



## Testimony in Support of

### House Bill 5481, An Act Establishing a Grant Program for Women and Minority-Owned Businesses

#### Hartford Foundation for Public Giving

#### Commerce Committee

February 16, 2021

Good afternoon Senator Hartley, Representative Simmons, Senator Martin, Representative Buckbee and distinguished members of the Commerce Committee. The Hartford Foundation for Public Giving appreciates this opportunity to testify **in support of House Bill 5481, An Act Establishing a Grant Program for Women and Minority-Owned Businesses.**

**The Hartford Foundation for Public Giving is the community foundation for the 29-town Greater Hartford region.** As a community foundation, we manage approximately \$1 billion in assets, distributing roughly \$36 million in grants each year to promote equitable opportunity for all residents in our region.

As part of our efforts to dismantle structural racism and improve social and economic mobility for Black and Latinx residents of Greater Hartford, the Hartford Foundation seeks to **increase stable employment opportunities for adults and youth in region facing barriers to employment.**

The Foundation's work focuses on job creation for Black and Latinx residents through locally owned small businesses and increasing access to capital for Black and Latinx small business owners and entrepreneurs. This work recognizes that all residents of our region need access to employment options that provide a sustaining wage. In Greater Hartford, there are a number of job openings, but there is misalignment between the skillsets required and the skills of the current workforce. The Foundation's efforts focus on increasing hiring and retention of residents with significant barriers to employment, including returning citizens and opportunity youth disconnected from school and work. Among students in Greater Hartford's Alliance Districts, our efforts aim to increase employment and career exposure and increase post-secondary degree and credential completion, including 2Gen approaches that focus training, childcare and other supports to the needs in families.

In July, the Hartford Foundation partnered with the City of Hartford, Capital for Change and HEDCO to provide capital assistance to small Hartford-based businesses impacted by the COVID-19 public health and economic crises. In the first round of the Hartford Small Business Emergency Micro-Grant program awarded grants averaging \$7,780 to 161 businesses totaling \$1,250,000 with support from the Foundation, from the City, and Bank of America and Travelers. Foundation dollars were restricted to businesses owned by persons of color and/or women, or businesses located in low-income neighborhoods in Hartford. In December, the Foundation approved a grant for the second round of the program matching an additional \$500,000 of funds from the City of Hartford to pay for additional grants,

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technical assistance and administrative costs. The second round of funding is being used to fund businesses that applied for round one, but were not awarded funding due to high demand.

Of the total dollars awarded in the first round, approximately 72 percent of awarded businesses were led by people of color, 48 percent were owned by women and 84 percent were located in a low- or moderate-income census tract. Approximately 86 percent of businesses were still in operation as of reporting received last November. Grants were used primarily for lease payments and staff wages followed by utilities and vendor payments.

While Congress has enacted a suite of large relief programs for small businesses, most notably the Paycheck Protection Program and the Small Business Administration's (SBA) Economic Injury Disaster Loan Program. The broad definition of small businesses (less than 500 employees) and the structure of the federal relief programs made it more difficult for micro, neighborhood businesses owned by persons of color and/or located in low-income neighborhoods (often with less than 25 employees) to have access to these critical resources. These businesses often lack close ties to the mainstream banking system and many need technical guidance and support to complete the application processes.

For these reasons, the Foundation supports House Bill 5481, which recognizes the need to expand access to grant capital for businesses owned by women and people of color that have been disproportionately affected by COVID-19. Grant capital, as opposed to debt, levels the playing field for those small businesses that may not qualify for loans due to a lack of credit history, access to equity and those that are already fully leveraged. The Foundation and its partners have found that small amounts of grant capital have made a large impact on the sustainability of neighborhood small businesses. In our engagement with small business owners through recent focus groups, they suggest that other needs include hands-on coaching and technical assistance through trusted providers. Grants not only for small businesses, but for the eco-system of mentors, coaches and technical assistance providers operating at the neighborhood level, are also critical.

The Foundation is eager to partner with legislators, advocates and businesses to eliminate barriers to employment for Black and Latinx residents to ensure that all residents have an opportunity to participate in the workforce and achieve economic stability, and have opportunities to thrive and enhance Connecticut's economy.

Thank you for the opportunity to provide testimony. If you have any questions, please feel free to contact our staff at [policy@hfp.org](mailto:policy@hfp.org) or 860-548-1888.