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Minority Business Development Agency (MBDA)
U.S. Department of Commerce
1401 Constitution Ave. NW
Washington, D.C. 20230

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RE: Request for Comments on MBDA Rural Business Center Program

The United States Hispanic Chamber of Commerce (USHCC) actively promotes the economic growth, development, and interests of more than five million Hispanic-owned businesses that, combined, contribute over \$800 billion to the American economy every year. We also serve as a platform for our nationwide network of over 250 local Hispanic chambers of commerce.

The USHCC, along with several other minority business organizations, were recipients of grant funding, which allowed us to create robust technical assistance programs to help Minority Business Enterprises (MBEs) navigate the COVID-19 pandemic and implement strategies to help them adapt to these new challenges. The funding for these programs was fulfilled between June 2020 through June 2021. Therefore, the USHCC understands first-hand the impact that MBDA funded programs can have on rural, disadvantaged, and minority business communities.

We enlist subject-matter experts to support outreach to help business owners stand up against the rise in racial bias, discrimination, and economic fear that has plagued our Hispanic business community.

What are the best methods to provide education, training, legal, financial, and technical assistance to MBEs in rural areas and what are the most effective ways for MSIs to collaborate with community-based organizations?

Minority Serving Institutions (MSIs) who are eligible for funding to establish MBDA Rural Business Centers should partner with local minority chambers of commerce to provide these services through their existing memberships and technical ecosystems. The MBDA must ensure that MSIs are leveraged in a technical assistance manner instead of a traditional academic setting or one that does not provide assistance to minority businesses on a case by case basis. MSIs along with other community based partners should consider a navigator/promotora approach to providing services to rural businesses. These services should include but not be limited to one-on-one financial management, financial literacy, the establishment of banking relationships, the identification of new business opportunities, and the framework for rural businesses to reach new customers in order to scale their business. Furthermore, MSIs need to establish a solid relationship with the General Services Administration in order to bring contracting opportunities to rural communities and make them a part of U.S. Government supply chains. Furthermore, MBDA needs to take into consideration that many business owners, especially in LMI and rural areas do not have broadband access. They may not have access to scanners, printers, or DocuSign/E-Sign platforms. The United States Hispanic Chamber of Commerce urges MBDA to add alternative ways of accepting forms outside of traditional signed physical and scanned forms. If survey-type forms or online URLs that can be accessed easily via mobile device could be utilized, the MBDA would be able to successfully reach thousands more business owners to provide technical assistance.



Are there unique challenges faced by MBEs located in rural and remote areas of the U.S.? If so, describe.

In 2020, the U.S. Hispanic Chamber of Commerce (USHCC) provided support to more than 6,000 Hispanic and minority-owned businesses through its seven technical assistance centers at chambers across the country. Furthermore, the USHCC hosted over 100 webinars and virtual trainings to help business owners recover and scale during the COVID-19 pandemic. Even before COVID-19, minority-owned businesses have all faced challenges that underscore their economic fragility, many in rural America. A recent assessment by the Federal Reserve Bank found that minority-owned businesses were more likely to show signs of limited financial health – indicated by factors such as profitability, credit scores, and a propensity to use earnings as a funding source for their business. Prior to the COVID-19 economic crisis, MBEs had been succeeding in spite of the many historical barriers minority entrepreneurs face as they work to start and grow a business:

- MBEs are two to three times more likely to be denied business loans;
- MBEs have one-third of the annual gross revenues when compared to non-minority owned companies;
- MBEs receive an average loan amount of \$149,000 if they show gross receipts of more than \$500,000 while the average for non-minority firms is twice that loan amount at \$310,000;
- MBEs are half as likely to have at least one employee on payroll, and;
- MBEs in rural communities are three times less likely to have adequate access to expanded broadband infrastructure or a high speed internet connection.

When we fail to invest in minority-owned firms, our economy suffers. Now, in the midst of this global pandemic, the historical problems facing MBEs have been exacerbated. A large concentration of minority-owned businesses are particularly susceptible to disruption and vulnerable to disproportionate challenges, especially in rural communities.

How to promote trade and export opportunities by rural minority business enterprises and securing financial capital to scale these businesses?

In order to impact rural communities and their ability to capitalize on export opportunities, the MBDA Rural Business Centers should include new bold technical assistance programs through public-private partnerships such as MSIs and minority chambers of commerce. These programs should also implement special purpose financial vehicles with innovative capital models, and other solutions to close the \$1.5 trillion parity of capital gap. For example, regional and community banks, minority asset managers, Environmental, Social, and Governance (ESG) and other impact funds, Community Development Financial Institutions (CDFIs), credit unions, Minority Depository Institutions (MDIs), and Financial Technology Firms (FinTechs). We must understand that “one size does not fit all” and solutions require the ability to mobilize resources that include short, medium, and long-term debt and equity, and technical assistance including mentorships in these specialized areas.

Are there examples or success stories from organizations that provide services to MBEs in rural areas?



For example, Doral Motors has been around for over 15 years in Albuquerque. During the pandemic, to help stay afloat they even went selling cars door-to-door to make it through. They worked with the Albuquerque USHCC CARES Technical Assistance Center through the MBDA grant-funded program and in-turn received assistance through the Paycheck Protection Program (PPP) and other technical assistance to help their business thrive during the pandemic. See more about Doral Motors [here](#).

Another example is Pho Bowl, a restaurant in Horizon City, Texas. This small business, like many others, was forced to close its doors when the pandemic started. Its owner lost his house, healthcare, and had to let all of his employees go. He was then forced to live in the backroom of his restaurant and offer curbside pickup to make ends meet. He then turned to his local community leaders and connected with the El Paso Hispanic Chamber of Commerce. They helped him apply and secure a City of El Paso grant which allowed him to make the necessary changes to re-open his restaurant in a safe way and bring back his staff.

These two examples affirm the critical role that minority chambers of commerce play when given the necessary resources to provide adequate and one-on-one technical assistance to businesses in rural and underserved areas.

If you have any questions please do not hesitate to reach out to C. LeRoy Cavazos-Reyna, Vice President of Government and International Affairs via phone at 956- 844-9628 or email at LCavazos@ushcc.com. We look forward to a positive response and outcome on this important policy matter.

Respectfully,

Ramiro A. Cavazos
President & CEO
U.S. Hispanic Chamber of Commerce