



May 3, 2023

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

The Business Resource Collective (BRC) is a coalition of more than 20 cultural and place-based community organizations in the Twin Cities and statewide focused on centering the needs and growth of Black, Indigenous, immigrant, and people of color owned (BIPOC) businesses. We came together at the start of the pandemic to ensure our small businesses are not left behind by relief and recovery efforts.

As you work to put together the Jobs and Labor omnibus budget bill, The BRC, along with our partners, request that you consider the following programs 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. The BRC recommends:
  - House language codifies the program and increases the base funding for the program.
  - Includes a 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.
  - The BRC encourages you to require this grant to be used for free technical assistance, not fee-based services.
- 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.

3. **Expanding Opportunity Fund:** We 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 continue supporting access to extremely low-interest capital for BIPOC entrepreneurs and other underserved groups. BRC, along with our partner MCCD, recommend 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:** The BRC, 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 in helping make Minnesota a vibrant place to start and grow a small business. The above policies and programs will help support BIPOC small businesses and entrepreneurs in the long-term. Please reach out to Shruthi Kamisetty ([shruthi@metrostability.org](mailto:shruthi@metrostability.org)), should you need any further information.

Sincerely,

Shruthi Kamisetty