

# Summary of the Access to Capital WGO

## December 15, 2020

Thank you to Heidi Pickman with CAMEO for facilitating this important discussion and to Bianca Blomquist for helping JEDE to take notes.

Information from this meeting will be integrated within the summaries of issues and recommendations relating to access to capital. There will be an update at the December 17, 2020, JEDE Small Business Roundtable.

Are we missing something or does this summary spark additional ideas? If so, share corrections and additional information (with web links) to [toni.symonds@asm.ca.gov](mailto:toni.symonds@asm.ca.gov).

### **Findings, Issues, and Opportunities and Challenges that Need to Be Addressed**

- Several stakeholders emphasized that more debt is not the answer for many small businesses. Everyone is looking forward to the new \$500 million Small Business Grant Program.
- Need to include the UC Santa Cruz and Stanford study on the impact of the pandemic on businesses of color. [The Impact of Covid-19 on Small Business Owners: Evidence of Early-Stage Losses from the April 2020 Current Population Survey](#) and [this paper which includes data through June 2020](#).
- Need to review the new studies on PPP and track findings.
- Re-assign underutilized small business funding to meet current small business needs.
- Include findings from *Coronavirus Compounds Challenges for Low-Income Communities and Communities of Color*. [https://www.frbsf.org/our-district/about/sf-fed-blog/covid19-coronavirus-low-income-disproportionate-impact-communities-color/?utm\\_source=verticalresponse&utm\\_medium=email&utm\\_campaign=frs-cd-pulse-survey](https://www.frbsf.org/our-district/about/sf-fed-blog/covid19-coronavirus-low-income-disproportionate-impact-communities-color/?utm_source=verticalresponse&utm_medium=email&utm_campaign=frs-cd-pulse-survey)
- Need to review California Reinvestment Coalition's *Strategic Plan: A Vision We Can Believe In* and track issues/challenges. <https://calreinvest.org/strategic-plan/>
- Need to review National Employment Law Project's *Unemployment Insurance During COVID-19: The CARES Act and Role of UI During the Pandemic* and track issues/challenges. <https://www.nelp.org/publication/unemployment-insurance-covid-19-cares-act-role-ui-pandemic/>

### **Recommendations to Support Access to Capital**

- Tristan, Little Hoover Commission. This is one of several reports from LHC relating to the pandemic. *First Steps Toward Recovery: Saving Small Businesses*, Little Hoover Commission: <https://lhc.ca.gov/report/first-steps-toward-recovery-saving-small-businesses>
  - Increased funding from state to CA Rebuilding Fund
  - Increase funding from private equity to Rebuilding Fund
  - Increase ability for CDFIs to lend
- Eugene Cornelius, Milken Institute, discussed their recommendation on mapping the financial ecosystem. There is currently no single place to find information on available capital and technical assistance. The state needs a comprehensive and current source of this information. **Eugene Cornelius is writing this recommendation up.** Need to review PLUM initiative. <https://milkeninstitute.org/sites/default/files/reports-pdf/PLUM-Capstone-Report.pdf>
  - Mapping all sources of capital for small businesses (i.e. grants, private equity, loans) on state, county and city level
  - Need partnerships for lending to underserved markets

- Susan Lovenburg, California Forward, is working on its post-Economic Summit *Roadmap to Shared Prosperity*, which should be available in January 2021. The *Roadmap* is intended to serve as a plan for collective action. This will include recommendations of the Investing in Small Businesses Owned by People of Color Work Group led by Isabel Guzman at the California Economic Summit. <https://cafwd.box.com/s/a0lmy9pp6ugogwtj6r8fi5nn4txjh1by>
  - David Nelson, CalAsian, is sending a link to their joint paper with other ethnic chambers on small business access to capital. This was a preparatory paper to the Small Business Advocate-led work group.
  - There is a need to expand and further fund TA to support A2C
- Manie Grewal, RDEF, asked whether the capital programs were including social enterprises and, if not, that nonprofits and social enterprises should be included.
  - Link to RDEF's federal recommendations: <https://redf.org/wp-content/uploads/REDF-2021-National-Policy-Recommendations.pdf>
  - How to employ hard to employ populations (e.g., formerly incarcerated)
  - How to scale CDFIs
  - How to ensure SSBCI funds (federal)
  - How to ensure social enterprise orgs. can access CA Rebuilding Fund
- A report is being developed by the California Endowment Racial Justice relating to capital products. Heidi is sending links. Project includes 6 CDFIs.
- Need to review the **new studies on PPP and track recommendations.** Can someone send a link(s)?
- Need to review California Reinvestment Coalition's *Strategic Plan: A Vision We Can Believe In* and track recommendations. <https://calreinvest.org/strategic-plan/>
- Need to review National Employment Law Project's *Unemployment Insurance During COVID-19: The CARES Act and Role of UI During the Pandemic* and track recommendations. <https://www.nelp.org/publication/unemployment-insurance-covid-19-cares-act-role-ui-pandemic/>
- CAMEO, Small Business Majority, and others made these recommendations based on their member's experience:
  - Reauthorize PPP with greater program flexibility and targeting to underserved business owners.
  - Small Businesses need cash assistance, especially those that have been shut down due to COVID-19 pandemic Orders for five to eight months.
  - Streamline Treasury small business programs
  - Create, expand, or remove impediments to small businesses accessing lines of credit.
  - Extend the SBA 7(a) loan deferrals. The deferral authority has sunset.
  - Reactivate the State Small Business Capital Initiative (SSBCI), which is a federal program established during the Great Recession.
  - Recapture SSBCI funds and assign to cover fees under the California Small Business Loan Guarantee Program. Federal disaster programs do not charge a loan guarantee fee.
  - Establish a state CDFI Fund for mission-driven lenders.
  - Create a state public bank.
  - Implement small business lending disclosure requirements
  - "Confessions of Judgement" (federal)

- Support CFPB 1071 (federal), which will provide key information on small business lending
- Summary List of Reports and Initiatives for WGO in Access to Capital:
  - 2021 National Policy Recommendations, REDF: <https://redf.org/wp-content/uploads/REDF-2021-National-Policy-Recommendations.pdf>
  - CA Economic Summit Play Book: <https://cafwd.org/resources/2020-california-economic-summit-playbook/>
  - *First Steps toward Recovery: Saving Small Businesses*, Little Hoover Commission: <https://lhc.ca.gov/report/first-steps-toward-recovery-saving-small-businesses>
  - *Coronavirus Compounds Challenges for Low-Income Communities and Communities of Color*, Federal Reserve Bank of San Francisco. [https://www.frbsf.org/our-district/about/sf-fed-blog/covid19-coronavirus-low-income-disproportionate-impact-communities-color/?utm\\_source=verticalresponse&utm\\_medium=email&utm\\_campaign=frs-cd-pulse-survey](https://www.frbsf.org/our-district/about/sf-fed-blog/covid19-coronavirus-low-income-disproportionate-impact-communities-color/?utm_source=verticalresponse&utm_medium=email&utm_campaign=frs-cd-pulse-survey)
  - Governor Small Business Disaster Package November 30, 2020: <https://www.gov.ca.gov/2020/11/30/governor-newsom-announces-immediate-assistance-for-businesses-impacted-by-covid-19-including-temporary-tax-relief-and-500-million-in-grants/>
  - *The Impact of Covid-19 on Small Business Owners: Evidence of Early-Stage Losses from the April 2020 Current Population Survey*, Robert Fairlie with UCSC and Stanford: <https://siepr.stanford.edu/research/publications/impact-covid-19-small-business-owners-evidence-early-stage-losses-april-2020> The update: <https://onlinelibrary.wiley.com/doi/epdf/10.1111/jems.12400>
  - Main Street Tax Credit, SB 1447 (Bradford, Caballero, Cervantes): <https://www.cdtfa.ca.gov/taxes-and-fees/SB1447-tax-credit.htm>
  - *The Partnership for Lending in Underserved Markets Increasing Minority Entrepreneurs' Access to Capital*, Milken Institute: <https://milkeninstitute.org/sites/default/files/reports-pdf/PLUM-Capstone-Report.pdf>
  - *Priming SDG Markets: Can International Donors and Implementers Create An Impact Investment Pipeline?*, Milken Institute: <https://milkeninstitute.org/reports/priming-sdg-markets>
  - *Recovery for All*, Gov. Newsom Task Force on Business and Jobs: <https://www.gov.ca.gov/wp-content/uploads/2020/11/Task-Force-on-Business-and-Jobs-Recovery-Report.pdf>
  - *Small Businesses Owned by People of Color Work Group*, led by Isabel Guzman at the 2020 California Economic Summit. <https://cafwd.box.com/s/a0lny9pp6ugoqwtj6r8fi5nn4txjh1by>
  - Small Business Sales and Use Tax Deferrals, Governor's November 30 Package: <https://www.cdtfa.ca.gov/>
  - Strategic Plan: A Vision We Can Believe In, California Reinvestment Coalition: <https://calreinvest.org/strategic-plan>
  - *Unemployment Insurance During COVID-19: The CARES Act and Role of UI During the Pandemic*, National Employment Law Project: <https://www.nelp.org/publication/unemployment-insurance-covid-19-cares-act-role-ui-pandemic/>

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