business Administration (SBA).

**Capital Financing for Hispanic-Serving Institution (HSIs):** Expand Section 3512 of the existing CARES Act to include capital financing for Hispanic-Serving Institutions (HSIs). These educational centers create the pipeline of future business owners, entrepreneurs, and executives that will have the ability to actively contribute to the rebuilding and new evolving vitality of the American economy post COVID-19. HSIs should be considered for grant funding in Low-



**Establish a Minority Equity Fund of \$65 billion to have the ability to fund Minority Business Enterprises (MBEs), and minority managers to participate in any Economic Relief Programs as implemented by Treasury, SBA or other agencies:** Refer to the [Economic Stabilization Act of 2008](#) for language regarding MBE inclusion, specifically Section 107 contracting procedures to include the following legislative determinations: (a) STREAMLINED PROCESS.—For purposes of this Act, the Secretary may waive specific provisions of the Federal Acquisition Regulation upon a determination that urgent and compelling circumstances make compliance with such provisions contrary to the public interest. Any such determination, and the justification for such determination, shall be submitted to the Committees on Oversight and Government Reform and Financial Services of the House of Representatives and the Committees on Homeland Security and Governmental Affairs and Banking, Housing, and Urban Affairs of the Senate within seven days. Additional contracting requirements should include, any solicitation or contracts where the Secretary has, pursuant to subsections for minorities, deadline, or waiver authority. Waive any provision of the Federal Acquisition Regulation pertaining to minority contracting, the Secretary shall develop and implement standards and procedures to ensure, to the maximum extent practicable, the inclusion and utilization of minorities (as such term is defined in section 1204(c) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1811 note)) minority and women-owned businesses (as such terms are defined in section 21A(r)(4) of the Federal Home Loan Bank Act (12 U.S.C. 1441a(r)(4)), in that solicitation or contract, including contracts to asset managers, servicers, property managers, and other service providers or expert consultants. Add the eligibility of FDIC insured financial institutions notwithstanding subsections (a) and (b), the Corporation, (1) shall be eligible for, and shall be considered in, the selection of asset managers for residential mortgage loans and residential mortgage-backed securities; and (2) shall be reimbursed by the Secretary for any services provided.

**Undocumented Business Owners and Workers:** Set forth provisions to allow undocumented business owners and undocumented workers who can actively prove that they have paid the Internal Revenue Service (IRS) taxes in 2018 to take advantage of the existing CARES Act. These entrepreneurs and employees thereof, are active contributors to the American economy and should have the same access to rebuild their businesses and families to continue those economic contributions. Furthermore, Deferred Action for Childhood Arrivals (DACA) recipients who are in this country by no fault of their own should also be guaranteed access to these provisions regardless of the immigration status of others on their tax return or household.

If you have any questions or require additional information, please do not hesitate to contact C. LeRoy Cavazos-Reyna, Vice President of Government and International Affairs, at [L.Cavazos@ushcc.com](mailto:L.Cavazos@ushcc.com) or via phone at 956-844-9628. Thank you in advance for your consideration in this matter, we look forward to your positive response and collaboration on these important policy priorities.

Respectfully,

Carmen Castillo  
Chairwoman, Board of Directors

Ramiro A. Cavazos  
President & CEO

**CC:** Hon. Marco Rubio, Chair, Senate Committee on Small Business & Entrepreneurship  
Hon. Ben Cardin, Ranking Member, Senate Committee on Small Business & Entrepreneurship  
Hon. Nydia M. Velázquez, Chairwoman, House Committee on Small Business  
Hon. Maxine Waters, Chairwoman, House Committee on Financial Services  
Hon. Joyce Beatty, Chairwoman, House Sub Committee on Diversity and Inclusion  
Hon. Joaquin Castro, Chairman, Congressional Hispanic Caucus



May 15, 2020

The Honorable Nancy Pelosi  
Speaker of the House of Representatives  
U.S. House of Representatives  
United States Capitol  
Washington, DC 20515

The Honorable Mitch McConnell  
Majority Leader  
U.S. Senate  
United States Capitol  
Washington, DC 20515

Dear Madam Speaker and Majority Leader McConnell:

On behalf of the organizations representing this nation's more than 30 million small businesses, we write to you today with a broad set of policy recommendations and concerns as Congress considers additional legislation as it relates to economic relief during the COVID-19 crisis.

The first three response bills passed by Congress have provided support for millions of small businesses across the nation in an unprecedented amount of time. We understand that additional guidelines are being provided and that further conversation is needed with the U.S. Small Business Administration (SBA) and the U.S. Department of Treasury to develop effective implementation of the Paycheck Protection Program (PPP), however, we urge Congress to ensure that *all* small businesses are supported during this time of crisis. We appreciate your attention to the small business and entrepreneurship sectors as they define the economic vibrancy of America and we ask for consideration of the following policy recommendations:

**Directed Use of Existing and Future PPP Funding**

We believe it is necessary for Congress to provide additional guidance and direction to further ensure that those small businesses who are most vulnerable (minority business owners, women business owners, small employers with less than 50 employees, and the self-employed) are provided more protections and pathways to access this program. We are disappointed to hear from many of our valued members that they have been essentially shut out of the program due to various challenges both from the implementation and the lack of direction given to lenders.

**Loan Forgiveness**

Small business owners believed that the intent and language of the guidance would align with the legislation, and were consequently disappointed to see changes to the non-payroll portion of

forgivable expenses and the limitation placed on EIDL loan advances. As additional guidance continues to be published, many small businesses are confused and paralyzed by the uncertainty in how to utilize these loans and what effects they will have on the future of their business.

#### *Extension of the PPP Eight-Week Term Length*

Given that the economic effects of COVID-19 will be both severe and unpredictable, the eight-week timeline and deadlines associated with the original legislation are no longer appropriate. The program should be amended to allow use of funds to continue throughout the rest of 2020 and additional flexibility that favors business owners responsibly deploying funds is needed. Congress should also convene leading small business organizations for an open, on-the-record dialogue about the effectiveness of PPP as it considers future funding. Not only are millions of businesses seeking their first PPP loan, but millions more who received them are now facing the same challenges from early March.

#### *75/25 Payroll Cost Threshold*

In their promulgation of guidance, the U.S. Department of Treasury and the U.S. Small Business Administration determined that no more than 25% of PPP loan dollars could go to non-payroll expenses. This decision was devastating to certain industries -- particularly restaurants and many small businesses located in high-cost/high-rent areas -- and should be immediately reversed in any forthcoming legislation. We must champion the ability of business owners to implement these loans as necessary to keep their operations running.

#### **Compile Data on PPP Allocation**

There is an absence of data on the types of businesses being served by the PPP. As further guidance comes out on loan forgiveness, Congress should utilize a loan forgiveness application as an opportunity to gather additional data on the types of businesses, including demographic information, that have received loans. This will help to document important information, including whether there are participation gaps, which will help drive future policy development. This data could increase Congress' understanding of which communities are falling through the cracks and need targeted assistance.

#### **Better Communication & Expanded Set of Lenders**

Given the magnitude of the crisis, we understand the diligence and speed of everyone working to stimulate the American economy. At the same time, guidance for lending institutions has been lacking, which has led to confusion, under-preparedness and challenges for implementation. Through legislation or direction of federal agencies, we specifically need guidance on:

#### *Loan Eligibility Qualifications*

Increased clarity on PPP loan eligibility for minority-owned, community banks and credit unions would help small businesses strategize accordingly. These lending entities are critical to the response, but they also have payroll and financial challenges. We urge Congress to clarify that CDFIs, MDIs, and other mission-based lenders be declared eligible for PPP loans.

#### *Non-traditional Lending Institutions*

Many small businesses have received little assistance from traditional banking institutions that have been approved to administer PPP loans and, instead, are receiving quicker loan approvals with alternate lending institutions. These lending institutions primarily operate and serve

low income, minority and rural communities who have some of the most vulnerable businesses or most established minority businesses in our country. An increase in certified lenders to administer PPP loans will increase the number of loans that can be processed, especially amongst microbusinesses and minority borrowers.

The guidance put out by the Administration provided limited details on the inclusion of non-SBA and non-bank lenders. We support the swift inclusion of these entities to maximize the opportunities for small business borrowers. We should also address the capital needs and lending abilities of minority depository institutions and credit unions. Legislative action is needed so that these lending institutions can serve their customer and get them necessary operational capital and immediate liquidity.

Finally, the delay in adding non-bank lenders to the program is unacceptable. We urge Congress to create a five day application response period for new entities seeking to support their communities as PPP lenders.

### **The Prioritization of Disadvantaged Communities**

The CARES Act legislation requires the prioritization of many communities that are underbanked and face pre-existing capital challenges. Unfortunately, many of these disadvantaged groups, including women and minority-owned businesses, have not yet received PPP funding. Many businesses that did not need the funds have benefitted from PPP funding, yet many small business owners are facing unprecedented challenges and continue to struggle. We urge you to continue to work with the Administration to prioritize minority and rural communities.

#### *Microbusinesses*

The CARES legislation, though well intentioned, has also left microbusinesses vulnerable. Businesses with less than ten employees have not reaped the benefits of the CARES Act, many of which have still not received PPP or EIDL funding. The next funding package should support these small businesses and set aside funding for companies of 50 employees or less.

#### *New Businesses*

On average, it takes two to three years for a new business to become profitable. Newer and smaller businesses operate with increased uncertainty and fewer safeguards, especially during times of crisis. Congress must address these amplified needs of these newer businesses to help them survive and create American jobs to stimulate our economic prosperity.

### **Additional Guidance Needed for the Self-Employed and 1099 Independent Contractors**

The delayed PPP application submission date for independent contractors and self-employed individuals left them at a disadvantage in receiving funding and provided ambiguous guidelines on the loan applicability. As it stands, there is still uncertainty around the loan forgiveness eligibility of independent contractors that file their taxes using 1099 forms, leaving room for speculation.

Keith Hall, President and CEO of the National Association for the Self-Employed stated, "For 1099s and independent contractors, your payroll is your net earnings from self-employment. It is

my expectation, from a practical standpoint, that these PPP loans for 1099 people will be forgiven." We agree with Mr. Hall's conclusion and urge Congress to relieve any uncertainty.

We must ensure that sole-proprietors and 1099 independent contractors can access funding to continue working, allow their clients to maintain them on payroll, and ease the restrictions of the Paycheck Protection Program so that employers can use 1099 employees as part of their payroll to access the PPP. We appreciate the additional stimulus funding allocated to allow for more businesses to apply, and we also encourage you to enact legislation that requires specific disaster business loans and streamlines the relief fund application process for the self-employed and independent contractors.

### **Leveraging Tax Policy to Support Small Businesses**

The Employee Retention Tax Credit (ERTC) implemented under the CARES Act provides fully refundable tax credits for eligible employers equal to 50% of qualified wages up to \$10,000 paid to an employee (a maximum of \$5,000 credit per employee available to employers). We urge Congress to strengthen and expand the ERTC, to further aid businesses negatively affected by the economic downturn from COVID-19.

#### *IRS Notice & 2019 Payroll Taxes*

The Internal Revenue Service (IRS) released a notice last month stating that expenses paid by forgiven PPP loans will not be tax-deductible because the proceeds will not be taxable. While this is perhaps logical in normal circumstances, it hurts small businesses and has taken them by surprise. Congressional tax writers have informed the IRS that the intent of the CARES Act - through a specific provision written in the legislation - allows deductibility, but IRS guidance did not align with the intent and text of the legislation. Please support a special exception for the small businesses that need every break possible and make this clear to the IRS.

Additionally, sole proprietors and independent contractors would benefit if the IRS waves the income taxes for the first \$10,000 of self-employed or contracted dollars these Americans gain. We encourage Congress to allow the IRS to forgive the 2019 Payroll Taxes to keep additional capital within the economy and encourage a more swift economic recovery.

### **Increase Small Business Utilization on Government Contracts and Encourage Large Companies to Maintain their Supply Chain**

We propose doubling small business set-aside goals for FY20 and FY21 and re-establishing the Quick Pay program to ensure small businesses receive earned pay as fast as possible. The government can be an effective economic tool when leveraging its \$500 billion spend, particularly with small businesses.

Similarly, small businesses rely on corporate America in their customer base. As we transition towards long-term economic recovery strategies, please consider introducing tax incentives for corporate America to keep small businesses in their supply chain through 2021.

### **Amendment to the Small Business Act to Ensure the Inclusion of Certain 501(c)(6) Organizations in Coronavirus Relief Packages**

In the Cares Act, 501(c)(6) organizations were not included in the Paycheck Protection Program. However, a contingent of this group assists small businesses in navigating normal day-to-day operations and is especially critical in providing guidance during times of crisis. By including specific 501(c)(6) organizations while also prohibiting others, the spirit of the CARES Act remains intact.

### **Expand Broadband and Infrastructure**

Many small businesses that are located in rural areas have been disadvantaged during the PPP and EIDL application submission processes due to a lack of broadband access. Congress should allocate funding to increase broadband and infrastructure in rural areas to ensure that all small businesses have equal opportunity to apply for loans, receive aid and have the tools to function in the digital economy.

### **More Transparent Reporting on SBA's PPP and Disaster Relief Programs**

Require lenders of all types to ask the ethnicity of loan applicants to the SBA to enable reporting with more demographics that includes the total number and dollar amounts of loans or grants approved and disbursed through the PPP, Emergency EIDL Grants Program, and the EIDL Program as well as the amount of remaining funding in each program. Weekly reporting should include a breakdown by industry, ethnicity, and loan/grant size. Furthermore, the SBA should require the top 15 Financial Institutions who are managing the lending for these loans to provide a good faith effort and set aspirational goals for a certain percentage for Hispanic and Minority-owned small businesses and report these results.

### **Resources and Services in Languages other than English**

We urge Congress to expand Section 1111 of the existing CARES Acts to provide minority communities with the necessary resources in their individual native languages. This section should not discriminate communities of diverse racial ethnicities and should be inclusive of all sub-minority groups in America. All resources should be adequately translated and distributed in all available channels to include the world wide web, printed materials, and in-person translation for any presentation conducted by a government entity when providing business assistance to affected businesses. This measure should also include service for the blind, legally blind, visually impaired, and deaf communities.

We urge you to reach out directly with any questions, given the timely nature of these policies. We are available at your convenience and can be speedily convened by contacting Executive Directors Rhett Buttle ([rhett@smallbusinessroundtable.org](mailto:rhett@smallbusinessroundtable.org)) or John Stanford ([john@smallbusinessroundtable.org](mailto:john@smallbusinessroundtable.org)).

Thank you for your service and dedication to the United States and the more than 30 million small business owners that drive and shape our economy.

Sincerely,

Chiling Tong, President & CEO, Asian and Pacific Islander Chamber of Commerce and Entrepreneurship  
Jill Houghton, President & CEO, Disability: IN

Keith Hall, President & CEO, National Association for the Self Employed  
Jen Earle, CEO, National Association of Women Business Owners  
Todd McCracken, President & CEO, National Small Business Association  
Karen Kerrigan, Chair, Small Business Roundtable, CEO, Small Business & Entrepreneurship  
Council  
Ron Busby, President & CEO, U.S. Black Chambers, Inc.  
Ramiro Cavazos, President & CEO, U.S. Hispanic Chamber of Commerce  
John Stanford, Co-Executive Director, Small Business Roundtable  
Rhett Buttle, Co-Executive Director, Small Business Roundtable

cc:

The Honorable Marco Rubio, Chairman, Senate Committee on Small Business and  
Entrepreneurship  
The Honorable Ben Cardin, Ranking Member, Senate Committee on Small Business and  
Entrepreneurship  
The Honorable Nydia Velazquez, Chair, House Committee on Small Business  
The Honorable Steve Chabot, Ranking Member, House Committee on Small Business



June 1, 2020

**BOARD OF DIRECTORS**

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The Honorable Marco Rubio  
Chairman  
U.S. Senate Committee on Small Business  
and Entrepreneurship  
284 Russell Senate Office Building  
Washington, DC 20510

The Honorable Ben Cardin  
Ranking Member  
U.S. Senate Committee on Small Business  
and Entrepreneurship  
509 Hart Senate Office Building  
Washington, DC 20510

The Honorable Mike Crapo  
Chairman  
U.S. Senate Committee on Banking, Housing,  
and Urban Affairs  
239 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Sherrod Brown  
Ranking Member  
U.S. Senate Committee on Banking, Housing,  
and Urban Affairs  
503 Hart Senate Office Building  
Washington DC, 20510

**RE: Recommendations for the forgiveness provisions related to loans made through the Paycheck Protection Program (PPP) for the economic benefit of Minority-owned small businesses.**

Dear Chairman Rubio, Chairman Crapo, Ranking Member Cardin, and Ranking Member Brown,

Thank you for your indefatigable commitment to return our economy back to its pre COVID-19 market strength and functioning for all Americans. We appreciate your steadfast leadership during these uncertain times.

On behalf of the United States Hispanic Chamber of Commerce (USHCC), our Board of Directors, and the Hispanic-owned business community, we are writing to express our policy requests as you consider the measures related to the forgiveness of loans made through the Paycheck Protection Program (PPP), as the American economy begins to recover during and after the COVID-19 economic crisis.

The USHCC actively promotes the economic growth, development and interests of more than 4.7 million Hispanic-owned businesses that aggregately contribute over \$800 billion to the American economy every year. We also serve as a platform for our nationwide network of over 250 local Hispanic chambers of commerce.

Prior to the COVID-19 economic crisis, Minority Business Enterprises (MBEs) have 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.

In this spirit, the USHCC asks for your consideration of the following proposed policy requests as your committees and respective colleagues consider forgiveness provisions for minority-owned small businesses related to the PPP.

We would like to recommend the three priorities listed below as imperative for the smallest of our businesses to be successful in obtaining economic relief from the PPP:

- 1. Simplify the Forgiveness Process:** We recommend a forgiveness process that is simple, efficient and easy for small businesses to complete. The Small Business Administration's



(SBA) PPP interim final rule for loan forgiveness goes beyond Congressional intent and will result in a forgiveness process that is likely to be more time consuming than the origination process. Confirming and reviewing calculations will be challenging, and it will create an overly burdensome and lengthy process, especially for diverse and underserved small businesses.

2. **Expedite Forgiveness for the Smallest Businesses:** Establish a tiered system whereby complexity of review increases with loan size. Microbusinesses under a minimum threshold of outstanding loans should receive forgiveness through an expedited process (e.g. loans less than \$100,000). For example, the use of a “PPP-EZ form” – a simple one-page attestation – acknowledging that they spent the majority of PPP funds to preserve the jobs of their employees as outlined in the guidance and consistent with their PPP application could be effective. Additional tiers can be developed for PPP loans above \$100,000 and \$2 million as appropriate. Lending institutions can process forgiveness applications for PPP loans over \$2 million for completeness and accuracy with submission to the SBA for review and approval consistent with the SBA forgiveness interim final rule.
3. **Lengthen Period for Use of Funds:** An expansion of the use of funds through PPP should be extended from eight weeks to twenty-four weeks as proposed by Senators Rubio and Cardin to provide more time for minority-owned small businesses to use and account for their PPP funds.

If you have any questions or require additional information, please do not hesitate to contact C. LeRoy Cavazos-Reyna, Vice President of Government and International Affairs, at [LCavazos@ushcc.com](mailto:LCavazos@ushcc.com) or via phone at 956-844-9628. Thank you in advance for your consideration in this matter, we look forward to your positive response and collaboration on these important policy priorities.

Respectfully,

Carmen Castillo  
Chairwoman, Board of Directors  
U.S. Hispanic Chamber of Commerce

Ramiro A. Cavazos  
President & CEO  
U.S. Hispanic Chamber of Commerce

Monday, June 22, 2020

**The Honorable Jerome Powell  
Chairman**

Board of Governors of the Federal Reserve System  
20th Street and Constitution Ave., NW  
Washington, DC 20551

**The Honorable Steven Mnuchin  
Secretary**

U.S. Department of the Treasury  
1500 Pennsylvania Avenue NW  
Washington, DC 20220

**Re: Request that the Federal Reserve utilizes its full powers to support, with a debt and equity facility, a vital sector of the economy that represents \$1.4 trillion in gross receipts and 7.2 million in jobs.**

Dear Chairman Powell and Secretary Mnuchin:

All the organizations that sign this letter lead the Industry Associations and Investment Management Associations that unite Minority business owners across the country. According to the Minority Business Development Agency ([MBDA](#)), minority businesses generate \$1.4 trillion in aggregate gross receipts and create 7.2 million jobs. During this economic crisis we must make every effort to preserve their productivity and job creation.

We request the opportunity to meet alongside our investment management experts so we can provide our perspective and proposed solutions. **We request that you provide serious consideration to the facilities and Main Street Lending program modifications we propose below, and that you provide through your toolset at least \$10 billion for the funding our businesses require so that our pre-COVID profitable businesses can fight the COVID war, and thrive, protecting millions of jobs. This will largely benefit our communities and provide much hope and resources during very difficult economic and social times.**

**Unemployment is massive and rapidly crippling our communities.** We work every day with these business owners; therefore, we can share first-hand the deeply troubling situation that many of our profitable and thriving pre-COVID 19 companies are now facing, resulting in productivity loss and massive job losses. Robert W. Fairlie, PhD in economics, in his recently published paper by NBER, *“The Impact of COVID-19 on Small Business Owners: Evidence of early-stage losses from the April 2020 current population survey”* provides the first analysis of impacts of the pandemic on the number of active small businesses in the United States using nationally representative data from the April 2020 CPS (current population survey) – the first month fully capturing early effects from the pandemic. According to the author: *This paper is the first to use CPS data covering the early effects of COVID-19 mandates and demand shifts on small businesses, and the first to explore differential effects for female, minority and immigrant business owners, which is potentially important for targeting government aid to preserve small businesses and the jobs they create.”*

Further, the paper also provides disturbing statistics: *“the number of African-American business owners plummeted from 1.1 million in February 2020 to 640,000 in April. The loss of 440,000 black business owners representing 41 percent of the previous level is disconcerting. Latinx business owners also suffered major*

losses. The number of Latinx business owners dropped from 2.1 million to 1.4 million (32 percent) from February to March...The Stanford Latino Entrepreneurship Initiative (2020) surveyed 224 high-revenue Latinx-owned businesses and found that 86% of respondents reported immediate negative effects such as delayed projects and closure from the pandemic.”

**We request that you provide an opportunity for skilled and minority managers to add value and help salvage productivity and job creation.** The capital crisis our businesses are experiencing has been largely compounded by the fact **that many of our business owners are not closely working with a bank**, reason why PPP had significant challenges and low minority participation rates. If the Main Street Lending program is distributed only through banks, this will continue to largely occur. The program excludes other valuable financial entities, such as debt and equity asset managers, especially those that are diverse owned and have experience and knowledge in our market and managing recession programs.

**The need for equity is dire.** We also believe it is imperative that the program, or a parallel facility, includes equity, a capital type that was included under the PPIP program during the last recession. In our estimation salvaging productive businesses and job creators is of imperative importance for our country and our economy.

**Going back to full employment requires capital for productivity.** We were pleased to hear on your Thursday June 11, 2020 press remarks about the commitment of the Federal Reserve to utilize its full toolset to allow for economic recovery. However, we want to express our deep concern because we know that job creation doesn't happen alone, and that **for our communities to be put back to work, our businesses must be supported with the right capital and technical assistance instruments.** Beyond PPP, EIDL, and now the Main Street Lending program, it is imperative that we stand up facilities of at least \$10 billion to utilize our skilled diverse asset management firms, who have the expertise to provide flexible **debt and equity**, short, medium and long term **value added** capital solutions. This can happen in close collaboration with chambers and industry associations who can provide **vital support, alongside capital**, to our business owners. Ultimately, this will largely maintain and improve productivity and job preservation, and will become a vital lifeline for these businesses to survive COVID-19 disaster and thrive beyond, continuing to provide all sorts of products and services to the economy including many essential goods and services. Many of these business owners have provided essential goods and services, are **innovators and inventors, are productive actors of our economy, and merit every reason to be supported financially** during this crisis.

**Quantifying needs and what our skilled asset managers can achieve.** As highlighted recently by Monika Mantilla, who leads an SBIC impact fund and asset management firm that specializes in this segment and provided asset management services including public private programs during the last recession, at the recent New York Fed Reserve “To Important to Fail” Event, **the estimated needs for minority businesses stand at \$700 bill.** Asset management firms can and should operate as the next tier of capital solutions for a universe of approx. 8,000 diverse enterprises that sell north of \$5 mill in revenue and generate a large percentage of the 7.2 mill jobs that minority businesses create.

**Our needs.** The large majority of our businesses are small, and need Community Development Financial Institutions, CDFIs, to support them with capital, with size of checks up to \$500,0000. **But beyond those needs there is a next tier of solid businesses, across many industries, that need larger size of checks, both debt and equity, provided by value-add capital providers, many of which are minority owned. They need to be visible and valuable to the Federal Reserve and Treasury, and added as fiduciaries, service providers and advisors, in existing or future facilities and in the next legislative relief package. During the last recession the law included the following language:**

**"Requires the Secretary, in any solicitation or contract containing such a waiver, to develop and implement standards and procedures to ensure the inclusion and utilization of minorities and women, and minority- and women-owned businesses, in that solicitation or contract, including contracts to asset managers, servicers, property managers, and other service providers or expert consultants.**

<https://www.congress.gov/bill/110th-congress/house-bill/1424>

**Becoming architects of our own solutions.** We also would like to stress the importance of strengthening Minority Depository Institutions and minority owned CDFIs, so that our communities can continue to be architects of their own solutions. And we need an opportunity for our own asset managers to be fully utilized for the benefit of our economy and our country.

There are viable solutions and facilities adjustments as outlined in this letter that we must together contemplate and ask that you promptly implement for the benefit of our country and the strength of our economy.

We appreciate your consideration to our proposals to ensure our country minimizes the damage the pandemic has caused, and the current social unrest has uncovered. We trust the Federal Reserve and the US Treasury will see our segment of the economy and the importance it merits for the present and the future of our Nation.

Sincerely,



**Ramiro A. Cavazos**  
President and CEO  
United States Hispanic Chamber of Commerce  
(USHCC)



**Mark Madrid**  
CEO  
Latino Business Action Network (LBAN), Stanford  
Latino Entrepreneurship Initiative



**Solange Brooks**  
CEO  
New America Alliance (NAA)



**Robert Greene**  
CEO  
National Association of Investment Companies  
(NAIC)

**CC:** The Honorable Mitch McConnell, Majority Leader, U.S. Senate  
The Honorable Nancy Pelosi, Speaker, U.S. House of Representatives  
The Honorable Charles Schumer, Minority Leader, U.S. Senate  
The Honorable Kevin McCarthy, Minority Leader, U.S. House of Representatives  
The Honorable Marco Rubio, Chair, U.S. Senate Committee on Small Business and Entrepreneurship  
The Honorable Ben Cardin, Ranking Member, U.S. Senate Committee on Small Business and Entrepreneurship  
The Honorable Tim Scott, Member, U.S. Senate Committee and Small Business and Entrepreneurship

The Honorable Cory Brooker, Member, U.S. Senate Committee on Small Business and Entrepreneurship

The Honorable Maxine Waters, Chairwoman, U.S. House Committee on Financial Services

The Honorable Joyce Beatty, Chairwoman, U.S. House Subcommittee on Diversity and Inclusion

The Honorable Nydia M. Velázquez, Chairwoman, U.S. House Committee on Small Business

The Honorable Joaquin Castro, Chairman, Congressional Hispanic Caucus



July 1, 2020

The Honorable Nancy Pelosi  
Speaker of the House of Representatives  
U.S. House of Representatives  
United States Capitol  
Washington, DC 20515

The Honorable Mitch McConnell  
Majority Leader  
U.S. Senate  
United States Capitol  
Washington, DC 20515

Dear Madam Speaker and Majority Leader McConnell:

On behalf of the dozens of national, state and local organizations that have united to advocate for underserved and rural communities, Page 30 Coalition endorses the *Minority Business Resiliency Act of 2020*. This vital piece of legislation will support expansion of Minority-owned Business Enterprises (MBEs) and bolster the country's economy.

Preceding the arrival of the Coronavirus pandemic, MBEs consisted of 30 percent of the country's 28.6 million small businesses<sup>1</sup>, contributed nearly \$1.5 trillion in annual gross receipts and employed over 7.2 million Americans.<sup>2</sup> Despite these significant figures, MBEs stand disproportionately disadvantaged as evidenced by challenges with access to capital and collateral, lower credit scores, and less access to technical assistance services.<sup>3</sup>

For the past 40 years, Minority Business Development Agency (MBDA) at the Department of Commerce has been a significant proprietor in reducing such challenges while growing the number of MBEs. Through a national network of business centers, MBDA provides entrepreneurs with technical assistance and access to capital, contract, and new market opportunities to generate new jobs and form new businesses.

Despite MBDA's progress, the pandemic's economic downturn has amplified the disadvantages among underserved and minority small business owners – particularly within Women, People of Color, and Tribal markets. MBEs overwhelmingly are concentrated in industries that remain susceptible to economic disruption, such as personal and laundry services, and retail.<sup>4</sup> As the nation experiences a resurgence of Coronavirus cases, these fragile markets face near-fatal consequences.<sup>5</sup>

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<sup>1</sup> <https://www.sba.gov/sites/default/files/advocacy/Frequently-Asked-Questions-Small-Business-2018.pdf>

<sup>2</sup> <https://www.mbda.gov/page/infographic-impact-minority-businesses-us-economy>

<sup>3</sup> <https://content.benetrends.com/blog/exploring-challenges-and-opportunities-for-minority-business-owners-in-2019>

<sup>4</sup> <https://www.mckinsey.com/industries/social-sector/our-insights/covid-19s-effect-on-minority-owned-small-businesses-in-the-united-states#>

<sup>5</sup> <https://www.politico.com/newsletters/morning-money/2020/06/29/coronavirus-resurgence-threatens-recovery-788857>

We urge lawmakers to pass the *Minority Business Resiliency Act of 2020* as it will strengthen and establish the MBDA into federal statute. This critical proposal, introduced by Senator Ben Cardin (D-MD), would increase MBDA's fiscal year 2020 budget to further safeguard MBEs from the devastating inequities brought on by the health crisis, promote a diverse entrepreneurial pipeline with the creation of new programs at historically Black colleges and universities and minority-serving institutions, and establish a process for the Minority Business Development Center Program to expand its regional coverage.

During this time of economic emergency, Page 30 Coalition believes now is the time for Congress to pass equitable and targeted legislation that will benefit underserved and rural markets and encourage underserved and rural markets enterprise formation. We support *Minority Business Resiliency Act of 2020* as it slated to add to congressional prioritization by creating additional entrepreneurial opportunities for communities mentioned on Page 30 of the Coronavirus Aid, Relief, and Economic Security Act.<sup>6</sup>

We commend your work on ensuring that all small businesses receive the resources necessary to withstand the current economic downturn. We urge you to reach out directly to Jamon Phenix, at [jamon@page30coalition.org](mailto:jamon@page30coalition.org), with any questions.

Thank you for your consideration.

Sincerely,

Page 30 Coalition

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<sup>6</sup> <https://assets.documentcloud.org/documents/20059055/final-final-cares-act.pdf>