

Impact of COVID-19 on Small Business Owners of Color

Reimagine Main Street is a public-private partnership network founded in response to COVID-19, focused on helping small businesses and their workers. The organization recently completed a survey on business owners of color because of the lack of data explaining the effects of COVID-19 on Asian-, Black-, Hispanic-, and Native-owned small businesses. The survey had 8,328 respondents: 893 Asian, 2,208 Black, 879 Hispanic, 179 Native, and 4,169 white. The survey skewed toward established businesses (existing for 10+ years). Some key findings are described below.

Ten percent of the respondents to the survey expect to permanently close their businesses in the next six months. Additionally, 45 percent of the businesses expect future job losses, on top of the 44 percent that have already been forced to lay-off employees. Most respondents cited the need for cash flow in order to continue operating.

Nearly half of the Hispanic business owners reported 75 percent of their previous year's revenue disappearing. Almost 16 percent of Asian business owners reported losing more than 76 percent of 2019 revenues. Only 12 percent of respondents reported increased revenue in 2020 as compared to 2019.

Honorable Dwight Evans, Vice Chair for the House Small Business Committee and Member-at-Large of the Congressional Black Caucus joined a recent webinar on the survey findings. He shared that the Paycheck Protection Act largely missed black owned businesses. While \$521 billion was given to 5 million firms, and the SBA estimated that the program saved 50 million jobs, funds only reached 15 to 20 percent of Black-owned businesses in majority-Black counties. From Feb-April, Black owned businesses declined 41 percent, as compared to white owned businesses only declining by 17 percent. Black Americans face the highest unemployment rate of any racial group. Evans urged that Black-owned businesses and CDFIs need to be supported in any upcoming aid to properly address these issues.

Chiling Tong, President and CEO of National ACE also joined the webinar. She shared that 49 percent of Asian American and Pacific Islander (AAPI) business owners expect to lay off at least one employee due to the coronavirus. Additionally, 49 percent AAPI businesses report being very negatively impacted by COVID-19. The unemployment rate of the AAPI community is the second highest of any group, second only to the Black community. AAPI business owners also faced great difficulties with language barriers when applying to grants and loans. Approximately 71 percent of Asian Americans speak a language other than English at home compared to the national average of 20 percent, according to the U.S. Census. In the future, materials, applications, and information need to be accessible to business-owners who speak languages other than English in order to properly aid AAPI-owned businesses.

Another huge finding of the survey was that too many PPP loans went to the biggest eligible businesses, who already had connections with big banks. In the next round of aid, the

organization hopes that CDFIs are the focus of funds, because these institutions are more likely to have relationships with minority-owned small businesses.

The webinar also featured representatives from the U.S. Black Chamber, the Asian/Pacific Islander American Chamber of Commerce & Entrepreneurship, and the U.S. Hispanic Chamber of Commerce. They urged that in the future, minority-owned businesses need to be included in conversations and prioritized so that they can survive any and all disasters or pandemics. Ron Busby Sr., President and CEO of the U.S. Black Chambers and Ramiro A. Cavazos, President and CEO of the U.S. Hispanic Chamber of Commerce, stressed the challenges that Hispanic and Black business owners uniquely face. These challenges include lack of access to affordable childcare, job loss at higher rates, and disproportionate COVID-19 infection rates.

Busby also pointed out that the words “Black,” “Asian,” “Hispanic,” and “African American” do not appear in the legislation regarding COVID-19 small business recovery, only the term “underserved” appears. Leaving specific mention of these groups out of the legislation means that there was no intentionality to specifically address the needs of these communities. Since many of the customers and family members of these business owners were deemed essential workers, meaning they were forced to work in what were often unsafe conditions, these communities faced higher exposure rates to the coronavirus with little to no help or direction from the government. Additionally, 2.5 million of the 2.6 million Black small business owners in America have no employees, meaning they often have more responsibilities at home and at work. Busby argues that these businesses should have been prioritized, because of the larger impact the virus has on them.

The 40 counties that faced the largest impact of COVID-19 on small businesses were primarily Black and Brown communities. These counties and businesses must be prioritized in any future legislation to help minority communities survive and thrive in the future.

Additional survey findings can be viewed here: <https://irp-cdn.multiscreensite.com/45d2c930/files/uploaded/Distribution%20Version%20%2812.10.2020%29%20for%20RMS%20Poll%20Launch%20v1.pdf>