

Rebecca Shi, Executive Director, American Business Immigration Coalition

Testimony for Congress

03-18-21 Committee on Small Business Subcommittee on Underserved, Agricultural, and Rural Business Development Hybrid Hearing

**“Community Navigators”  
Helping Small and Underserved Businesses Recover, Rebuild and Thrive**

The American Business Immigration Coalition (ABIC) believes that the economic recovery of our nation’s small and underserved businesses is necessary to ensure our nation’s recovery from the Covid 19 Pandemic. Small business owners — especially African American, immigrant, rural, and other underserved and isolated businesses — are the engines of their local economies.

ABIC is a bipartisan coalition of 1200 employers, CEOs, and business associations across 13 states including Florida, Texas, Maine, Colorado, New York, Arizona, Nevada, Utah, Illinois, MA, Wisconsin, North and South Carolina.

Over the last 11 months, ABIC created and implemented a small business recovery technical assistance program, leveraging a “community navigator” model. This program provides one to one technical assistance for small, underserved, minority owned businesses and growers to access critical resources, including but not limited to the Paycheck Protection Program, federal and state small business loans, and grants.

ABIC thanks Congress and President Biden for including 175M for Community Navigators in the American Recovery Plan. ABIC thanks Chairman Ben Cardin, Senators Marco Rubio and Susan Collins, and Chairwoman Nydia Velazquez for working tirelessly over the last 11 months to make improvements to the PPP, especially for the smallest borrowers, growers, and lenders like CDFIs and MDIs.

The “community navigator” model utilizes local nonprofits or 501c3’s in a complementary (not competitive) fashion with existing SBA technical assistance programs like the SBDC’s, MDCs, and SCORE. The unparalleled magnitude of the Covid 19 forced shut-downs and disproportionate impact on small, minority owned, rural businesses, and growers required a comprehensive, commonsense, grassroots response.

ABIC utilized a “community navigator” model in Illinois, Florida, Texas and South Carolina to assist growers, and Black and immigrant entrepreneurs. This Community Navigator model assisted Pilar Guzman, Latina owner of Half Moon Empanadas from Miami, Florida whom you will hear from today. We also assisted Chalmers Carr, owner of Titan Farms, the largest Peach grower in the country based in S. Carolina, who was denied a PPP loan by his bank because they did not understand how to calculate his 1,200 H2A workers. And Stacy Armstrong, an African American woman entrepreneur in Westchester Illinois who employs less than 10 people at her gourmet

popcorn shop and was denied PPP because her bank prioritized larger firms. Each of these entrepreneurs was ultimately assisted in getting a PPP loan by a community navigator and the Self Help Federal Credit Union - a CDFI that understands how to work with small and rural businesses.

Through this model, ABIC directly assisted 219 small businesses and growers to receive over \$8.1M in PPP loans, with an average amount of \$37,000. This Community Navigators model was adopted by the State of Illinois Department of Commerce and by Cook County, Illinois' Economic Recovery Initiative to disburse local business recovery grants allocated by the Cares act. The state of Illinois awarded \$88M in Business Interruption Grants to Black, rural, and immigrant entrepreneurs.

The chart below demonstrates how, in Illinois, Black and Hispanic participation in the recovery program increased as the Community Navigator Program ramped up during the period of September through December:

Month	White or Caucasian	Black or African American	Hispanic or Latino	Asian American or Pacific Islander	American Indian, Indigenous, Native American, or Alaskan Native	Multiracia l	Prefer Not to Respond
<b>September</b>	43%	16%	7%	22%	1%	2%	10%
<b>October</b>	54%	16%	7%	12%	1%	2%	9%
<b>November</b>	42%	21%	13%	12%	0%	2%	10%
<b>December</b>	41%	21%	10%	17%	1%	2%	8%

Source:

<https://www2.illinois.gov/dceo/SmallBizAssistance/Documents/BIG%20Detailed%20Data%201.8.21.pdf>

Some key takeaways:

- As the Community Navigator Program ramped up from October to December, 2020, Black participation increased 25% and Latino participation increased between 30% and 46%.
- Black and Hispanic applicants were 16% and 7% of the applicant pool, respectively, in September and October (started taking applications September 15). As Community Navigators continued to ramp up technical assistance and left the application open over time, that increased to 21% and 13% in November and stayed elevated through December.

- Over half of the applications for Black (53%) and Hispanic (57%) applicants were received in November and December, compared to 46% of applications overall received in those months.
- Over two-thirds (69%!) of our Spanish applications came in in November and December, compared to less than half (46%) of the total pool.
- In sum, our Community Navigators had over 20,000 applications by the end of October, so we could have stopped then, but we would have been leaving out a lot of businesses that could most benefit from the program, particularly in minority and Spanish-speaking communities that we targeted with technical assistance and outreach from our navigators.

### Lessons from the PPP

- 1) Businesses that tend to benefit from government programs are often sophisticated, well resourced firms with accountants and attorneys. Businesses that are poor, less capitalized, un-banked or under-banked, and isolated geographically or linguistically are often left out.
- 2) Grassroots and community based organizations (501c3's) that are the closest to rural businesses and growers, tribal businesses, and businesses of color do not have the training or capacity to support these businesses to access government programs. They are currently shut out of the SBA's federal technical assistance dollars, while traditional technical assistance hubs like SBDCs and SCORE live in universities and have just a 20% reach in black/brown communities, per the SBA.
- 3) Including the 501c3s or nonprofits which are closest to underserved and very small businesses in federal Technical Assistance programs is critical, and will be necessary in economic recovery of small, minority owned and rural businesses

Last thing I will mention is the "mechanics" of the Community Navigator Model.

It is a "Hub and Spoke" Model; The Hub is the lead non-profit responsible for capacity building and "train the trainers". The "Spokes" are grassroots nonprofits, the "boots on the ground" conducting the direct TA assistance, document preparation for the businesses. A successful Hub and Spokes system creates an assembly line that feeds into a CDFI or Financial Institution. Goal is that the application is in excellent shape by the time it is received by the CDFI/financial institution both to ensure efficiency and expeditious processing at scale.

Accountability structure: This is a highly accountable model. Nearly every CDFI/Financial institution sends a processing number to the PPP applicant once the application has been received. The navigator partner must collect copies of bank receipts to document the number of businesses it has helped directly and the amount received. End goal must be the actual number of businesses receiving PPP or another small business recovery program, not just "general outreach".

Thank you for this opportunity to testify on behalf of ABIC's "Community Navigator" approach ensure fair access for businesses that need it the most. Again, ABIC thanks Congress and President Biden for including 175M for Community Navigators in the American Recovery Plan.

## **Addendum**

### *The Challenge*

The COVID-19-induced small business crisis has been troubling but simple. Starting in March 2020, millions of small businesses stopped generating revenue, but still had payroll and other fixed costs (utilities, rent, debt payments, etc.). These businesses needed new sources of immediate liquidity, and Congress designed recovery programs like the [Payment Protection Program](#) (PPP) to cover their costs.

Nearly 1 year later, America's "[K Shaped](#)" recovery showed that many of America's biggest companies have [flourished](#) during the pandemic while [60%](#) of the businesses of color and rural businesses have laid off workers or permanently closed. Most [recent data](#) from the SBA showed that nearly 80% of businesses of color continue to be left out of the PPP despite being [most](#) impacted by the Pandemic.

ABIC's "Community Navigator" approach [was recently highlighted by the White House to](#) ensure fair access for businesses that need it the most.

### "Hub and Spoke" community navigator Model

- The Hub is the lead non-profit responsible for capacity building and "train the trainers" for the "Spokes" - grassroots nonprofits that are conducting the direct TA assistance for the businesses.
- The "Hub" is responsible for coordination, developing a training curriculum, training the spokes, proactive about shaping policy based on feedback from the "Spokes", rapid response and proactive communications, troubleshooting, liaison to CDFI's, banks, CPAs, other financial counselors, resources and best practices for small businesses.
- A Successful "Hub" conducts weekly meetings and trainings with the "Spokes" on 1-1 document preparation, discuss and share best practices on outreach, education, and 1-1 counseling, regular and daily troubleshooting, develop calendar of webinars and coordinate massive outreach and promotion; list building and leadership development.
- The "spokes" are grassroots nonprofits dedicated to direct outreach and 1 to 1 document preparation for the businesses. Excellent performance means reaching or exceeding the agreed upon goal of PPP approved for Black and immigrant entrepreneurs in a particular region.
- An excellent "spoke" is dedicated to intensive, grassroots outreach, promotion and education including direct, daily calls, texts, emails, door-to-door to businesses in their community; robust list building; massive webinars, promotion in earned and paid media, social and ethnic media, leveraging other trusted partners like schools, churches, and local

elected officials; 1-1 document preparation, application walk-through and completion, financial coaching, troubleshooting; co-learning from the other spokes and the Hub.

- A successful Hub and Spokes system creates an assembly line that feeds into a CDFI or Financial Institution. Goal is that the application is in excellent shape by the time it is received by the CDFI/financial institution ensuring efficient and expeditious processing. End goal here is that the business will receive funds quickly (an excellently TA'ed PPP applicant on average receives funds within 24-48 hours).
- Embedding (via sub contracts) linguistically and culturally competent CPA's within the "HUB" provides timely, additional counseling for minority entrepreneurs, with the bonus of supporting this professional class of color.
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