

Remarks for House Interim Committee on Economic Development, Chair John Lively
Friday, May 22, 2020

Small Business Impacts and Assistance

Thank you, Chair Lively, and members of the Committee on Economic Development for this opportunity to speak today.

My name is Janice Mason, and I am the President of the Philippine American Chamber of Commerce of Oregon, known as PACCO. As a volunteer board member, I'd also like to recognize my colleagues at Mackenzie for enabling me to engage in this critical community work.

Along with James Alan Parker, Executive Director, Oregon Native American Chamber (ONAC), I serve as co-chair of the Community Chamber Coalition of Oregon. In addition to ONAC and PACCO, culturally specific chambers of the Coalition include the Asian Pacific American Chamber of Commerce (APACC), Black American Chamber of Commerce (BACC), and Hispanic Metropolitan Chamber of Oregon (HMC). We're pleased to have a growing number of Alliance Partners that are culturally specific chambers and underrepresented business communities, (Business for Better Portland, Coalition of Communities of Color, National Association of Minority Contractors, Oregon, Muslim Educational Trust, Naya Family Center, and Portland Area Business Association). Our entire community of small businesses across the state have all been hit hard, but most especially our BIPOC communities.

HISTORIC INEQUITIES

Public policy has played a significant role in creating the inequities that make BIPOC communities and businesses more vulnerable to this crisis. Decades of policies and practices such as discrimination in lending, economic development, and professional development have entwined inequity into institutions such as banks, government agencies, and technical assistance organizations.

Oregon's legacy of inequities has perpetuated practices that are obstacles to access to capital, growing legacy and family wealth, and living healthily.

In 1859, Oregon forbade black people from living in its borders, which was not removed from the state constitution until 2000.

In 1865 and 1866, Oregon state constitution prevented black people from living and owning property, superseding national law, which remained on the state constitution until 1973.

In 1880, Chinese immigrants were driven out of multiple Oregon cities by mobs.

In 1920, KKK flourished in Oregon, with a membership estimated between 14,000 to 20,000 with support from Governor Pierce of the Klan's agenda.

Fast forward to today, many small business owners of our BIPOC communities continue to be disenfranchised and marginalized. It is clear, as shown by numerous economic studies such as the Kellogg Foundation report on the Business Case for Racial Equity that investment in racial equity policy is necessary for economic growth. So, we are now calling on public policy to rectify economic and social injustices with your decisions today, and through this pandemic.

SMALL BUSINESS IMPACTS:

The situation is dire. This is not an exaggeration. We're hearing from our entrepreneurs that they've seen the devastating loss of income. They've seen income slashed by 50%, 75%, even altogether. One independent contractor's income dropped from \$15,000 to \$2,000. A brick-and-mortar shop that used to make \$10,000 a week, now makes nothing.

One Native American contractor, a father and the sole provider for his family, runs a construction business. Before the pandemic, he had five employees. Now he's down to two. He subcontracts and has had to ask the larger firm he's working with for a \$12,000 advance to make payroll and fixed expenses this month. And not only has this entrepreneur built up himself and his team's capacity over the years, but he's also received capacity-building support from the Port of Portland and other government entities. We can't let him—and the many POC business owners like him—lose the investment either individually or collectively.

There is a Mexican family-owned restaurant that has been dramatically impacted by the coronavirus. This business started a year and a half ago and had been struggling to make a profit. This year, more people began to come through its doors, and sales increased to where they could have higher profit margins and use those profits to reinvest in the business. With COVID19, they've had to close their doors. They tried to maintain the place open for pick up but would barely make \$100 a day. Not enough to cover wages. They've had to furlough a dozen employees. The owner has already talked to his landlord about rent, and their response was to apply for SBA loans, not knowing that the owner is undocumented and does not qualify. He also did not receive funding from Prosper Portland and is desperate. Though there may be some assistance in rent, the owner is still worried he won't have money to repay three months' worth of rent when due.

Our small business owners are worrying they'll have to lay off employees; many have already done so. They're worried they won't be able to pay their health insurance premiums, impacting not only the owners and employees but also their families who depend on them. They're afraid they'll be forced to shut their doors forever.

These are the business owners across Oregon who are most vulnerable to the lasting effect of this crisis. Before the coronavirus, these small businesses in Oregon were thriving from Portland

to Pendleton, Beaverton to Bend, Ashland, to Astoria. Many will not be able to absorb this crisis and reopen their doors for business, furthering an evident decline of Oregon's economy.

SMALL BUSINESS ASSISTANCE:

We hear loud and clear from our members: they need direct, immediate financial support to survive this crisis and reopen. And as evidenced by the inadequate response during the 2008 Great Recession, without such action specifically supporting our most vulnerable, we will see the loss of any modest gains made by these communities over the past 10+ years.

Congress' intent for the CARES Act was clear: "... **prioritize small business concerns and entities in underserved and rural markets, including...small business concerns owned and controlled by socially and economically disadvantaged individuals.**" Yet, as we have heard from our community, and no doubt you have also seen on local and national headlines, historical inequities have exacerbated an already wide canyon of the unbanked and lightly banked. This situation is compounded by the absence of business relationships with financial institutions, and an unfamiliarity with the banking and underwriting industry protocols.

The recently approved \$10 million allocated to provide financial assistance to small businesses adversely affected by COVID-19 are earmarked for those that have not received support under the federal CARES act or another federal program for emergency pandemic funding.

Among the program core values is to ensure that historically disadvantaged individuals who own small businesses have access to these funds. It is vital that this actually occurs. It is of utmost importance that trusted community-based organizations be involved not only in getting the information to various disadvantaged communities, but also properly funded to conduct outreach and enabled to provide culturally specific navigation and technical assistance for the program. These organizations also need access to COVID-19 funds to continue to operate. Without this economic ecosystem through these nonprofits, it will be harder for information about the Emergency Fund program to get to the people who need it the most. While the current guidelines allow for these organizations to apply, they also make those who have received PPP funds ineligible. The health and financial crisis we are currently experiencing will outlast the eight-week reprieve of the PPP loans. We suggest that the CBO's who have and can help the community navigate this and other rounds of funding be allowed to request funds regardless of having received PPP funds.

CLOSING

We are calling on any response to this crisis to be grounded in racial, economic, and gender justice.

Please keep this in mind when crafting future relief and recovery packages. Let's not repeat history and choose to enable an equity lens and inclusive approach to guide our economic

strategies and thus allow the Oregon economy to move towards recovery and growth in the coming years.

Thank you.