Re: American Rescue Plan Act (ARPA) Funding for Small Businesses

Dear Chairman Michlewitz, Chairman Rodrigues, and Honorable Members of the Ways and Means Committee,

Thank you for the opportunity to submit written testimony in support of inclusive small business development. Recognizing the seminal moment, the post-COVID recovery presents for advancing racial equity in our commonwealth, we are writing as a coalition of statewide organizations, local community-based organizations, business associations, community lenders, and other advocates for small business to request that you allocate $1.1 billion from the American Rescue Plan Act (ARPA) to accelerate support for inclusive entrepreneurship and work to close the state’s large racial wealth gaps.

The signatories to this letter include dozens of organizations who have worked tirelessly for more than 18 months to help small businesses survive and recover from the pandemic. Throughout this time, we brought a laser focus on equity to ensure that all small businesses – including those owned by BIPOC and low-income entrepreneurs – were able to access PPP loans, MGCC small business grants, and other relief resources.

We know that you understand the challenges facing our small business community. We deeply appreciate the $700 million investment that you made to equitably provide grants, technical assistance, and other support to small businesses.

The funding that is now available through ARPA presents a once-in-a-generation opportunity to build on what we have done together thus far, and provide resources and support needed to ensure a transformational, full, and equitable recovery that reduces racial disparities in business ownership and wealth that sadly persist across the Commonwealth.

In recent months, the Coalition for an Equitable Economy has released two major reports in partnership with the Boston Foundation and MassINC that demonstrate the challenges ahead. Those challenges include:

- Despite a growing number of Black and Latino residents pursuing entrepreneurship, their rate of business ownership in Massachusetts remains half that of whites.
• Nationally, Black and Latino firms receive a combined 3% of venture capital investments, compared to 25% for Asian-owned firms and 72% for White-owned firms.
• 18% of Massachusetts entrepreneurs are people of color, but only 10% of small business bank loans go to neighborhoods that are majority people of color.
• Entrepreneurs of color in Massachusetts have unmet capital demand on the order of approximately $574 million annually.

To address these systemic challenges, we respectfully request that the Legislature appropriate **$1.1 billion for ARPA funding** to support small businesses in four key areas:

1. **Grants** directly to small businesses to support stabilization, strengthening, recovery, and growth;
2. Lower-cost **loans** from non-profit community lenders and banks to provide capital that would otherwise be unavailable to many small businesses;
3. **Equity** investments for high-growth startups and moderate growth small businesses with a focus on BIPOC and women-owned businesses too often shut out of equity markets;
4. Expanded **technical assistance** to ensure that businesses have the information, knowledge, and skills they need to succeed.

**We believe these programs must be designed from the beginning with a focus on equity by:**

- Making under-resourced small businesses a priority for funding.
- Prioritizing businesses left out of prior recovery programs.
- Building accountability into program structure.

The Coalition for an Equitable Economy has provided detailed testimony outlining the specific programs that could be used to implement this vision. We urge committee members to support the approval of these funds and welcome the opportunity to work with you to design and implement a robust and equitable set of small business programs that create opportunity, spur innovation, job growth, revitalize communities, and generate equitable wealth for cities and towns across the Commonwealth.

Thank you for your consideration of this request.

Respectfully,

- Adriana Daycare
- African Community Economic Development
- AL the Painter, LLC
- Amplify Latinx
- Black Butterfly Women Services
- Black Economic Council of Massachusetts
- Boston Impact Initiative
- Boston Women's Leadership Network
- Café El Dorado
- Children’s Services of Roxbury
- Coalition for Worker Ownership and Power (COWOP)
- Codman Square Neighborhood Development Corporation
- Common Capital
- CommonWealth Kitchen
- Community Development Partnership
- Community Economic Development Center of Southeastern Mass
- Community Involved in Sustaining Agriculture (CISA)
- Consciously Exposed Consulting
- Constant Growth Consulting
- Cooperative Development Institute
- Cooperative Fund of New England, Inc.
- Deby Daycare
- Diamond Family Day Care Inc
- Dorchester Bay EDC
- East Somerville Main Streets
- Edna’s Family Child Care
- Entrepreneurship Center @CTI
- Entrepreneurship for All (EforAll)
- Foundation for Business Equity/MCCI
- Frank Carvalho Consultant
- Franklin County CDC
- Gail Deegan
- Haitian American Business Expo, Inc. / U.S. Haitian Chamber of Commerce
- Hilltown Community Development Corporation
- IBA-Inquilinos Boricuas en Accion
- Institute for Nonprofit Practice
- Janin Duran
- Jamaica Plain Neighborhood Development Corporation (JPNDC)
- Laurel ridge senior living residence
- Lawyers for Civil Rights
- Linda Whitlock
- Local Enterprise Assistance Fund (LEAF)
- Local Initiatives Support Corporation (LISC) Boston
- Los Ositos Daycare
- Luna López daycare
- MACDC
- Mass Signal Service, LLC
- MASSINC
- Mattapan Square Mobil
- MHIC
- MJM Advisory Services
• My first step Day care
• My Little Steps Family Child Care
• New Entry Sustainable Farming Project
• New Majority Capital
• New Vue Communities
• North Shore CDC
• Olaleye Communications, Inc.
• On the Point Fitness, LLC
• P2 Advisors
• Quaboag Valley Community Development Corporation
• Re Home Solution
• Rehome Solutions
• Revby LLC
• Sandra’s Family Childcare
• Shannon P. O’Brien, Former State Treasurer
• Shanti Fry
• Somerville Community Corporation
• Southeast Asian Coalition of Central Massachusetts
• SPES DEVELOPMENT CORPORATION
• Springfield NHS
• Tayla Made LLC
• Teddy Bear Day Care
• That Child Got Talent Entertainment
• The Boston Foundation
• The Corny Bread Company, LLC
• The Lazu Group
• The Rosa’s Garden Little School
• The Rosa’s Garden little schoolarboosh INC.
• The Vieras
• Vrajria LLC
• We Make Differences
• Wellspring Cooperative Corporation