



Written Testimony
June 3, 2020
Senate Interim Committee on Business & Labor
Ashley Henry, Executive Director

Chair Taylor, Vice Chair Knopp and Honorable Members of the Committee.

We hope this finds you and your families safe and healthy. Thank you for all you are doing for our State in this crisis.

Small businesses are central to Oregon's economic health. They employ over half of our state's private workforce. For our state to bounce back, we must support our small businesses and create an economic environment that nurtures entrepreneurship in communities across the state.

Please consider these ideas:

#1: Prioritize BIPOC and women-owned businesses

Despite the promise that the CARES Act passed by Congress would, "prioritize small business concerns and entities in underserved and rural markets," and those run by "socially and economically disadvantaged individuals," staggering numbers of small businesses have seen little or no support at all. In fact, [the Center for Responsible Lending estimates that over 90 percent of Black-owned, Latino-owned and Native Hawaiian or Pacific Islander-owned businesses will likely not qualify for a Paycheck Protection Program loan through mainstream banks or credit unions](#). Many banks participating in the relief program are only working with established clients, which means [business owners who are Black, Indigenous or people of color and less likely to have banking relationships are left with few options](#).

This isn't surprising, considering the structural inequities that existed prior to the pandemic. Here in Oregon, economic development programs and private lending have long been out of reach for small businesses run by women and people of color. In 2018, women-owned businesses received less than 20 percent of loans backed by the Small Business Administration (SBA), and SBA lending to black-owned businesses over the last ten years has dropped 96%.

If we are to emerge from this crisis with an economy that's stronger and more resilient, we must address these underlying inequities and improve access to capital. We are grateful that state legislators moved quickly in April to allocate \$10 million to support small businesses that haven't received help through the CARES Act.

Now, let's take the next step and connect Oregon's small businesses with the investments they'll need to thrive as our economy reopens. In February, the legislature considered House Bill 4033, which would have created a collective loan reserve with a \$5 million investment from the state, allowing lenders to issue loans weighted less on credit and collateral and more on character and vision. In addition, the legislation included funding for research to identify the gaps in Oregon's small business support infrastructure and expand the financing and assistance programs available through the Oregon Growth Fund. As the legislature plans for the state's long-term economic recovery, these types of programs will position small businesses to lead the way.

#2: Clear safety guidance and access to PPE are crucial

As Oregon begins a phased reopening, the experience of small retail establishments and restaurants will help set the tone for the rest of the state. When they open their doors to workers and customers, it is critical that businesses have clear, consistent safety guidelines that ensure everyone's wellbeing. Oregon's state agencies are making progress in helping employers navigate this process with resources like Business Oregon's [PPE Supply Connector](#) and a COVID-19 technical assistance hotline (971-673-0824) at the Bureau of Labor and Industries (BOLI) that businesses can call for guidance as they prepare for reopening safely. For reopening to be successful across the state, public officials will need to continue working with community-based organizations to provide culturally responsive and coordinated communication that will provide workers with information that helps them protect themselves and others.

#3: Economic recovery efforts must be clear, coordinated, and free of barriers

This pandemic has exposed and widened massive cracks in the state's economic foundation. Repairing those cracks in a way that lifts up businesses, workers and families across the state will require rapid response and long-term collaboration.

[In a recent white paper](#), economists from the University of Oregon's Institute for Policy Research & Engagement and ECONorthwest have called on economic development agencies to respond with effective coordination, centralized leadership, and efficient decision-making.

They recommend that the state's economic development organizations and officials move quickly to establish continuity and recovery teams that can focus on strategies that can be implemented as the initial federal funding diminishes and additional federal and state resources are deployed. These strategies include:

- Identifying clear, centralized regional leadership for economic recovery efforts to report up to the State Disaster Recovery Coordinator;
- Coordinate business support and economic development funding consistent with the State Recovery Functions;
- Convening regional economic continuity and recovery teams as soon as possible; and
- Developing a clear playbook of actions to coordinate efforts of all actors in the economic development ecosystem, identifying key outcomes, roles, and responsibilities.

Foster local innovation and entrepreneurship

Since the pandemic hit Oregon, small businesses have responded with resilience and creativity. They have moved quickly to adjust their business models and keep the lights on while staying safe.

If we continue to support each other, with a focus on those who have historically been overlooked, underserved, and actively discriminated against, we can emerge from this crisis stronger than we were before. To face the challenges before us, we need small businesses—we need each other.