

May 3, 2023

Dear Chair Champion, Chair Hassan and Members of the Conference Committee,

The Metropolitan Consortium of Community Developers (MCCD) is an association of nonprofit organizations committed to expanding the wealth and resources of communities through housing opportunities and economic development initiatives. MCCD's mission to build strong and stable communities can only be achieved by addressing the inequities that have shaped housing and economic development policies at every level of government and that has prevented Black, Indigenous and People of Color (BIPOC) and other communities from achieving housing stability, accessing capital and wealth building opportunities.

As you work to put together the Jobs and Labor omnibus budget bill, MCCD requests that you please consider the following for inclusion in your final bill.

- 1. Small Business Partnership Program:** Non-profit economic development organizations and Community Development Financial Institutions (CDFIs) are proud to partner with DEED to work directly with small businesses in communities across Minnesota. The Small Business Partnership Program (formerly the Business Development Competitive Grant Program) has been supporting this work for over a decade and has helped thousands of small businesses start, grow and succeed. MCCD recommends:

  - House language that codifies the program and increases the base funding for the program.
  - 10% admin allowance to help cover the necessary IT, security and reporting associated with this work. Many of the recipients of these grants are CDFIs and already undergo rigorous audits by the US Treasury Department, plus yearly internal audits.
  - MCCD also encourages you require this grant to be used for free technical assistance, not fee-based services. MCCD strongly believes that state funded programs should not have any financial barriers in order for BIPOC businesses to access them.
- 2. Community Wealth Building Grant Program:** Many BIPOC entrepreneurs and small businesses across the state face barriers to financing and traditional sole proprietor business opportunities which is why shared ownership models present a solution. MCCD requests that you include the House language and funding in your final bill.
- 3. Expanding Opportunity Fund:** While introduced late, MCCD, along with many of our members and partners, are very supportive of this low-interest capital fund proposed by DEED and included in the House Bill. This one-time investment can support investments far into the future as well, through a revolving loan fund. Should Minnesota experience an economic down-turn in the future this fund allows the state (through CDFIs and non-profit economic development organization) to continue to support access to extremely low-interest capital for BIPOC entrepreneurs and other underserved groups. MCCD recommends a few changes:

- Limit the origination fee to 1% to keep this capital accessible and affordable to those small businesses that qualify.
  - Increase the admin allowance to 10% in order to ensure capital remains affordable and organizations have resources to service loans, provide technical assistance and ensure proper reporting.
  - Set the interest rate to Wall Street Prime or less.
4. **PROMISE Act Grants:** MCCD, along with many of our members and partners are supportive of including the PROMISE Act grants in your Final Bill, however we would like to see that these resources be available to more partner organizations at DEED through a competitive application process to ensure that resources can go to all small businesses that qualify. Additionally, MCCD recommends the following changes:
- Have a mix of resources available to meet the needs of different businesses, for example:
    - \$50,000 could be good for down-payment assistance and working capital for growing businesses
    - Some small and micro-businesses were still unable to access resources from the COVID-19 Main Street Grant Program and there is still a need out there for start-up micro grants up to \$15,000.
5. **PROMISE Act Loans:** MCCD, along with many of our members and partners are supportive of including the PROMISE Act loans in your Final Bill, however we would like to see that these resources be available to more partner organizations at DEED through a competitive application process.

Thank you for your leadership and consideration, we hope that you recognize the value that these policies and programs will have to support BIPOC small businesses and entrepreneurs not just in the immediate future, but long-term. Please reach out to Kari Johnson ([kjohnson@mccdmn.org](mailto:kjohnson@mccdmn.org)), should you need any further information.

Sincerely,

*Elena Gaarder*

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