



July 31, 2020

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

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

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Ramiro A. Cavazos
President and CEO

RE: Policy recommendations on the needs of Hispanic and minority-owned small businesses as you consider the next phase of stimulus funding to keep the American economy on track during and after COVID-19

Dear Speaker Pelosi and Majority Leader McConnell,

On behalf of the United States Hispanic Chamber of Commerce (USHCC) and our board of directors, we are writing to express our support and make recommendations on the needs of the Hispanic and minority-owned small business community as you consider the next phase of stimulus funding to keep the American economy on track during and after COVID-19.

The USHCC actively promotes the economic growth, development and interests of more than 4.8 million Hispanic-owned businesses that, combined, contribute over \$800 billion to the American economy every year. We also serve as a platform for our nation-wide 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.

In order to help our nation's most vulnerable small businesses, we ask for your consideration of the following policy recommendations as the U.S. House and Senate come together in a bipartisan way to recover our collective economic vibrancy:

Expand Forgiveness for Small Businesses in Need: In order to help our nation's smallest businesses, we urge Congress to quickly pass this legislation that would forgive Paycheck Protection Program (PPP) loans of less than \$150,000 upon the borrower's completion of a simple, one-page forgiveness document. PPP loans of \$150,000 and under account for 86 percent of total PPP recipients, but less than 27 percent of PPP loan dollars. Expediting the loan forgiveness process for many of these hard-hit businesses will save more than \$7 billion dollars and hours of paperwork. Data provided in an independent analysis by AQN Strategies (AQN) has shown an estimated benefit of issuing auto-forgiveness for various loan size thresholds. AQN anticipates the combined resource requirements of operators' time and/or third-party expenses to represent an effective cost of \$2,000-\$4,000 for each business that applies for forgiveness, requiring 20-100 hours of focused time from key leaders of these businesses. With an average loan size of less than \$19,000 for the smallest 60 percent of loans, this estimate would represent 10-20 percent of the loan amount itself, which is otherwise intended to support payroll, rent, and other obligations necessary to keep businesses alive and ready to restart.

Establish a Minority Equity Fund of \$10 billion to have the ability to fund Minority Business Enterprises (MBEs): Congress needs to provide immediate grants to minority businesses to assist them with short-term and long-term liquidity. We urge for the establishment of the Small Business Growth and Domestic Production Investment Facility. This section defines eligible small businesses that participating SBICs can invest in and allows the U.S. Small Business Administration (SBA) to consider bank-owned, non-levered applicants for this facility. Eligible small businesses include small businesses otherwise meeting the SBA's size standards and which should meet the revenue reduction requirements for PPP and are a manufacturing business; or are located in a small business low-income census tract. We are asking for an appropriation of \$10 billion to be allocated for this equity facility to help small minority businesses who are in need of this necessary liquidity.



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.

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), minority asset managers, and not exclude other nonprofit groups that have the ability to provide technical assistance to distressed businesses during and after COVID-19.

Debt and Equity Options: Congress should work to ensure that all financial institutions, especially FinTech's, asset managers, and diverse capital funds, are treated fairly in the lending process and that financial facilities allocated to Treasury, the SBA, and the Federal Reserve Bank be granted to these groups to help with our economic recovery.

Interest on Economic Injury Disaster Loans (EIDL) Pre-COVID-19: Borrowers who utilized the EIDL before the breakout of the COVID-19 pandemic are still paying interest on their pre-existing loans, while companies that have used this program during the crisis have not been charged interest for their loans. These small businesses are at a disadvantage during this nationwide hardship and should be eligible for loan interest deferment immediately.

Increase eligibility for the Main Street Lending Program: The Main Street Lending Program is a significant safeguard to support lending for small businesses. Future COVID-19 response legislation should allow all small business lenders, not just depository institutions, to fully participate as lenders in the Main Street Lending Program, including certified Community Development Financial Institutions (CDFIs). Furthermore, there should be improved lending accommodations to small businesses with fewer than 100 employees. As lending institutions and small businesses evaluate the MSLP, we offer our help in raising awareness of the program and understanding its parameters.

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 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: The Honorable Charles Schumer, Senate Minority Leader, U.S. Senate
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 Kevin McCarthy, House Minority Leader, U.S. House of Representatives
The Honorable Nydia M. Velázquez, Chairwoman, House Committee on Small Business
The Honorable Steve Chabot, Ranking Member, House Committee on Small Business
The Honorable Joaquin Castro, Chairman, Congressional Hispanic Caucus