



**Testimony of**

**Ron Busby**

**On behalf of the U.S. Black Chambers, Inc.**

to the

U.S. House of Representatives

Committee on Financial Services:  
Subcommittee on Diversity and Inclusion

*Access Denied: Challenges for Women- and  
Minority-Owned Businesses Accessing Capital  
and Financial Services*

July 9, 2020

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President & CEO  
U.S. Black Chambers, Inc.

Thank you, Chairwoman Beatty, Ranking Member Wagner, and distinguished Members of the Subcommittee, for the opportunity to share this testimony with you. My name is Ron Busby, and I serve as the President and CEO of the U.S. Black Chambers, Incorporated.

The U.S. Black Chambers (USBC), for the past decade, has been providing committed, visionary leadership and advocacy in the realization of economic empowerment. Through the creation of resources and initiatives, we support African American Chambers of Commerce and business organizations in their work of developing and growing Black enterprises.

As the leading voice of Black business owners in the nation, USBC stands on five pillars of service to foster entrepreneurial growth and the wealth creation within the Black community, which includes: 1) Advocacy, the USBC fights for legislation that promotes small business growth, particularly policies that address the challenges of Black business owners; 2) Access to Capital, the USBC works with financial institutions, particularly Black-owned institutions, to create avenues by which Black businesses can gain greater access to credit, capital and other financial instruments; 3) Contracting, the USBC educates members on contract opportunities, helping them increase their capacity to vie for large scale contracts, and offering resources and information that enhance Black owners' ability to compete; 4) Entrepreneur Training, the USBC provides quality educational opportunities and professional development resources that help our members manage and grow successful businesses; and 5) Chamber Development, the USBC leverages our role as a national organization, provide technical assistance and leadership training to member chambers, assist with the establishment of new Black chambers, and facilitate the sharing of best practices and industry data among our members.

Minority and Women-owned business enterprises (MWBs) are lucrative to the nation's vast economy. These firms collectively provide upwards of \$1 trillion in annual receipts and contribute nearly nine million jobs to the country's labor market. MWBs have been cited as the fastest growing sectors of business enterprise, in result, creating 40 percent of America's net new jobs in recent decades.<sup>1</sup> Despite this extraordinary impact, People of Color and Women historically face systemic barriers to entrepreneur resources and access to capital, to name a few.

Today's virtual hearing regarding women and minority-owned businesses challenges in accessing capital and financial services is judicious and opportune. While the onslaught of the Coronavirus pandemic has amplified structural impediments plaguing underserved communities, Black Americans, in particular, are experiencing a disproportionate share of the disruption—from morbidity and mortality to unemployment and bankruptcy.<sup>2</sup>

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<sup>1</sup> [https://www.brookings.edu/wp-content/uploads/2016/07/minority\\_women\\_entrepreneurs\\_building\\_skills\\_barr.pdf](https://www.brookings.edu/wp-content/uploads/2016/07/minority_women_entrepreneurs_building_skills_barr.pdf)

<sup>2</sup> <https://www.mckinsey.com/industries/public-sector/our-insights/covid-19-investing-in-black-lives-and-livelihoods>

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Amid the ongoing economic downturn, the most prevalent disparities exist within the small business ecosystem. Case in point, while the nation lost 3.3 million small businesses in the first and second quarter of the year, the number of Black enterprises declined 41 percent, Latinx firms dropped 32 percent, Asian businesses dropped by 26 percent, and Women-owned businesses declined a quarter.<sup>3</sup> In addition to the disproportionate decline in firms, Black Americans suffered the brunt of the labor-loss sparked by COVID-19. The Black unemployment rate peaked nearly 17 percent last month.<sup>4</sup>

Despite MWBEs being amongst the fastest-growing markets, these emerging enterprises faced significant economic derailment and revenue loss prior to the pandemic, in part, because MWBEs represent high-impact industries— such as accommodation and food services, personal care and laundry services, healthcare and social assistance, and retail sectors—and, in part, because they were already in a weaker financial position.<sup>5</sup> The advent of the pandemic exacerbated the challenges.

The federal government’s response to mitigate the pandemic’s economic damage within the small business ecosystem has been critically supportive. To date, the *Coronavirus Aid, Relief, and Economic Security (CARES) Act* and its subsequent relief legislation have deployed over \$520 billion to fraught small businesses through the cornerstone Paycheck Protection Program (PPP). In addition, the CARES Act also delivered nearly \$140 billion to businesses through the Small Business Administration’s (SBA’s) Economic Injury Disaster Loan (EIDL) Program.<sup>6</sup> We applaud this Committee and lawmakers from both Chambers as the Congressional intent on Page 30 of the CARES Act rightfully prioritized underserved and rural markets.

Notwithstanding the legislative feat, the nation’s most underserved populations—MWBEs— went largely overlooked within the federal relief programs. In early May, the SBA’s Inspector General released a report on the agency’s implementation of the PPP requirements. The report found that the Trump administration was unsuccessful at prioritizing underserved and rural markets.<sup>7</sup> Since then, the Department of Treasury and the SBA have worked to correct the structural barriers among program lenders and prioritize such borrowers.

Furthermore, we commend this Chamber’s passage of the *Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act* as it resolves many of the structural barriers that minority and women market currently face amid the pandemic. In particular, the legislation

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<sup>4</sup> [https://www.bls.gov/web/empsit/cpsee\\_e16.htm](https://www.bls.gov/web/empsit/cpsee_e16.htm)

<sup>5</sup> <https://institute.jpmorganchase.com/institute/research/small-business/small-business-financial-outcomes-during-the-onset-of-covid-19>

<sup>6</sup> <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options>

<sup>7</sup> [https://www.sba.gov/sites/default/files/2020-05/SBA\\_OIG\\_Report\\_20-14\\_508.pdf](https://www.sba.gov/sites/default/files/2020-05/SBA_OIG_Report_20-14_508.pdf)

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extends the PPP loan application period to December 31, 2020, provides a set-aside for smaller firms with fewer than ten employees, Community Development Financial Institutions (CDFIs), and Minority Development Institutions (MDIs), establishes technical assistance grants for small community financial institutions and small depository institutions and provides federal guarantees for COVID-19 loans, among others.<sup>8</sup> We urge legislators in the Senate to include the stated proposals into the forthcoming economic relief bill.

Following the passage of the HEROES Act, Treasury Secretary, Steve Mnuchin announced that the federal government would need a far more targeted approach in deploying future small business relief during a June 10 Senate Small Business hearing. By and large, we agree with the Secretary's sentiments. We also believe that Congress must multiply their initial efforts to safeguard MWBEs in the days and weeks ahead to alleviate further damage and save a generation of Black and Women-owned enterprises.

As the number of Coronavirus cases continue to grow by the thousands, the likelihood of an economic rebound, on the part of Black businesses is highly improbable. If we fail to pass policies within the next economic relief package that is tailored to the needs of these underserved entrepreneurs, foreseen challenges will continue to burden the shrinking number of businesses in the years ahead.

To this end, the U.S. Black Chambers, Inc. believes legislators wishing to protect and advance the Minority and Women business community should embrace equitable and longstanding policy solutions. Among others, these policies must include:

#### **Prioritize Federal Contracts**

The SBA's 8(a) Business Development Program has been an essential tool to incubate partnerships between minority-owned businesses and Government entities. While this program is widely successful, the program's integrity must be protected to ensure that it continues to benefit Black-owned businesses. We urge lawmakers to reform the program and ensure that the most vulnerable and impacted entities—Black firms, receive prioritized focus between 2021 and 2026.

#### **Reauthorize the Prompt Payment Initiative**

The "QuickPay" Initiative, launched under the Obama Administration, required all federal agencies to expedite payments to small business contractors with the goal of paying within 15 days. This cut in half the time it took for small contractors working with the federal government to get paid. This expediency is important to small businesses, as delay in payments can cause uncertainty, closure, or the need to take out a short-term bridge loan to keep the doors open while awaiting payment. It is arguably even more important during this present crisis, given the

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<sup>8</sup> [https://smallbusiness.house.gov/uploadedfiles/heroes\\_act\\_section\\_summary.pdf](https://smallbusiness.house.gov/uploadedfiles/heroes_act_section_summary.pdf)

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disproportionate impact that underserved markets are facing. Legislators must ensure that the QuickPay measure is included in all forthcoming FY2021 appropriation packages.

### **Reconsider the OCC's Community Reinvestment Act Proposal**

The implementation of the Office of the Comptroller's CRA modernized rules would be nearly devastating for businesses within low and moderate communities. The proposal has been widely criticized for its negative impacts on communities of color. USBC stands with its allies to call on Congress to ensure that community benefit and encouragement of black entrepreneurship remain key elements of CRA.

### **Increase Access to Capital**

As mentioned, MWBE's grapple with systemic barriers to financing their ventures, which prevents investment in their communities. Lawmakers must prioritize solutions that would provide the most disadvantaged markets with additional access to Minority-specific SBA loans, training and education programs, and tax incentives for investing in minority startups, among others.

### **Increase Resources for the MBDA at the Department of Commerce**

For the past four decades, the Minority Business Development Administration (MBDA) at the Department of Commerce has supported Minority Business Enterprises (MBEs) in overlooked and underserved communities across the nation. Since its creation, the agency has assisted in stimulating the growth of Black-owned businesses and entrepreneurs nationwide. We urge lawmakers to resolve these challenges by passing legislation that will codify the MBDA into law, increase the agency's appropriations to help MBE's in post-pandemic recovery, and create entrepreneurial pipelines at historically Black colleges and universities (HBCUs) and other minority-serving institutions (MSIs), as well as expanding the reach of the agency by establishing regional entities nationwide.

These critical proposals, among many others, are featured in our 2020 BLACKprint agenda. In this plan, we provide concrete solutions for policymakers to safeguard the Black business community in the weeks, months, and years ahead. Please visit our website at [www.usblackchambers.org](http://www.usblackchambers.org) to learn more about this bipartisan agenda.

### **Conclusion**

I appreciate this Committee's attention to this issue and efforts on behalf of the nation's nearly 3 million Black-owned businesses. Despite the current state of MWBEs and the challenges that persist, swift Congressional action will halt the economic downturn and set these markets on the road to full recovery. USBC is thankful for the opportunity to provide testimony, and we look forward to answering any questions.

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