

**The value of local Chamber of Commerce  
To Support Small Business Ecosystem:  
Perspectives & News Challenges**

**U.S. House of Representatives Committee on Small Business**

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Thank you, Chairwoman Velázquez, Congresswoman Marie Newman from our beloved Illinois, and all of the members of this House Committee that has a most important role to ensure that small businesses continue to drive our nation's economy. It is an honor to testify at this hearing and to have the opportunity to share some matters for your consideration.

**Credentials**

Since January 2019, I have been the President & CEO of the Illinois Hispanic Chamber of Commerce (commonly known as "IHCC") since January of 2019. IHCC is one of the leading Hispanic business support, advocacy, and development organizations in the country, with more than 30 years of experience providing assistance and leadership to the more than 170,000 Latino-owned businesses in Illinois.

I have the honor of serving as a member of the Business Enterprise Program for Minorities, Females, and Persons with Disabilities (BEP) Council in Illinois and as a member of the Board of the Northeastern Illinois University Foundation Board of Directors.

I previously served as the Executive Director of the Little Village Chamber of Commerce (LVCC) and led the transformation of the Chamber into an active, effective business assistance and advocacy organization in one of Chicago's most important commercial corridors.

I also served as Business Development Director for the Greater Oklahoma City Hispanic Chamber of Commerce. I am proud to have received recognition for my work in several areas, including from the Government of Mexico.

### **Personal Mission Statement**

I thought it would be important to share with the Committee information about my work over the last 20 years so that you have a sense of my passion for and the importance that I give to my work: Like all of you, my work has focused on leading and supporting the effort to ensure that small businesses in underserved communities have a real, tangible opportunity to access resources that will enable them to grow and reach their full potential.

With your continued support, Latino, minority and other underserved, unrepresented businesses WILL BE the drivers of local economic development and job creation in many communities throughout the country. The growth and success of Latino businesses will enable this community to accumulate wealth and contribute to the enhancement of the quality of life for all in local communities.

## **The Work Ahead**

As we have all worked so hard to endure and overcome the pandemic, several things have happened that merit your attention and consideration. Yes, thousands of Latino businesses have disappeared, but many, many more remain standing and ready to fight on. As much damage as it caused, the pandemic has also brought to the forefront a recognition of the needs and challenges of these businesses. We thank you and salute the members of this Committee, Congress and the Administration for all of your efforts to support small businesses. We know things would have been much, much worse without the assistance that has been made available. And yes, much, much work remains to be done in a period that extends far beyond the pandemic if you want Latino businesses to reach their full potential.

## **What the Growth of Latino Business Can Achieve**

I would like to take this opportunity to share with you some important facts about Latino businesses in our state. There are well over 170,000 Latino-owned businesses in Illinois, a number that (we hope) will continue to grow as Latinas and their male counterparts start businesses at a much faster pace than any other group. More than eighty-five percent (85%) of Hispanic businesses in Illinois are located in the Chicago Metropolitan area and Northeastern Illinois.

Latino businesses in Illinois have achieved massive growth in numbers since 1997, nearly doubling in size every five years. The growing Latino business community is relatively young, which partially accounts for the fact that although large in numbers, Hispanic businesses are remarkably small in size. Recent reports

establish that when Latino-owned small businesses achieve parity with their majority counterparts, the results will be impressive. In Illinois, for example, we have learned that economic activity will increase by billions of dollars and that hundreds of thousands of new jobs will be created.

## **IHCC**

IHCC's mission is to cultivate knowledge, connections, and collaboration to effect transformational social change and achieve sustainable economic impact through entrepreneurship. We promote economic growth by empowering entrepreneurs. We are working to build an ecosystem to accelerate Hispanic business growth and prosperity. We work every day to be the leading voice to advance Hispanic business potential to drive our local economies.

## **IHCC work during pandemic**

At the beginning of 2020, we could have never imagined all that has happened as a result of the COVID-19 pandemic. An unprecedented public health and economic crisis of epic proportions. I am proud to say that we at the IHCC worked diligently to rise to the challenge.

We intensified our commitment to assist the Latino business community, providing direct assistance and working closely in collaboration with all stakeholders. We prepared ourselves, planned carefully and have continued to execute our work diligently. We focused on ensuring that our most valuable resource; the talented, dedicated professionals that comprise the IHCC team, had everything that they needed to respond to this very important, unprecedented call to action.

In 2020, IHCC was a leading partner in a broad, intensive effort that helped create and retain 18,092 jobs. We worked day-in and day-out to ensure that Latino businesses knew that we were there to help and worked in earnest to deliver needed assistance.

Our assistance to small businesses to access financial resources totaled over \$80 million in 2020, including revenue growth, grants, business loans and others.

We were true to our “We Are Here to Help” motto, delivering more than 20,000 hours of direct assistance through counseling sessions that took place via phone calls, video conferences, and in-person sessions when conditions allowed. We served, and continue to serve, hundreds of Latino entrepreneurs and business owners and many from other communities. For Latino businesses, our work during the pandemic has grown in importance based on our ability to deliver the bilingual, bicultural assistance that is so greatly needed to ensure that Latino businesses have an opportunity to overcome the pandemic.

In sum, IHCC provided some form of assistance to nearly 11,000 individuals, including many that continued to receive assistance from our programs beyond the pandemic relief resources. Our program include a Small Business Development Center funded by the SBA, a Procurement Technical Assistance Center funded by the Defense Logistics Agency, a Small Business Transportation Resource Center funded by the US Dept of Transportation, our LatinX Incubator program designed to increase Latino participation in the technology industry and others.

I highlight these programs because they represent how our organization has become an incredibly important resource for Latino business owners and entrepreneurs. It is a distinct honor but unfortunately, it makes IHCC one of the

very few if not the only Latino business organization that is able to provide a full menu of assistance to a business community that can contribute so much with the proper support. I will offer a specific recommendation for your consideration a little bit later in my remarks.

### **Challenges for the future**

As we think beyond the pandemic, we encourage you to consider the following call for a strategic, focused, targeted approach to support Latino business growth. We must strive to:

- Ensure that Latino small businesses gain a full understanding of the resources that are available to them, including federal, state and local programs;
- Ensure that Latino small businesses become intimately familiar with technical and business counseling assistance that is available to them at no cost, including assistance to prepare and apply for available resources; -
- Enable Latino small businesses to build a relationship/establish a connection with a network of organizations committed to supporting them to reach their full potential;
- Maximize the level of bilingual-bicultural technical assistance/guidance that is available for Latino businesses.
- Address the challenges that Latino businesses face by having minimal access to resources; their lack of expertise in back-office management and their growing difficulty to access capital. We remind you that in spite of these

and many other challenges; many Hispanic businesses have managed to thrive and are visible examples of the opportunities that are available for Latino businesses to reach their full potential.

### **Improvements to the Federal Disadvantaged Business Program**

Small businesses are the heart of the United States' economy, making up more than 99% of all businesses. The Federal government has an interest in creating and maintaining a level playing field for all businesses throughout the Country. Certain changes to the Disadvantaged Business Program will help to further establish a level playing field. Structural changes that would improve the competitiveness of DBE firms, and the US economy as a whole, include:

- 1 Stay all graduations from the DBE program until two years after the President declares the National Emergency due to Covid-19 ended;**
  - Many small businesses, especially DBEs, are still struggling due to the impacts Covid-19 has had on our economy. Those that may be in a position to graduate from the DBE program will not be in a position to compete against global, billion-dollar firms.
  
- 2 Modify the Gross Receipts calculation so that subcontractor expenses are not counted against DBE firms (see 13 CFR § 121.104(a));**

- Today, subcontractor expenses are calculated as part of the Gross Receipts total for each DBE firm, although those expenses are not retained by the DBEs, and the DBEs are not allowed to markup subcontractor expenses.
- DBEs are penalized for partnering with other firms, or using subcontractors. This can only be avoided by not using subcontractors. However, most DBE firms (small businesses) do not have broad enough capacity to perform a complete scope of work on a government contract without partners.

**3 Increase the small business size standards by 25%, effective immediately, and then annually to match inflation (see 13 CFR § 121.201);**

- The NAICS code size standards are not regularly updated, and do not reflect the current economic environment.
- Further, they set one standard that applies to all economic markets throughout the Country. However, \$1m in Boise is different than \$1m in New York.

These changes will give small businesses throughout the United States a fighting chance to make it through the pandemic stronger than they started, which translates into real jobs and opportunities in every community throughout the Country. A stronger economic framework will help create a stronger, fairer economy for everyone.



## **What do Latino businesses mean for the Illinois economy?**

On average, Hispanic businesses have one-tenth of the revenue and have less than half of the total number of employees of the average business. This fact alone establishes that the great majority of Latino businesses are in great need of assistance to reach their full potential. But Latino businesses have also demonstrated their capacity to drive job creation, economic growth and prosperity. A study conducted by IHCC in collaboration with DePaul University in 2013 established that the outcome of Hispanic businesses achieving parity with other businesses would result in adding almost \$300,000 in new annual revenue per business, significantly growing the tax base; and in the creation of over 700,000 new jobs. Estimates of this positive economic impact remain constant, but the pandemic is likely to set back Hispanic businesses in the process to achieve parity, adding urgency to the need for access to assistance.

Just as importantly, Latino businesses are the lifeline of the communities in which they operate. many communities. Continued investment by the US Congress to ensure that these businesses have access to critically needed assistance, through organizations like Chambers of Commerce and business associations, will deliver a significant return. These organizations are key stakeholders in their communities, as the great majority of them are built from the ground up by Latino business owners and entrepreneurs. Providing these organizations resources to enable them to guide and serve Latino businesses is a much-needed step that must be fully considered as we move toward a post-pandemic future.

This is a solid investment that will enable local communities to not only recover from the pandemic, but build momentum in their path to growth and prosperity.

As to our specific recommendation, during the Obama Administration, IHCC worked closely with Senator Dick Durbin to propose the creation of “Hispanic Business Centers” at the SBA, to emulate initiatives that are geared to serve distinct communities with specific needs, like programs that the SBA operates to support Women, Veterans and the Native American communities. Senator Durbin introduced and the Senate approved \$1 Million Dollars in funding for a Hispanic Business Centers pilot program at the SBA. The bill was a part of member initiatives (or “earmarks”) that were still being considered by Congress at the time. Sadly, prior to the bill coming to the House for consideration, Congress approved a resolution to eliminate member initiatives. We are happy to offer for the record a memorandum that outlines the reasoning for the creation of Hispanic Business Centers, many of which have been highlighted in my testimony. We ask that this Committee consider making an investment to ensure that largely underrepresented, underserved Latino businesses receive the assistance that can enable them to achieve their full potential. I assure you that this will be a sound investment of taxpayer dollars.

**Thank you.**