



Launching Dreams, Empowering Entrepreneurs

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before the

Senate Committee on Small Business & Entrepreneurship

Hearing on:

“Capital Access for Minority Small Businesses: COVID-19 Resources for an Equitable and Sustainable Recovery”

July 23rd, 2020

Good Morning, Chairman Marco Rubio, Ranking Member Cardin and members of the Committee. Thank you for inviting ACCION to testify about the recuperation phase for small business owners during COVID19 pandemic.

As Chairman Rubio just introduced, I represent ACCION: a Community Development Financial Institution (CDFI) whose role is to provide financial services in the form of access to capital and economic education in low to moderate income areas (LMI). ACCION also assists underserved small business owners with the objective to be considered by the traditional financial system.

ACCION began funding small business owners in NYC in 1991. Last year we supported over 1,000 small business owners with \$15 million in capital through microloans and SBA Community Advantage loans. We disbursed over \$1 million per month in 2019.

2020 started with the implementation of our traditional industry related loan products like the one supported by the 'Tory Burch Foundation' for women entrepreneurs; 'Brewing the American Dream' supported by Samuel Adams that supports Food and Beverage entrepreneurs, and our 'Child Care express program' which supports child care providers throughout the State. However, the pandemic immediately had us implement recovery programming. One such important program that we implemented was our Paycheck Protection Program response.

Our response has been three fold. First we educated our clients on the criteria and eligibility. We found that many minority owned businesses were confused about the conditions on who could apply. For example, some business owners were not aware that they could apply as sole proprietors. Second, we created an easy process for those borrowers who found themselves left out by their traditional lenders to get funding quickly. Third, we implemented a technical assistance component to the process to help ensure that our clients' loans are forgiven. We worked to ensure that the correct forms were completed so that loan amounts were accurate and effective. In addition, our business owners needed guidance on proper documentation on how to use the funds to be sure that the loan will be forgiven. All these steps were done on a one on one basis. To date, in Florida we have disbursed \$970,000 to 87 minority owned businesses. Our average loan size is \$11,000.

At Accion we are used to saying "we offer more than a loan" and during this pandemic, we have continued to live out this teaching. We serve minority owned businesses who without our support would have been left out of the PPP program. One such client we supported through this process is Myriam Encio, owner of Pet Avenue Grooming and Boarding, located in Allapattah -Miami. Myriam approached us with a business that had proven steady gross sales (\$200K) and a strong net income of \$63K. However, her business had no W2 employee and nobody there to guide her with her application or to help her think through how to sustain her independent contractor employees. A local community organization introduced her to ACCION and we were able to process her PPP for

\$12K to keep her store open. Due to the pandemic she has had to follow current guidelines and open at a limited capacity. The PPP loan allowed her to pay her groomers, skilled in working with furry clientele. If not for the PPP program, Myriam would no longer have been able to support paying her groomers. She would have lost valuable skilled labor. Due to the pandemic Myriam has had to redesign her business. She has gone mobile for booking appointments and for managing client visits. A second wave of PPP will benefit Myriam with access to capital to a level where she will pay accordingly and invest in her sustainability as she works to stay open through these very insecure times.

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In conclusion, small business owners in particular minority owned businesses have further capital needs that they need addressed at this time in order to stay open and keep their employees employed. Extending the PPP, will allow organizations like ACCION to continue to play an important role in serving the most vulnerable with small, forgivable loans so that businesses remain open. Furthermore, clients need advice on how to re-envision their businesses. We at Accion can play that important role of getting funds to those that need it most.

My last words will be those of gratitude for your interest in mission-based organizations like ACCION.