

# Technical Knockout: Closing the gaps in regional small business technical assistance systems

by Chris Scott and Howard Wial



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Howard Wial is Senior Vice President and Director of Research at the Initiative for a Competitive Inner City (ICIC), where Chris Scott is a senior research associate.

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### **For More Information**

Howard Wial  
Senior Vice President and Director of Research  
(617) 238-3043  
[hwial@icic.org](mailto:hwial@icic.org)

For more information about ICIC, please visit [www.icic.org](http://www.icic.org).

## Executive Summary

Helping small businesses survive the COVID-19 pandemic is critical to ensuring a strong economic recovery. Since the start of the pandemic, small businesses have had to navigate a multitude of challenges including public health regulations, reduced demand for some products and services, and supply chain disruptions, among many others. One way small businesses have traditionally received support is through technical assistance. Technical assistance refers to services and guidance provided to small businesses that address such common needs as strategic planning, capital access, marketing, networking, financial planning, incubation and acceleration. These services are typically organized at a regional level but many are federally funded. Many public and private sector organizations provide these services to small businesses.

Although technical assistance services have long been available to small businesses, they have become especially important in helping them navigate through the pandemic. The crisis, however, has exposed pre-existing gaps in regional technical assistance systems that, without further action, will persist after the crisis is over and limit the potential for a strong recovery.

In this report, we examine small business technical assistance systems in nine regions: Atlanta, GA; Baltimore, MD; East Bay, CA; Fresno, CA; Inland Empire, CA; Oahu, HI; Portland, OR; Sacramento, CA; and Stockton, CA.

We identify region-specific gaps in technical assistance systems as well as gaps that are common to all the regions we studied and that are likely to exist throughout the nation. We then offer recommendations for policymakers on how to address these gaps. Without addressing these shortcomings now, pandemic-related federal, state, and local aid may not be as useful to small businesses and may fail to reach some of them. Assistance may also fail to reach many of the new small businesses started by entrepreneurs during the pandemic, hindering their potential for growth. Strengthening the nation's regional technical assistance systems will ensure that small business owners receive the support they need to recover from the pandemic while also preparing them for the next economic downturn.

### *Gaps in Regional Small Business Technical Assistance Systems*

#### Language and cultural barriers in technical assistance services

There are many new entrepreneurs and established small business owners who need technical assistance in languages other than English. For those with limited English proficiency, culturally competent technical assistance services in their native languages are unavailable or available only to a limited extent. In addition, marketing of technical assistance and outreach to non-English-speaking small businesses owners is insufficient even in regions that are home to many business owners with limited English proficiency. As a result, many of those business owners may be unaware of the types of technical assistance that could help them survive the pandemic and thrive during the recovery.

### Insufficient assistance with access to capital

New small businesses need startup capital and existing small businesses need capital to help their businesses grow. Technical assistance that helps business owners understand where and how to access capital for their specific needs is critical, especially during the post-pandemic recovery.

Also important for small businesses during the pandemic was access to short-term emergency capital. Limited technical assistance with capital access meant that many small business owners lacked critical support during the economic downturn. The most used source of emergency capital, the Paycheck Protection Program (PPP), did not support funding for businesses that reported a revenue loss in the previous year and was designed in a way that made it challenging for small businesses without pre-existing banking relationships with traditional banks to obtain funds. This posed a particular problem for business owners of color, who were less likely to have those relationships because of historical discrimination in lending.

### Insufficient support available to help small businesses understand what technical assistance they need and navigate the technical assistance system

For small business owners, understanding how to navigate the technical assistance system is a daunting task. There are often many technical assistance providers, but finding the right provider can be a time-consuming task for busy small business owners. This was partly a result of poor marketing of technical assistance services. More importantly, though, small business owners needed help understanding what their specific needs were in the first place.

The difficulty of navigating technical assistance systems left many businesses particularly vulnerable during the coronavirus crisis. Many small business owners needed immediate assistance but resources that would connect them with relevant technical assistance providers were lacking in the early stages of the crisis.

### Technical assistance systems have difficulty responding to large-scale disasters

Regional small business technical assistance systems were not adequately prepared to support businesses during the coronavirus crisis. Many regional small business systems already had difficulty meeting overall demand for services before the pandemic and could not keep up with the influx of small businesses needing immediate support during the crisis. In the early stages of the crisis, businesses that had never before received technical assistance now needed it. The complexity of the systems, however, meant it was difficult for these businesses to identify and contact providers that could be most helpful to them. In addition, lack of coordination among providers meant that businesses that approached the “wrong” provider did not receive referrals to other providers that could better meet their needs.

### Planning for economic shocks

The economic impact of the coronavirus crisis has demonstrated just how important it is for small businesses to be prepared for sudden economic downturns and natural disasters. Businesses that plan for these shocks are more resilient to changing conditions and are probably more likely to survive. Unfortunately, there are few services to help businesses plan for these economic shocks.

## Industry-specific technical assistance

Small businesses sometimes have industry-specific needs for technical assistance services. Small businesses that manufacture food products, for example, might need help navigating complex health and safety regulations. With a few exceptions, regional technical assistance systems do not meet these needs effectively. Although some technical assistance providers offer services for firms in specific industries, they do not have the capacity to meet demand and many small businesses are unaware of them.

In the regions we studied, technical assistance providers told us that businesses owned by people of color could especially benefit from this assistance as there were many people of color either starting or operating a business in growing industries that are important to the regional economy. An insufficient supply of technical assistance to support small businesses in these regionally important industries could limit their potential to serve as engines of small business creation and growth.

### *Recommendations*

To fill these technical assistance gaps, we recommend the following policies to Congress, federal agencies responsible for assisting small businesses, and state and local governments, working in partnership with technical assistance providers.

- 1. Improve access to culturally competent multilingual small business technical assistance.*

Small Business Development Centers (SBDCs) and Minority Business Development Agency (MBDA) business centers are often a first stop for business owners seeking technical assistance services. Increasing access to multilingual services at these centers can help immigrant-owned businesses obtain vital technical assistance. To improve access to multilingual assistance, the Small Business Administration and Department of Commerce should direct funding to SBDCs and MBDA business centers in regions in which a large share of small businesses owners have limited English proficiency. SBDCs and MBDA business centers should partner with important stakeholders in the region's immigrant business community to identify the unique needs of immigrant-owned businesses and develop region-specific, culturally competent technical assistance programming for those businesses.

- 2. Make small business owners more aware of technical assistance and help them understand which services they need.*

Small business owners are often unaware of technical assistance services and have a limited understanding of which services they might even need. This may be partly because technical assistance services are poorly marketed. SBDCs, for example, are often the first stop for small

businesses but in many of our case study regions they did not market their services directly to small business owners.

To help improve business owners' awareness of technical assistance services, the SBA should provide additional funding to SBDCs to increase marketing directed toward small business owners. SBDCs could use this funding to purchase advertisements in local media markets or to hold pop-up events that brought the SBDC to local commercial centers that have many small businesses. They could also direct some of the funding to local technical assistance providers to help them improve their own marketing. SBDCs should also make a special effort to improve marketing in commercial centers located in communities of color. Funding for marketing in these areas might be used to also hold more pop-up events in these communities and/or to partner with a local community organization that has a background in supporting businesses owned by people of color.

A more intensive approach is needed to help small business owners understand the benefits of technical assistance and guide them towards the services they need. Connecting an owner with a counselor could more effectively help them understand the services they might need and the technical assistance organizations that could best provide them. This counseling service could be implemented by expanding the SBA's Community Navigator program to include an "assistance navigator" component. The Community Navigator program is a new effort by the SBA to reach business owners in underserved communities.

- 3. Increase funding for technical assistance during the pandemic recovery and help small businesses prepare for the next downturn.*

State and local governments should use American Rescue Plan Act funding to ensure that funding for technical assistance providers is at least at pre-pandemic levels. However, more than just a return to the pre-pandemic status quo is necessary. Ensuring that businesses are prepared for future economic shocks from pandemics or natural disasters is critical to an effective economic recovery. Congress should allocate additional funding to the SBA to increase the agency's overall capacity to respond to the increasing demand from small businesses for technical assistance. Some funding should also be used to support programming that helps small businesses plan for future disasters and economic shocks. Currently, regional technical assistance systems do not offer enough services around disaster planning. By providing funding for these services now, the SBA can help small businesses be better prepared in the case of a future disaster or economic downturn.

- 4. Develop a regional, industry-specific technical assistance program to help industries important to business owners of color.*

Businesses owned by people of color were hit hardest by the economic downturn caused by the coronavirus crisis. Without intervention, the disproportionate impacts to those businesses could exacerbate pre-existing health, social, and economic inequities faced by people of color. Technical assistance can help these small businesses recover and thrive after the pandemic.

In the regions we studied, technical assistance providers told us that there was a general need for more industry-specific services for small business owners and that, in the industries that needed more support, many small businesses were owned by people of color. To increase the availability of industry-specific technical assistance for business owners of color, the federal government should make a nationwide effort to deliver technical assistance services to the industries that have the highest concentrations of business owners of color in each region (metropolitan area or nonmetropolitan region).

MBDA should lead this initiative, working in partnership with an important stakeholder in each region (e.g., a local government, economic development agency, foundation, or a higher-education institution) to increase program capacity and outreach. For the program to have the most impact, the MBDA should identify an industry important to communities of color in each region that offers good jobs to people of color without a college degree.

##### 5. *Streamline regional coordination of technical assistance.*

In most of our case study regions, there were many providers of technical assistance but collectively they could not meet overall demand for their services. Technical assistance providers in these regions regularly provided similar types of services that often overlapped. They also competed for a limited pool of funding, which discouraged them from collaborating. The combination of overlapping services and lack of capacity to meet regional demand made the overall regional technical assistance system inefficient.

In a regional system that encouraged collaboration, technical assistance providers would be more aware of services that are offered at other providers. They could offer services to a business and then refer them to other providers that offer other services that meet the business's needs.

A collaborative regional system would also be better equipped to handle shocks to the system, such as a future pandemic or natural disaster. The challenges small businesses face during a pandemic differ from those they face in the aftermath of a natural disaster. During a pandemic, small businesses require immediate emergency assistance to respond to public health directives. Some need assistance to change their business operations in response to reduced customer demand. Small businesses also face other challenges, such as such as moving to remote working operations or delivery and take-out services. After a natural disaster, small businesses require immediate assistance with rebuilding and repairs if their location was impacted by damages caused by the disaster. A collaborative regional system would be better equipped to respond quickly to both types of challenges and could more efficiently lead small businesses to the technical assistance services they need.

The SBA could encourage this type of regional collaboration by dedicating funding to create regional technical assistance collaboration networks. It could direct funding to a key regional stakeholder (e.g., the regional SBDC, a foundation, or local economic development organization) that would act as the convening organization for technical assistance providers in the region. If

there is an MBDA in the region, it should partner with the lead organization to ensure that technical assistance providers that support minority-owned businesses are included in the network. Funding might be used to hire dedicated staff to create and maintain the network, support networking events for technical assistance providers, or hold other meetings and events.

6. *Expand technical assistance to rural and under-resourced communities.*

Technical assistance is often concentrated in the major commercial centers of metropolitan areas. Small business owners in rural and other remote areas often must travel long distances to obtain services. In more densely populated under-resourced communities, accessing services via public transportation can be time-consuming for business owners who do not have a car.

Although some SBDCs have increased the availability of online services, small business owners in rural areas are often unaware of these services and have more trouble accessing them because high-speed internet is not available in many rural areas. Likewise, many under-resourced parts of more densely populated metropolitan areas have very low rates of high-speed internet access. Funding from the Infrastructure Investment and Jobs Act could help improve access to high-speed internet for small businesses in rural and under-resourced areas. The legislation allocates \$65 billion to improving high-speed internet access in currently under-served areas. Some of this funding should be used to ensure that small businesses gain affordable access to high-speed internet, particularly for the self-employed who might work from home.

To encourage the expansion of technical assistance services to rural and under-resourced communities, state and local governments might offer SBDCs or other technical assistance providers low-cost real estate in underutilized public buildings. This would enable SBDCs to open satellite locations in rural and under-resourced communities at a lower cost. Mobile pop-up service providers could also help regional SBDCs expand technical assistance to rural and under-resourced communities more economically than if the SBDCs were to establish permanent satellite offices. SBDCs could also identify potential partners in rural or under-resourced communities and provide them with resources such as class materials, marketing of services, and information to help improve access to technical assistance for small businesses in those areas.



## Introduction

The coronavirus crisis has had an historic impact on the nation's small businesses. Closures due to public health regulations, fewer customers, and supply chain issues, among many other challenges, have led small business owners to seek out support that could help them survive the crisis. One way in which small businesses have traditionally received support is through technical assistance. Technical assistance refers to services and guidance provided to small businesses that address common needs including strategic planning, capital access, marketing, networking, financial planning, and incubation and acceleration, among other services. Small business technical assistance systems are typically organized at a regional level and comprise the many public and private sector organizations that provide these services to small businesses. Many technical assistance services are provided at no cost to the business, but some are provided at a below-market cost. These services are often not self-sustaining and require additional funding from federal, state, and local government, and philanthropic organizations.

Although technical assistance has long been available to help small businesses, it has been especially important in helping them survive the coronavirus crisis. However, the crisis has exposed pre-existing gaps in regional small business technical assistance systems that, without further action, will persist after the crisis is over and make recovery more difficult for small businesses. In this report, we will identify those pre-existing gaps in regional small business technical assistance systems and offer recommendations for how to address them. Our recommendations aim to improve the efficiency of technical assistance systems and increase access to technical assistance for small businesses, especially those that are owned by people of color. Addressing these gaps now will improve small business recovery efforts and ensure that small businesses are better prepared for the next economic downturn.

### *Why is small business technical assistance needed in the first place?*

Small business owners face challenges in starting, growing, and maintaining their business that give rise to the need for technical assistance:

- **Access to capital.** Small business owners need capital to start and grow their businesses. Many face challenges securing capital because they do not know how to obtain a business loan or how to prepare their business plan for banks and other capital providers. Some business owners have problems with their credit history and few lenders are willing to use alternative methods of assessing their creditworthiness. Access to capital is especially challenging for businesses owners of color. Those owners face continuing discrimination from traditional capital providers such as banks, which are more likely to deny their loan applications than to deny those of white owners with similar credentials.<sup>1</sup> Family and friends are often an important source of capital for small business owners. Yet business owners of color are less likely to approach family and friends because they typically have less access to personal and family wealth as a result of historic and ongoing discrimination against people of color. In the face of these barriers to accessing capital, those business owners have increasingly relied on high-interest credit card debt to finance their business.<sup>2</sup>

- ***Experience, planning, and marketing.*** New small business owners have less experience in running, planning, and marketing a business. They often need support in understanding how to write a business plan and conduct a basic market analysis. Small businesses also often need support in understanding how to market their products to consumers. Larger businesses, meanwhile, have the capacity to hire personnel who specifically conduct strategic planning, marketing, and product research.
- ***Legal and regulatory support.*** To start and operate their business, small business owners must comply with legal requirements that differ by locality and are often confusing for small business owners to navigate. In addition, human resources-related issues (such as purchasing healthcare benefits for employees) are challenging for small business owners. Some small businesses also need to comply with industry-specific regulations. In food-related industries for example, small business owners must follow often-complex health and safety protocols. Larger businesses have the capacity to hire additional personnel who specialize in legal and regulatory compliance as well as human resources.

Some additional needs for small businesses emerged as a result of the coronavirus crisis:

- ***Support with public health regulatory compliance.*** Small businesses must understand and comply with COVID-19-related federal, state, and local public health regulations. These include regulations such as social distancing measures, maximum building capacities, air circulation, face coverings, and vaccination requirements, among others. Public health regulations may vary greatly between local jurisdictions and are changing rapidly. For small business owners, these regulations may be challenging to navigate in addition to the other many challenges they are facing as a result of the coronavirus crisis.
- ***Responding to reduced demand for products and services.*** The coronavirus crisis has reduced demand for products and services from small businesses, especially in hospitality and tourism industries.<sup>3</sup> Reduced demand has led many small businesses to lay off workers or close, either temporarily or permanently.<sup>4</sup> Policies that support demand, such as the expanded unemployment insurance benefits and cash payments to individuals that the federal government put into effect earlier in the pandemic, can help prevent some of these closures and layoffs. Direct support to businesses that avoid layoffs, for example, through the Paycheck Protection Program's forgivable loans, can also help.<sup>5</sup> However, small businesses have needed help adjusting their business plans and strategies to respond to changing market conditions, including changing their products or services when possible. Small business technical assistance can assist them in doing so, potentially preventing them from laying off workers or closing.
- ***Preparing for economic shocks.*** Compared to larger firms, small businesses were less prepared for the sudden economic downturn caused by COVID-19. Larger businesses often have the capacity to hire people whose jobs include helping the firm strategize and prepare for sudden economic downturns and natural disasters. These shocks led many small businesses to close their doors.<sup>6</sup> Although some may be able to re-open when demand for

their goods and services recovers, many will face hardships that will lead them to close permanently. Even if new businesses eventually replace these businesses once the downturn ends, the permanent closures can have lasting impacts on local communities (especially under-resourced communities and communities of color) as well as on business owners themselves.

## Methodology

To identify gaps in regional technical assistance systems, we conducted case studies in nine regions: Atlanta, GA; Baltimore, MD; East Bay, CA; Fresno, CA; Inland Empire, CA; Oahu, HI; Portland, OR; Sacramento, CA; and Stockton, CA.<sup>7</sup> Although these regions do not represent all variations in small business technical assistance systems that exist throughout the nation, they provide enough variation to make our findings relevant to many other large regions. The places we studied differed by the size of their technical assistance system, demographics of small business owners, industrial composition, population, and location. Each region offers a different perspective on technical assistance systems in the U.S. Moreover,

Our research focused on regional providers of technical assistance, meaning those that specifically provided services to small businesses only within our regions of study or the states that include them. We did not examine national technical service providers that offer services to small businesses regardless of location but did examine regional providers that belong to larger national networks such as those of the Small Business Development Centers (SBDCs), Women’s Business Centers (WBCs), Manufacturing Extension Partnership (MEP), and Minority Business Development Agency (MBDA), which are described in Box 1.

### **Box 1. National Networks of Small Business Technical Assistance Providers**

There are four major national networks of small business technical assistance providers that play an important role in regional technical assistance systems:

#### *Small Business Development Centers (SBDCs)*

Small Business Development Centers (SBDCs), administered by the U.S. Small Business Administration (SBA), offer “one-stop” technical assistance services to small businesses.<sup>8</sup> There are SBDCs in every state, with over 900 service locations across the country. In each state and the District of Columbia, there is at least one lead SBDC location that coordinates technical assistance services in its local network. SBDCs are often located in colleges and universities, chambers of commerce, and local economic development offices.

The SBA provides up to 50 percent of the funding for the SBDCs in each state. Non-federal funding from sources including state governments, foundations, chambers of commerce, and colleges or universities accounts for the rest of the SBDCs' operating budgets.

SBDCs offer one-on-one consultations free of charge online or at SBDC locations. Other SBDC services, such as classes and workshops, may require a fee depending on the location.

#### *Women's Business Centers (WBCs)*

Women's Business Centers (WBCs), administered by the SBA, provide technical assistance to women who want to start, grow, or expand their business.<sup>9</sup> There are 136 WBCs across the country. Most are located in colleges and universities, chambers of commerce, and local economic development offices. Services at WBCs include workshops and trainings on financial management, marketing, management and leadership, and accessing procurement contracting opportunities. WBCs also offer opportunities for women entrepreneurs and business owners to be matched with a mentor who helps provide insight and guidance on starting, operating, and growing a business. Services are offered at low or no cost to the business.

#### *Manufacturing Extension Partnership (MEP)*

The Manufacturing Extension Partnership (MEP) is a national network of technical assistance providers that support small and mid-size manufacturers.<sup>10</sup> The MEP network is a public-private initiative led by the U.S. Department of Commerce's National Institute of Standards and Technology. Each state and Puerto Rico has its own MEP center(s), which are funded half by the federal government and half by a mix of state, private, and nonprofit funding and service fees paid by manufacturers receiving assistance.

Technical assistance services offered at MEP locations are mainly designed to help manufacturers become more efficient in their operations. However, MEP centers have expanded their services in recent years to include assistance with workforce development, exporting and new market development, and other manufacturing needs. Although services may differ by location, MEPs typically connect participating businesses with a mentor that offers one-on-one support customized to meet their specific needs. MEP centers also have strong partnerships with federal and university research labs, serving as an important bridge between small and mid-sized manufacturers and those institutions.

#### *Minority Business Development Agency (MBDA) Business Centers*

The MBDA is a federal agency that is part of the U.S. Department of Commerce.<sup>11</sup> Its mission is to support the growth and global competitiveness of minority business enterprises (MBEs) that are owned and operated by African Americans, Asian Americans, Hasidic Jews, Hispanic Americans, Native Americans, and Pacific Islanders.

The MBDA operates business centers in regions with large minority populations and many MBEs. The business centers act as one-stop locations for minority business owners and entrepreneurs to receive technical assistance services. Services provided by MBDA business center differ by location but typically include one-on-one counseling, support with capital access, and help with securing government contracting opportunities. Private contractors operate most MBDA business centers.

Our case studies were based primarily on interviews with key regional stakeholders and major technical assistance providers. We conducted a total of 73 interviews, including six to 12 interviews in each region we studied. In each region, we first contacted stakeholders who were familiar with the small business technical assistance system such as economic development officials and major philanthropic foundations. We asked these stakeholders to help connect us with major technical assistance providers. These interviews also helped us understand the economic, social, and institutional context in each region, including recent economic history, important industries, and demographic trends. To understand the specific needs of business owners of color, we interviewed prominent ethnic chambers of commerce in each region.

Our interviews with major technical assistance providers helped us understand which technical assistance services were offered in each region as well as major challenges that small business owners faced. In these interviews, we asked technical assistance providers about the kinds of services they offered, the kinds of businesses they served, how they were funded, the challenges that small business owners they worked with faced, and which small business needs were not being met by the regional technical assistance system.

We supplemented our interviews with relevant literature from each region, including local planning documents, Comprehensive Economic Development Strategies, and past research studies on small business technical assistance. We also scanned relevant websites of local governments, technical assistance providers, and economic development organizations as well as local news articles related to technical assistance and COVID-19 impacts on small businesses.

We identified specific gaps in each region's technical assistance system by analyzing how often a gap was mentioned by the technical assistance providers we interviewed. If multiple providers mentioned particular gap, we inferred that that was an important gap in the region's technical assistance system. Although we were not able to interview every technical assistance provider in each region, we talked to major technical assistance providers who usually operated at a regional level and from whom we could learn about gaps in the regional technical assistance system as a whole.

We did not interview the many smaller providers of technical assistance in the regions we studied. To understand the activities of smaller technical assistance providers, we consulted with experts on small businesses in each region who were familiar with these service providers.

## **Regional Profiles**

Our case studies offer a snapshot of each region's technical assistance system. They provide an overview of major technical assistance providers but do not include information on every technical assistance provider. They also provide some insight into each region's response to technical assistance during the COVID-19 pandemic as well as specific gaps in technical assistance that we identified.

### ***Atlanta***

#### *Technical Assistance System Overview*

The Atlanta area's public universities play an important role in the region's technical assistance system. The University of Georgia system is the primary operator of SBDCs in the state. In Atlanta, SBDCs are located at Georgia State University and Morehouse College. The University of Georgia system also operates satellite offices in both DeKalb and Gwinnett counties; these are not housed in a local college or university.<sup>12</sup>

Georgia Tech houses the Enterprise Innovation Institute (EI<sup>2</sup>), which contains several technical assistance programs including an MBDA business center.<sup>13</sup> The EI<sup>2</sup> MBDA business center offers technical assistance to businesses owned by people of color. It offers business assessments and strategic consulting as well as access to local anchor institution procurement opportunities.<sup>14</sup>

There are also some manufacturing-focused technical assistance programs housed at Georgia Tech. The MBDA's Advanced Manufacturing Center provides manufacturers owned by people of color with technical assistance services similar to those offered at its business assistance center. Georgia Tech is also home to the Georgia Manufacturing Extension Partnership (GaMEP), a statewide organization that is part of the national MEP network.

The Urban League of Greater Atlanta is an important provider of technical assistance to small businesses in the region that are owned by people of color. Its Entrepreneurship Center offers training classes on topics including business plan development, management training, and capital access. It offers some opportunities for small businesses owned by people of color to network with other businesses owned by people of color, potential investors, and anchor institutions. It also houses two accelerator programs, one for early-stage ventures and one for more established small businesses.<sup>15</sup> Although there is some overlap between the services offered by the Urban League and those offered by the local MBDA business center, the Urban League's programs place more emphasis on helping small businesses owned by people of color become suppliers to anchor institutions. In keeping with this emphasis, the Urban League's programs help those businesses expand and access capital.

## *COVID-19 Response*

Invest Atlanta, the economic development authority for the City of Atlanta, is the primary provider of COVID-19-related capital relief for small businesses in Atlanta. The organization provides disaster-related loans to small businesses affected by the pandemic. Loan programs include the Atlanta Cares Revolving Loan Fund which provides \$10,000 to \$100,000 in low interest (1-3 percent) financing for small and medium-sized local businesses. In the early stages of the pandemic, Invest Atlanta created a COVID-19 resources online hub for small businesses in the region, including but not limited to those in the City of Atlanta. The webpage links businesses to resources including loans, grants, and technical assistance services.<sup>16</sup>

### *Gaps in the Technical Assistance System*

#### Need for more networking-related technical assistance

There is a general need for more networking-related technical assistance in the Atlanta region. We heard from several interviewees that access to capital and procurement opportunities in the region is highly “relationship-driven” and that business success is often tied to an owner’s ability to establish relationships with potential sources of capital, large companies, and nonprofit anchor institutions. This is particularly challenging for small business owners of color, who often lack relationships with these organizations.<sup>17</sup> Although some of the region’s primary technical assistance providers offer networking opportunities, these services alone are not enough to support small businesses in the region. More services need to be available to help coach small businesses about how to network with nonprofit and for-profit anchor institutions.

#### Additional technical assistance needed for more established small businesses

Technical assistance in the Atlanta region is geared mainly toward startup and early-stage businesses. There are few services available for more established small businesses. These types of small businesses often look for help with challenges such as scaling up the business or accessing capital for general infrastructure improvements, such as building maintenance and expansion. Although there are some technical assistance providers that help small businesses with these needs, there are not enough to meet the demand for services. Increasing access to this type of assistance will be critical during the pandemic recovery, especially for established small businesses.

## ***Baltimore***

### *Technical Assistance System Overview*

The City of Baltimore is an important provider of technical assistance in the area. The Mayor’s Office of Minority and Women-Owned Business Development (MWBD) houses the Small Business Resource Center (SBRC), which serves as a one-stop-shop for small business technical assistance.<sup>18</sup> The MWBD also administers Baltimore SourceLink, a web portal that connects small businesses with technical assistance providers.<sup>19</sup> In addition to using the web portal, small businesses can call

SourceLink and receive counseling from an advisor who helps connect them with technical assistance providers.

Community development financial institutions (CDFIs) are primary sources of capital and technical assistance in Baltimore. Two important CDFIs in Baltimore are the Latino Economic Development Corporation (LEDC) and Baltimore Community Lending. LEDC offers one-on-one technical assistance in support for business planning and strategy, marketing, financial management, and bookkeeping.<sup>20</sup> Baltimore Community Lending does not offer technical assistance but requires it as part of each loan and offers help matching its borrowers with appropriate providers.<sup>21</sup>

Public universities also offer some technical assistance programming. In Baltimore City, Morgan State University (a historically Black university) and the University of Maryland Baltimore (UMB) house SBDCs. The SBDCs offer technical assistance through one-on-one coaching, business plan development assistance, business financing aid, and marketing assistance. There is also an MBDA business center in the city. Outside of Baltimore City, there are SBDC offices located at Anne Arundel Community College and the Howard County Business Resource Center.

### *COVID-19 Response*

Helping small business owners connect with technical assistance providers has been critical during the COVID-19 pandemic. The Maryland Business Relief Wizard is a website that helps connect small businesses with technical assistance programming and eligible grant funding and capital support.<sup>22</sup> The Maryland Tech Council (MTC), an industry group that represents life science and other technology-based companies in the state, came up with the initial idea for the website in the early stages of the pandemic. MTC launched the site in April 2020 in collaboration with public and private partners including the Maryland Department of Commerce, the Maryland Chamber of Commerce, and the Howard County Office of Economic Development, among others. The online tool is easy to use and asks small business owners to respond to a series of questions about their location, size, revenue, industry, and financial situation to determine their eligibility for COVID-19-related federal, state, and local relief programs.

Another online tool, EcoMap Baltimore, hosts a COVID-19 Business Resource Dashboard that helps small business owners identify grant funding opportunities and connects them with technical assistance programming.<sup>23</sup> EcoMap technologies launched the website during the pandemic in partnership with the Maryland Technology Development Corporation (TEDCO), a quasi-public organization established by the Maryland General Assembly that supports early-stage technology-based businesses in the state.

### *Gaps in the Technical Assistance System*

#### Lack of technical assistance programming that helps small businesses access capital

The greatest challenge for Baltimore's small businesses is access to capital. Many local banks in Baltimore have consolidated with larger, national banks, leading to local branch closures and



reduced availability of affordable small business loans. Small business owners are increasingly relying on more expensive capital, including high-interest short-term loans and credit card debt. There are few technical assistance providers in Baltimore that could help small business owners with accessing affordable capital. Although CDFIs have begun to fill in the gaps left behind by banks, there are not enough to support easy access to affordable capital in Baltimore.

#### Technical assistance system difficult for small business owners to navigate

Baltimore is home to many technical assistance providers but they collectively lack the capacity to meet the demand for services. In addition, small business owners are generally unaware of technical assistance providers and it can be difficult for small business owners to navigate the system to find the resources they need. Baltimore SourceLink aims to address this issue, offering a user-friendly interface with filters for location, type of aid, and links to other organizations. Some small business owners, however, have found the website difficult to navigate and it does not help them understand the specific needs they have that technical assistance programming could address.

#### Limited access to technical assistance services in under-resourced communities

Most technical assistance services in Baltimore are located downtown. There are few service providers located in under-resourced communities in East and West Baltimore, which are home to many of the city's businesses owned by people of color. Because of limited access to public transportation, it is difficult for small business owners in these places to travel to providers downtown. Improving access to services in these communities would increase opportunities for business owners of color to receive technical assistance services. Locating services in these neighborhoods would also help technical assistance providers become more aware of the unique challenges and barriers that business owners of color in East and West Baltimore face and ultimately improve their services to local businesses.

### ***East Bay***

#### *Technical Assistance System Overview*

There are many providers of small business technical assistance in the East Bay. Among the most notable are the ICA Fund Good Jobs and the Uptima Business Bootcamp. ICA works with small businesses in disadvantaged communities and advises them on workforce development and how to offer quality jobs.<sup>24</sup> It also provides technical assistance, especially for food-related and health and beauty businesses. ICA's funders are diverse and include major banks (such as Bank of the West and JPMorgan Chase), other large private companies (such as eBay, Google, and Whole Foods), and major foundations (such as the James Irvine Foundation). The Uptima Business Bootcamp is an accelerator program that offers technical assistance to early and middle-stage small businesses.<sup>25</sup> (Accelerator programs provide technical assistance and seed-funding to early-stage small businesses with high growth potential.) Uptima is unique in that it also operates as a cooperative. Graduates of Uptima's programs can purchase equity in the organization and have a stake in

deciding its strategic direction and how it uses its profits. As equity owners, they can elect or become members of the organization's board of directors.

As might be expected in view of the East Bay's proximity to Silicon Valley, there are also some providers of technical assistance for industry small high technology businesses. The Kapor Center is a technology-based incubator that aims to expand racial diversity and inclusion in high tech industries.<sup>26</sup> Kapor offers technical assistance in early-stage business planning and strategy as well as financial education and networking.

Oakland is home to several Chambers of Commerce geared specifically to diverse businesses, such as the Oakland African American Chamber, Oakland Chinatown Chamber, and the Oakland Latino Chamber. These chambers offer management education and training, access to regional professional networks, and marketing assistance.

The region's two SBDCs are located in Concord and Oakland. There is no MBDA business center in the region; the closest MBDA location is in San Jose. Small manufacturers can receive technical assistance from the Corporation for Manufacturing Excellence (Manex), a member of California Manufacturing Technology Consulting (CMTTC), California's statewide MEP network. Manex is located in San Ramon in Contra Costa County.<sup>27</sup>

### *COVID-19 Response*

During the COVID-19 pandemic, the City of Oakland funded small businesses through its Small Business Emergency Grant program. There were three rounds of funding in the program and the city partnered with a local CDFI to distribute funds. The program was successful at reaching businesses owned by people of color and women. All 275 of the grants distributed through the program went to business owners earning 80 percent or less of area median income. Eighty-five percent of businesses that received grants were owned by people of color and 60 percent were owned by women.<sup>28</sup>

### *Gaps in the Technical Assistance System*

#### Technical assistance system difficult for small business owners to navigate

There are many providers of technical assistance in the East Bay but their services often overlap, and it can be difficult for small business owners to find programming that is tailored to their individual needs. Small business owners need more individualized support to connect them with the technical assistance providers that could help them meet those specific needs.

#### Lack of support for food-related businesses in meeting regulatory requirements

It is difficult for small food producers and manufacturers in the East Bay to meet the complex regulatory requirements that govern how they operate and expand their businesses. Specifically, we heard from interviewees that small food-related businesses need help implementing food safety

plans required by recent changes to federal food safety regulations. Interviewees told us that many of the businesses struggling with these issues are located in Oakland and owned by people of color.

## ***Fresno***

### *Technical Assistance System Overview*

The Central Valley Community Foundation (CVCF) is a major funder and convener of organizations that provide small business technical assistance in Fresno.<sup>29</sup> With financial support from JPMorgan Chase's Partnership for Raising Opportunity in Neighborhoods initiative, CVCF has worked with local CDFIs to create a capital collaborative. The collaborative connects CDFIs through regular convenings to ensure that they offer the best financing options and other products that support economic opportunity in under-resourced communities in Fresno. The collaborative is using grant funding from JPMorgan Chase to provide additional capital to member CDFIs, with a goal of increasing financing opportunities for small businesses and prospective homeowners in under-resourced parts of Fresno.

The Valley Community SBDC (VSBDC), the local SBDC in Fresno, is an important provider of small business technical assistance in the area.<sup>30</sup> VSBDC offers one-on-one technical assistance at Clovis Community College and several other offices in Fresno and Madera counties. VSBDC also conducts traveling workshops to provide face-to-face support for businesses in rural parts of the region. Additionally, VSBDC runs Fresno4Biz, an initiative that aims to increase collaboration among small business technical assistance providers and make it easier for small business owners to find the assistance they need. The initiative brings together twelve major providers in the Fresno region including SCORE, Fresno State, and the Fresno Area Hispanic Foundation, among others. The Fresno4Biz website has a web portal for small business owners to identify relevant service providers in the region and contact a representative who helps connect them with technical assistance opportunities.<sup>31</sup>

Fresno State University supports area entrepreneurs through its Lyles Center for Innovation and Entrepreneurship.<sup>32</sup> The center houses the Student Hatchery, an incubator that offers support and office space for up to eight Fresno State student ventures. The Hatchery provides its companies with business planning assistance, market research, access to mentoring, and networking. The Lyles Center also runs the Central Valley Innovation and Entrepreneurship Forum, an annual event that brings together area investors, business leaders, and entrepreneurs to encourage innovation and support startups in Fresno.

The Fresno Black Chamber of Commerce offers technical assistance services for Black-owned businesses in Fresno. The Chamber's Technical Assistance and Supplier Development program aims to increase the capacity of Black-owned businesses in Fresno with a goal of improving procurement and contracting opportunities for them. The program assists Black-owned businesses by helping them understand how to enter local supply chains and navigate and overcome barriers that are

specific to Black businesses in Fresno. The program also helps Black-owned businesses network with major sources of procurement opportunities in Fresno.<sup>33</sup>

There are some industry-specific technical assistance services in the region. There is an MEP center in Fresno, housed at the Fresno Business Council. The MEP center is a member of CMTC, the statewide MEP network. Bitwise Industries supports local high tech entrepreneurs, offering local tech startups access to workforce through the Geekwise Academy, which trains local residents in software development and coding.<sup>34</sup> It also offers affordable office and coworking spaces to small local high technology enterprises.

### *COVID-19 Response*

In the early stages of the pandemic, CVCF launched an emergency response fund. The fund provided grants to small businesses, especially those that were unable to obtain forgivable loans through the Paycheck Protection Program (PPP). CVCF also extended cash assistance to vulnerable populations such as undocumented workers, who might not have been eligible for federal assistance. This played a crucial role in maintaining the area's workforce, especially as agriculture is a key regional industry.

During the pandemic, the Fresno Metro Black Chamber of Commerce partnered with CVCF to create the Regional Economic Sustainability Through Aligned Responses to Threats (RESTART) Black Fresno grant program. In July 2020, the program provided immediate support of up to \$3,000 in grant funding to micro- and small businesses in the Fresno area.

### *Gaps in the Technical Assistance System*

#### Lack of capacity in the technical assistance system to meet overall demand for services

Major providers of technical assistance in Fresno told us prior to the pandemic that they did not have the to meet the overall demand for services in the region. The region has experienced rapid population growth and interviewees commented that Fresno's technical assistance system has not improved its capacity to meet the demand for services from new and existing small businesses.

#### Need for more multilingual technical assistance programming

The Fresno region is home to large Spanish- and Hmong-speaking populations.<sup>35</sup> Yet there are few technical assistance services available in those languages for small business owners. Interviewees told us that there are many new and existing small businesses run by owners with limited English proficiency that would greatly benefit from technical assistance services.

#### Lack of support for entrepreneurs and early-stage small businesses

Many interviewees commented that the region has many technical assistance services available for more established small businesses but limited services for new and early-stage small businesses. Although stakeholders spoke of an "entrepreneurial spirit" in the region, there are few resources available to help entrepreneurs turn their ideas into successful startups.

### Need for more management and leadership training and access to capital/financial literacy programming

Interviewees identified management and leadership training as a specific need of more established small businesses in the region. They suggested that many small business owners could benefit from this training, which they thought would promote more long-term stability and growth for the area's small businesses. Stakeholders in Fresno also identified access to capital and financial literacy technical assistance programming as a critical need in the area. They said that small business owners need more assistance in understanding how to improve their businesses' bookkeeping and financial health.

### Industry-specific needs for small manufacturers

Small manufacturers in Fresno need more help understanding human resource-related regulations and issues, such as labor and health care laws. Access to capital is also a major challenge for them. We are unable to tell whether these unmet needs are due to a lack of service provision by technical assistance providers, a lack of knowledge on the part of small manufacturers, and/or other reasons.

## ***Inland Empire***

### *Technical Assistance System Overview*

The primary provider and convener of technical assistance is the Inland Empire Center for Entrepreneurship (IECE).<sup>36</sup> It is located at California State University San Bernardino (CSUSB) but also has locations in Ontario and Riverside as well as seven small satellite offices (located in Apple Valley, Hesperia, Menifee, Moreno Valley, Rancho Cucamonga, Temecula, and Upland). IECE houses and administers two small business technical assistance programs, the Inland Empire Small Business Development Center (SBDC) and the Inland Empire Women's Business Center. IECE also offers classes in entrepreneurship and small business development for CSUSB students.

There are two members of CMTC's manufacturing network in the Inland Empire, both in San Bernardino. Small manufacturers in the region can also receive technical assistance at the SBDC located at CSUSB or at the San Bernardino Community College District.

Additionally, the region has several local chambers of commerce and a regional one that serves businesses throughout San Bernardino and Riverside counties. The Inland Empire's Chambers contribute to technical assistance mainly by connecting businesses with technical assistance providers and by advocating for program funding at the local, state, and federal levels. Some local Chambers of Commerce also provide direct technical support for small businesses, including one-on-one coaching and assistance with business plan development, networking, marketing and printing, and web services.

## *COVID-19 Response*

In the early stages of the pandemic, the San Bernardino County Economic Development Department developed an Economic Recovery Toolkit for small businesses.<sup>37</sup> The toolkit, a brief document that is available online, provides businesses with information on available funding and technical assistance programming as well as contact information for various county services. The County also operates a free hotline that assists small businesses with human resources-related issues.

In Riverside County, the county's Business and Community Services team offers to connect local businesses with a "business ambassador" who provides one-on-one technical assistance related to COVID-19 economic recovery.<sup>38</sup> The business ambassador provides a free individualized consultation for county businesses (conducted in person or online) that aims to help the business run safely and efficiently. The business ambassador also provides the business with a COVID-19 toolkit that helps the business understand and follow public health regulations.

### *Gaps in the Technical Assistance System*

#### Need for more multilingual technical assistance programming

The Inland Empire is home to a large population of Spanish-speaking residents with limited English proficiency.<sup>39</sup> According to technical assistance providers in the region whom we interviewed, there are many small business owners and new entrepreneurs who could benefit from accessing technical assistance offered in Spanish. Accessing technical assistance programming for these entrepreneurs and small business owners is challenging because there are limited services available in Spanish.

#### Limited technical assistance services available for small businesses

There is only one major provider of small business technical assistance in the Inland Empire and that provider lacks the overall capacity to meet the demand for services. The region is also geographically large and there are many parts of the Inland Empire, especially rural areas, that are underserved by technical assistance. The local SBDC has tried to expand its reach into rural areas by offering mobile technical assistance services in rural communities but these services are more limited than those that the SBDC provides in person. In addition, city agencies have begun to offer low-cost real estate options for technical assistance providers to expand to underserved parts of the region.

#### Need for more technical assistance programming for transportation- and logistics-related businesses

The Inland Empire's transportation- and logistics-related businesses are important drivers of economic growth in the region.<sup>40</sup> Yet there are limited technical assistance services available for small businesses in these industries. Small business owners in these industries especially need more help understanding and adhering to state environmental regulations. It is challenging for small businesses to understand the equipment upgrades that those regulations require. People of

color own nearly half of the region's transportation- and logistics businesses<sup>41</sup> and our interviewees told us that those businesses in particular could greatly benefit from additional technical assistance.

## ***Oahu***

### *Technical Assistance System Overview*

Technical assistance on Oahu is mostly administered through two government agencies: the State of Hawaii's Department of Business, Economic Development, and Tourism (DBEDT), and the SBA. DBEDT's programming is largely aimed at industries it has identified as important to the state's economic growth: technology, agribusinesses, the creative sector, health and wellness, and education.<sup>42</sup>

The SBA's Hawaii District Office offers funding, direct support, and technical assistance for Oahu-based small businesses through its Oahu Small Business Development Center (SBDC).<sup>43</sup> The SBDC offers one-on-one advising, networking opportunities, workshops, and government contracting support. The SBA and DBEDT collaborate with one another, sharing responsibility for projects such as the Hawaii State Trade Expansion Program (HISTEP), which assists local small businesses in exporting their products.

The Hawaii Technology Development Corporation (HTDC), the state government's high technology development arm, provides direct services such as technical assistance, education, and networking opportunities to encourage the expansion of high technology startups and small businesses. DBEDT administers HTDC. The SBDC and HTDC are co-located in the Manoa Innovation Center, an incubation space located near the University of Hawai'i Innovation Lab (iLab).

Privately operated programs aim to encourage capital investment in Oahu's small businesses. Hawaii Angels is an angel investment network that directs seed-level investment to Hawaii-based startups. The Hawaii Venture Capital Association offers subscription-based networking opportunities for small businesses.

### *COVID-19 Response*

During the pandemic, the City and County of Honolulu Small Business Relief and Recovery Fund distributed CARES Act funds on Oahu. It used CARES funding to offer one-time reimbursements of up to \$50,000 to small businesses, with an additional \$20,000 one-time reimbursement available for health regulation-related expenses. In 2020, HTDC awarded over \$10 million in CARES act funding to 180 companies and entrepreneurs. The funding was primarily used to bolster the personal protective equipment supply chain and to support manufacturers through INNOVATE Hawaii, the state's MEP network. Additionally, HTDC offered an e-commerce training program for manufacturers based on the island and hosted virtual job fairs for high tech businesses.

## *Gaps in the Technical Assistance System*

### Need for more export assistance and “back-end” technical assistance programming

The geography of Oahu presents unique challenges for small businesses. Because the island is located far from the mainland U.S. and from international population centers, small businesses face considerable financial and logistical burdens in importing and exporting goods. More technical assistance programming that supports small businesses with export assistance is needed on the island. In addition, many small businesses require more assistance with their “back-end” operations, such as bookkeeping, financial literacy, and distribution. Although there are some smaller technical assistance providers that offer these services, many small businesses are unaware of them due to poor marketing.

## ***Portland, OR***

### *Technical Assistance System Overview*

Prosper Portland, the City of Portland’s economic development arm, is the primary funder of technical assistance in the City of Portland and is also an important provider of technical assistance services.<sup>44</sup> The agency has a strong focus on inclusion and equity and its technical assistance is mainly directed toward businesses owned by women and people of color and those located in low-income parts of the city. Through its Inclusive Business Resource Network (IBRN), the organization also encourages collaboration between the providers that serve these populations. Organizations in the network provide technical assistance services such as one-on-one advising, training, capital access assistance, access to incubators and accelerators, and mentoring. Those organizations work collaboratively and often refer clients to one another.

The Oregon Manufacturing Extension Partnership is an important resource for the region’s small manufacturers. Together with Prosper Portland, it offers the Lean Manufacturing Program, which helps small and medium-sized manufacturers operate more efficiently. Similarly, the Technology Association of Portland supports high technology industries, developing technology apprenticeships and working to better communicate industry needs to educational institutions.

### *COVID-19 Response*

The City of Portland funded a number of initiatives in response to the coronavirus crisis. The city’s Small Business Relief Fund distributed \$114 million in CARES act funding, of which \$15 million went to Prosper Portland to distribute via block grants to community nonprofits, and to CDFIs. The distribution of these funds was guided by the city government’s understanding that BIPOC (Black, indigenous, and people of color)-owned businesses were most affected by both racial injustice and the economic impacts of the pandemic.



The city's Small Business Repair and Reopening Grants uses TIF funding allocated by the Portland City Council to provide one-time payments of up to \$10,000 to businesses with immediate repair needs. A coalition comprised of Portland's Black American Chamber of Commerce, Hispanic Metropolitan Chamber of Commerce, and a number of other local chambers help select the funding recipients. The majority of this funding has gone to BIPOC- and women-owned businesses.

In July 2020, the Portland City Council allocated \$2.5 million in federal COVID relief funding for Portland-based arts programming organizations, such as theaters, music and dance venues, and visual arts spaces. Two million dollars of this funding was designated for grants to commercial businesses affected by COVID-related closures; these grants ranged from \$10,000 to \$50,000. Five hundred thousand dollars was dedicated to nonprofit arts programming organizations for COVID-related impacts. Priority was given to applicant organizations led by or serving BIPOC community members, those that had not previously received state funding, or those that primarily partner with local creative industries.

### *Gaps in the Technical Assistance System*

#### Technical assistance system lacks the capacity to meet demand for services and is difficult to navigate

Portland's technical assistance service providers seem to work more collaboratively than those in our other case study regions. Providers often refer businesses with which they were working to other technical assistance providers and collaborate on major programming. Despite these efforts, the system as a whole lacks the capacity to meet small businesses owners' demand for technical assistance. In addition, Portland's small business owners have difficulty navigating the technical assistance system to find the help they need. Although important providers such as Prosper Portland have taken steps to market technical assistance, there is no simple and accessible way for small business owners to identify the service providers that best suit their needs.

#### Small manufacturers need more technical assistance services that help them access capital

Portland has a rich manufacturing legacy and is home to many small manufacturers. Although there are many providers from which small manufacturers can receive assistance, these businesses have specific financial challenges that existing providers are not currently addressing. Small manufacturers need more support in understanding how to access flexible capital or purchase order financing options that help them fulfill order requests while awaiting payment. Additionally, small manufacturers need support in understanding how to convey their unique needs and strengths to lenders. For example, small food manufacturers might need to better describe to investors their product's strategic place in the market and the specific kinds of equipment they would need to manufacture their goods more efficiently. These specific needs are probably common to small manufacturers throughout the U.S., although only our Portland interviewees mentioned them.

## **Sacramento**

### *Technical Assistance System Overview*

The Sacramento Metropolitan Chamber houses the Capital Region SBDC, which offers one-on-one coaching and assistance with business plan development, business financing, and marketing.<sup>45</sup> The SBDC serves businesses in seven counties: Sacramento, Placer, El Dorado, Yolo, Sutter, Colusa, and Lake counties. As the region it covers is quite large in land area, the SBDC also provides online programming for rural areas. The Capital Region SBDC also offers specialized programming for small high technology firms through its Tech Futures Group and for international exporters through its International Trade Initiative.

The California Capital Financial Development Corporation is a CDFI located in Sacramento. It offers micro-enterprise loans and loans for entrepreneurs unable to access traditional lenders. Loans are backed by the State of California's State Loan Guarantee program, which provides funding for up to 80 percent of a loan, up to a maximum of \$2.5 million.<sup>46</sup> The program allows CDFIs, like the California Capital Financial Development Corporation, to offer loans to small businesses that might not meet the criteria for a traditional loan due to poor credit history. The organization now includes a Women's Business Center and a Procurement Technical Assistance Center (PTAC), which assists women-owned businesses with financing, business planning, marketing, and preparing to bid on procurement contracts.

Another notable small business technical assistance provider is the Sacramento Entrepreneurship Academy (SEA).<sup>47</sup> SEA assists entrepreneurs in developing business plans and identifying appropriate types of capital for their businesses. The program is industry-agnostic and provides participants at varying experience levels opportunities to network with program alumni, academic and business leaders, and other service providers.

The City of Sacramento's Employment and Training Agency also administers small business technical assistance through its Business Information Centers, whose service offerings include business and management education, hiring assistance, and connection with the City's Small Business Development and Economic Development offices.

### *COVID-19 Response*

Several programs helped businesses in Sacramento throughout the pandemic. Using CARES funding, the City of Sacramento administers free landlord mediation services to help small businesses negotiate lease and rent disagreements caused by the pandemic. In addition, the City funds free access to small business technical assistance through nine providers in the area. Free services include one-on-one counseling, webinars focusing on recovery, retail and hospitality-related consulting services that help businesses in these industries respond to pandemic-related operational issues, and some Spanish-language services.<sup>48</sup>

In late 2020, the city government also allocated funding through its Creative Economy Recovery Grant, which assisted organization in the arts and creative industries and nonprofit organizations more generally. The program provided qualifying organizations with a series of organizational development workshops and up to \$2,500 per organization for operating support. Several assistance programs were specific to the food industry. During the pandemic, the city government's Farm to Fork program provided up to \$3,000 apiece to food businesses to transition to outdoor seating. The City also contracted with Streetsense, a hospitality consulting firm, to develop a "Pandemic Survival Toolkit" for restaurants and bars.<sup>49</sup> The toolkit, accessed online, includes a questionnaire that helps guide restaurants and bars to technical assistance resources that might help them navigate pandemic-related operational challenges.

### *Gaps in the Technical Assistance System*

#### Need for more multilingual technical assistance programming

Sutter and Yolo counties have a high share of Spanish-speaking residents with limited English proficiency.<sup>50</sup> According to our interviewees, there are many new entrepreneurs and small business owners in those areas who are Spanish speakers and have difficulty speaking English yet there are limited technical assistance services available for them in Spanish. Our interviewees told us that language barriers in accessing technical assistance may have limited the growth of new and existing small businesses, especially in primarily Spanish-speaking communities.

#### Small businesses need assistance with networking and help with accessing state government contracts

One of the primary challenges small businesses in the region face is accessing procurement opportunities. Sacramento's largest institutions are state government agencies and there are relatively few other large institutions with which small businesses could secure contracting opportunities. State government contracts are difficult for small businesses in the region to secure, primarily due to lack of support in accessing networking opportunities that might lead to procurement opportunities. This is especially true for businesses owned by people of color, who would benefit greatly from technical assistance services to help them access state government procurement opportunities and learn more about contracting with state agencies.

#### Need for an expansion of the technical assistance system to rural areas

It can take small business owners in Yuba City more than an hour to drive to programs offered at the closest SBDC, which is located in Sacramento. Although there are providers that offer online technical assistance services, businesses in rural parts of the region are often unaware of those services and find them less suitable than in-person programs. Increasing access to in-person technical assistance services in rural parts of the region (when health and safety guidelines allow) would greatly benefit new and existing small businesses in those areas.

## **Stockton**

### *Technical Assistance System Overview*

Stockton's Chambers of Commerce are important providers of small business technical assistance in the area. The Greater Stockton Chamber of Commerce administers some technical assistance programming to its members.<sup>51</sup> The Chamber runs regular webinars that provides information to small businesses on topics such as human resources, capital access, and "green" business practices, among others. Some webinars offered by the Chamber are also provided in Spanish.

The African American Chamber of Commerce of San Joaquin Valley offers technical assistance programming to Black-owned businesses in the area. It runs the BRIDGES program, which offers classes to aspiring and established Black-owned small businesses on the principles of starting and operating a small business.<sup>52</sup>

The area's colleges and universities also provide technical assistance. San Joaquin Delta College, a community college in Stockton, operates the area's local SBDC.

### *COVID-19 Response*

During the pandemic, the Stockton city government established a Small Business Relief Grant program, which offered up to \$3,000 in working capital to small businesses, prioritizing restaurants. Using CARES Act funding, the City created an interactive map of local businesses in the area to help them market their goods and services. San Joaquin County also made some grant funding available to small businesses. It offered grants of up to \$25,000 on a first-come, first-serve basis to small businesses that suffered financial harm because of the pandemic.<sup>53</sup> The grant program ended on January 31, 2021.

The city's Chambers of Commerce partnered on a new initiative that offers technical assistance to small businesses impacted by the pandemic. In 2020, the Greater Stockton Chamber of Commerce, African American Chamber of Commerce of San Joaquin Valley, San Joaquin County Hispanic Chamber of Commerce, and Central Valley Chamber of Commerce came together to create the Small Business Resiliency + Recovery Program.<sup>54</sup> The program offers free one-on-one counseling to small businesses in Stockton and aims to help them with impacts from the pandemic while increasing their resiliency to future economic downturns.

### Need for more multilingual technical assistance programming

San Joaquin County has a high share of Spanish-speaking residents with limited English proficiency.<sup>55</sup> According to stakeholders we interviewed, there are many Spanish-speaking small business owners that could benefit from technical assistance programming offered in Spanish. Although Stockton's Chambers of Commerce offer some technical assistance programs in Spanish, additional multilingual services are needed to meet the demand from Spanish-speaking small business owners.

## Shared Gaps in Regional Small Business Technical Assistance Systems

Our analysis revealed some common gaps in regional technical assistance systems that were further exacerbated by the coronavirus crisis.

### *Language and cultural barriers in technical assistance services*

There are many new entrepreneurs and established small business owners who need technical assistance in languages other than English. For those with limited English proficiency looking to start or grow their business, there are often few technical assistance services available. Although SBDCs and other technical assistance providers in most of our case study regions offered some multilingual assistance, it was often limited in comparison to the services offered in English. For those with limited English proficiency, culturally competent technical assistance services in their native languages were unavailable or available only to a limited extent. In addition, marketing of technical assistance and outreach to non-English speaking small business owners was insufficient in regions in which many business owners have limited English proficiency. As a result, many of those small business owners may be unaware of the types of technical assistance that could be offered to them.

### *Insufficient assistance with access to capital*

Access to capital is a major challenge for small business owners regardless of their age or size. New small businesses need startup capital and existing small businesses need capital to help their businesses grow. Technical assistance that helps small businesses understand where and how to access capital for their specific needs is critical, especially during the pandemic recovery. In all our case study regions, interviewees told us that small business owners needed more of this type of technical assistance. Although there were providers of technical assistance related to capital access in all regions, their services were limited and could not meet the overall demand from small business owners. In addition, interviewees told us that many older small businesses were unaware of the types of technical assistance available to them that could help them access capital to scale up their business.

The pandemic made it even more difficult than it was previously for small businesses to access short-term capital for emergency needs. Limited technical assistance with capital access meant that many small business owners lacked critical support during the economic downturn. Some options for small business to access short-term emergency capital existed during the early pandemic. However, the PPP, the most used source of emergency capital during the pandemic,<sup>56</sup> did not support funding for businesses that reported a revenue loss in the previous year and was designed in a way that made it challenging for small businesses without pre-existing banking relationships with traditional banks to obtain funds. The PPP offered a critical lifeline for many small businesses<sup>57</sup> but PPP funding was distributed by banks and small businesses were more likely to receive PPP funding if they had a pre-existing relationship with a bank.<sup>58</sup> This posed a particular

problem for business owners of color, who were less likely to have a pre-existing relationship with a bank.<sup>59</sup>

*Insufficient support available to help small businesses understand what technical assistance they need and navigate the technical assistance system*

For small business owners, understanding how to navigate the technical assistance system is a daunting task. In our case study regions, there were many providers of technical assistance programming that might help a small business owner but finding the right provider was often a time-consuming task that placed a burden on busy small business owners. This was partly the result of poor marketing of technical assistance services. More importantly, though, small business owners needed help understanding what their specific needs for technical assistance were in the first place.

In some regions we studied, local governments recognized the complexity of the technical assistance system for small business owners and attempted to use new online services to help owners find the help they needed. Baltimore's SourceLink, web portal connects small businesses with technical assistance providers. It allows small businesses and entrepreneurs to search for providers based on their type of business and particular need. Although the web portal has made it somewhat easier for small businesses to find the help they need, technical assistance providers we interviewed noted that some small businesses remained unaware of its existence, some found it difficult to use, and those without internet access were unable to use it at all.

The difficulty of navigating technical assistance systems left many businesses particularly vulnerable during the coronavirus crisis. Many small business owners needed immediate assistance but resources that would connect them with relevant technical assistance providers were lacking in the early stages of the crisis. Later, some state and local governments stepped in to consolidate resources through user-friendly web portals. The City of Sacramento, for example, created a website that helped small businesses identify providers of technical assistance in the region.<sup>60</sup> The website contains contacts for technical assistance providers as well as industry-specific toolkits for local businesses. Although these resources helped small businesses connect with technical assistance services, they took time to develop and were not readily available to businesses in the critical early stages of the crisis or to businesses without internet access.

*Not enough technical assistance services in rural and under-resourced communities*

Technical assistance services are often heavily concentrated in the more densely populated parts of metropolitan areas. There are limited services available for small businesses in rural areas. Small business owners in outlying and rural parts of our case study regions had to travel long distances to reach technical assistance services. This was especially true in Fresno, the Inland Empire, Sacramento, and Stockton, where large agricultural, desert, or wilderness areas separate outlying towns from the places where technical assistance providers are located.

Even within more densely populated parts of metropolitan areas, services were typically concentrated in affluent commercial centers and there were fewer services available in under-resourced parts of the area. In Baltimore, for example, there were few technical assistance providers located in under-resourced neighborhoods in East and West Baltimore. Small businesses in these neighborhoods without access to a car had limited options accessible to them via public transportation.

SBDCs and other technical assistance providers in the regions we studied often offered online services intended to help businesses in rural and under-resourced communities. However, access to high-speed internet in outlying areas and under-resourced communities is more limited than in more densely populated and more affluent parts of regions. Some SBDCs also developed mobile, pop-up satellite offices in rural parts of their service areas. These services, however, were offered only for a short time and did not provide the same level of service that the main SBDC offices offer.

#### *Technical assistance systems have difficulty responding to large-scale disasters*

The coronavirus crisis revealed that regional small business technical assistance systems were not adequately prepared to support businesses during the crisis. Before the pandemic, many regional small business systems already had difficulty meeting the overall demand for services. During the crisis, they could not keep up with the influx of small businesses needing immediate support.

In our case study regions, small businesses faced challenges because of a lack of coordination among technical assistance providers and because of the overall complexity of regional systems. In the early stages of the crisis, businesses that had never received technical assistance before suddenly needed critical support from technical assistance providers. The complexity of the systems, however, meant it was difficult for these businesses to quickly identify and contact the providers that could be most helpful to them. In addition, lack of coordination among providers meant that if a small business approached a provider that could not meet its needs, the provider was unable to help the business owner find other providers that could better meet its needs. If a business tried to enter the technical assistance system through the “wrong door,” there was no one to direct it to the “right” door.

The sudden increase in demand for services also strained many major technical assistance providers. Without sufficient coordination of services, demand for technical assistance was often focused on major providers rather than spread across the entirety of the regional system. Federal CARES Act funding helped increase the capacity of technical assistance providers. However, it took time for these funds to be distributed and there was little emergency financial support for strained technical assistance providers in the critical early stages of the pandemic.

#### *Planning for economic shocks*

The economic impact of the coronavirus crisis has demonstrated just how important it is for small businesses to be prepared for sudden economic downturns and natural disasters. Businesses that

plan for these shocks are more resilient to changing conditions and are probably more likely to survive. Unfortunately, in the regions we studied, there were few services to help businesses plan for these economic shocks.

In general, small businesses do not have the same capacity as larger businesses to develop comprehensive plans for economic downturns and natural disasters. Larger businesses can dedicate specific staff and resources to develop comprehensive planning for economic shocks. There are some technical assistance services available to help small businesses with this planning. For example, SCORE, a national organization, runs a Small Business Resiliency Training program that provides educational materials and offers in-person or online workshops on disaster planning for small businesses.<sup>61</sup> Sacramento's Capital Region SBDC offers training and workshops in building small business resiliency.<sup>62</sup> Although these types of programs are helpful to small businesses in planning for economic shocks, they do not exist in all regions. Where they do exist, they are often poorly marketed. As a result, many small business owners are not aware of them. Better marketing of technical assistance services by SBDCs and other major regional providers could help small business owners need to increase their understanding of why these types of technical assistance are important for their businesses.

#### *Industry-specific technical assistance*

Not all small businesses require the same types of technical assistance. Small businesses in certain industries have very specific needs from technical assistance services that might better help them grow and succeed. Small businesses that manufacture food products, for example, might need more help from technical assistance providers in navigating complex health and safety regulations. In general, we found that these types of industry specific needs were largely being unmet by regional technical assistance systems. Although there were often some technical assistance providers that offered services for firms in specific industries (such as the MEP centers for manufacturers), these services did not have the capacity to meet demand and many small businesses were unaware that they existed.

These types of industry-specific technical assistance support were important during the COVID-19 pandemic. Industries that were particularly affected by the pandemic required specific support that could help them navigate and respond to the various challenges brought forward by the crisis. Restaurants and hospitality establishments for example, required help in understanding how to transition their operations for take-out and delivery service and complying with COVID-specific health regulations. In cities where there were already some industry-specific technical assistance providers, small businesses in hard hit industries had more options to help them respond to the crisis. For example, the City of Sacramento partnered with a local restaurant and hospitality technical assistance provider to offer free one-on-one consulting for local restaurants and built an online guide that included a questionnaire to help restaurant owners understand what their specific pandemic-related needs were and who could help them.



The types of industries that needed more assistance differed by region but they were typically industries that were already strategically important in the region and presented strong opportunities for small business creation and growth. In the Inland Empire, for example, there were few technical assistance services available to specifically support small businesses involved in transportation and logistics, a strategically important and growing industry in the region.<sup>63</sup> In the regions we studied, technical assistance providers we interviewed told us that businesses owned by people of color could especially benefit from this assistance as there were many people of color either starting or operating a business in those important regional industries. An insufficient supply of technical assistance to support small businesses in these regionally important industries could limit their potential to serve as engines of small business creation and growth.

## **Recommendations**

To fill the technical assistance gaps we identified, we make the following public policy recommendations, which are directed to Congress, the SBA and MBDA, and state and local governments, working in partnership with technical assistance providers.

- 1. Improve access to culturally competent multilingual small business technical assistance.*

In case study regions in which many residents had limited English proficiency, insufficient technical assistance services were available for small businesses in languages other than English that were widely spoken in the region. In regions with large immigrant populations, access to these services is important. Immigrant-owned businesses play a central role in supporting their communities by creating jobs and wealth.<sup>64</sup> Technical assistance services can play an especially important role in helping small business owners with limited English proficiency respond to the coronavirus crisis. Hispanic- or Latino-owned businesses, for example, have suffered disproportionately from the crisis, in large part because these businesses are overrepresented in industries most likely to be affected directly by the pandemic and the public health and consumer responses to it.<sup>65</sup>

SBDCs and MBDA business centers are often a first stop for business owners seeking technical assistance services. Increasing access to multilingual services at these centers can help immigrant-owned businesses obtain vital technical assistance. To improve access to multilingual assistance, the SBA and Department of Commerce should direct funding to SBDCs and MBDA business centers in regions in which a large share of small businesses owners have limited English proficiency.<sup>66</sup> Centers should use this funding to hire additional staff who speak the non-English languages that are most needed in their regions language and to translate marketing and technical assistance materials into those languages. Funding should be used to develop region-specific, culturally competent technical assistance programming that meets the needs of immigrant small business owners. SBDCs and MBDA business centers should partner with important stakeholders in the region's immigrant business community to identify the unique needs of immigrant-owned businesses and develop culturally competent technical assistance programming targeted to those businesses.

2. *Make small business owners more aware of technical assistance and help them understand which services they need.*

Small business owners who receive technical assistance are empowered with skills and insight that can lead to sustainable growth and long-term success. However, technical assistance providers told us that most small business owners are unaware of technical assistance services and have a limited understanding of which services they might even need. This may be partly because technical assistance services are poorly marketed. SBDCs, for example, are often the first stop for small businesses but in many of our case study regions they did not market their services directly to small business owners.

The complex and disconnected nature of technical assistance systems also makes it difficult for many small business owners to find the assistance they need. To help small business owners navigate the system, some cities have created web portals for owners to track down service providers. The City of Baltimore created its SourceLink website, which helps small businesses search for technical assistance providers in various areas of assistance. Although websites such as SourceLink consolidate many technical assistance contacts into one convenient location, they do not help small business owners understand which types of assistance they may need in the first place.

To help improve business owners' awareness of technical assistance services, the SBA should provide additional funding be to SBDCs to increase marketing directed toward small business owners. Specific uses of funding might include but not be limited to:

- Purchasing advertisements in local media markets.
- Holding pop-up events to bring the SBDC to local commercial centers that have many small businesses.
- Helping local technical assistance providers improve their own marketing.

SBDCs should make a special effort to improve marketing in commercial centers located in communities of color. Funding for marketing in these areas might be used to also hold more pop-up events in these communities and/or to partner with a local community organization that has a background in supporting businesses owned by people of color.

A more intensive approach is needed to help small business owners understand the benefits of technical assistance and guide them towards the services they need. Connecting an owner with a counselor could more effectively help them understand the services they might need and the technical assistance organizations that could best provide them. This counseling service could be implemented by expanding the SBA's Community Navigator program to include an "assistance navigator" component. The Community Navigator program is a new effort by the SBA to reach business owners in underserved communities.<sup>67</sup> The program offers funding to a key technical assistance stakeholder (such as an SBA district office, SBDC, or Women's Business Center, among others) to partner with community organizations that work in underserved communities.

The Community Navigator program follows a hub-and-spoke model, with the key technical assistance stakeholder acting as a “hub” at the center and the partnering community organizations acting as the “spokes.” Adding an assistance navigator component to this initiative would target the “hub.” Funding could be directed to the hub organization to hire additional assistance navigators that are knowledgeable about technical assistance providers in the region. The navigator would meet with business owner’s one-on-one with the goal of helping them understand what their needs are and connecting them with relevant technical assistance providers. Since funding for the Community Navigator program has already been approved, additional executive or congressional action would be needed to expand the program.

- 3. Increase funding for technical assistance during the pandemic recovery and help small businesses prepare for the next downturn.*

Access to technical assistance has been a lifeline for small businesses during the pandemic and continued access to these services will be critical to an effective recovery. States have a new source of funding that they can use to support small business technical assistance services: federal American Rescue Plan Act (ARPA) funds. They have a great deal of flexibility in deciding how to spend ARPA funds and had appropriated only 53 percent of those funds as of November 2021.<sup>68</sup> States that reduced support for technical assistance (or funding for local governments that support technical assistance) during the early stages of the pandemic in anticipation of revenue shortfalls should, at the very least, use some of their ARPA funds to return technical assistance funding to pre-pandemic levels. To help small businesses respond to the crisis more effectively, all states should ideally use ARPA funds to increase support for technical assistance beyond pre-pandemic levels. The same recommendations apply to local governments that support technical assistance.

In addition to funding from ARPA, Congress should fund the SBA to direct additional support to local SBDCs and major regional technical assistance providers. This funding should be used to increase the SBA’s overall capacity to respond to the increasing demand from small businesses for technical assistance. Some funding should also be used to fund programming that helps small businesses plan for future disasters and/ economic shocks. Funding should be used enable technical assistance providers to help small businesses plan for future disasters and economic shocks. Currently, regional technical assistance systems do not offer enough services around disaster planning. By providing funding for these services now, the SBA can help small businesses be better prepared in the case of a future disaster or economic downturn.

- 4. Develop a regional industry-specific technical assistance program to help industries important to business owners of color.*

Businesses owned by people of color were hit hardest by the economic downturn caused by the coronavirus crisis.<sup>69</sup> In the early stages of the pandemic, those businesses closed their doors at a much higher rate than white-owned businesses.<sup>70</sup> Without intervention, the disproportionate impacts to those businesses could exacerbate pre-existing health, social, and economic inequities faced by communities of color. For these small businesses to recover and thrive after the pandemic

ends, technical assistance should be targeted to businesses in industries important to business owners of color.

In the regions we studied, technical assistance providers told us that there was a general need for more industry-specific services for small business owners and that in the industries that needed more support, many small businesses were owned by people of color. To increase the availability of industry-specific technical assistance for business owners of color, the federal government should make a nationwide effort to deliver technical assistance services to the industries that have the highest concentrations of business owners of color in each region (metropolitan area or nonmetropolitan region). The MBDA in each region might lead an industry-specific program similar to the MEP program. To increase the capacity of the program, the MBDA could partner with an important stakeholder in the region, which could be a local government, economic development agency, foundation, or institution of higher education. This partner could support the MBDA with additional funding and resources, including resources for staffing and marketing. For regions without an MBDA business center, grants could be distributed to a local technical assistance organization that works with businesses owned by people of color.

It is important that the cost of industry-specific programming does not deter businesses from seeking support. Results from the MEP demonstrate that paying for services improves the businesses' "buy in" to the programming but paying for these services might also greatly discourage small business owners in less profitable industries, owners of from receiving services in the first place.<sup>71</sup> Owners would also be unwilling to pay for the most basic technical assistance services, such as assistance in writing business plans, because they can already receive that assistance at no cost. The MBDA might charge fees only for services beyond the most basic ones (e.g., services analogous to those of the MEP, for which larger firms would pay consultants). If it does so, it should vary program fees based on the business' size, age, and industry. Smaller and newer businesses and those in less profitable industries should pay less for programming so as to balance "buy-in" and cost burden.

For the program to have the most impact, the MBDA in each region should identify industries important to business owners of color that offer good jobs to people of color without a college degree.<sup>72</sup> Like MEP centers, the MBDA centers could partner with experts in and advisors from the industries identified. They could then pair each interested business owner with an advisor who could offer one-on-one assistance with business planning, market research, disaster planning, financial planning, and other services that may have industry-specific components.

##### 5. *Streamline regional coordination of technical assistance.*

In most of our case study regions, there were many providers of technical assistance but collectively they could not meet overall demand for their services. Although outcomes varied by region, technical assistance providers in these regions regularly provided similar types of services that often overlapped. They also competed for a limited pool of funding, which discouraged them from collaborating. The combination of overlapping services and lack of capacity to meet regional

demand made the overall regional technical assistance system inefficient. In Fresno, for example, although the region has many providers of technical assistance, several providers told us that they were having difficulty keeping up with demand for services, mostly because of rapid population growth. Some providers suggested that increasing collaboration and sharing of resources between providers might more efficiently spread this increasing demand across the system.

In a regional system that encouraged collaboration, technical assistance providers would be more aware of services that are offered at other providers. They could offer services to a business and then refer them to other providers that offer other services that meet the business's needs.

A collaborative regional system would also be better equipped to handle shocks to the system, such as a future pandemic or natural disaster. During a pandemic, small businesses require immediate emergency assistance to respond to public health directives. Some need assistance to change their business operations in response to reduced customer demand. Small businesses also face other challenges, such as such as moving to remote working operations or delivery and take-out services. A collaborative regional system would be better equipped to respond quickly to both types of challenges and could more efficiently lead small businesses to the technical assistance services they need.

The small business technical assistance system in Portland gives an example of what increased collaboration could achieve. Prosper Portland's IBRN brings together technical assistance providers that offer services to businesses owned by women and people of color.<sup>73</sup> IBRN serves over 1,000 businesses per year and offers a model that could lead other regional technical assistance systems to more efficiently provide the right kind of services to small businesses. Bringing together providers from across Portland led to greater coordination and reduced unnecessary duplication of services. Being a part of the network enabled providers to communicate regularly with one another and with Prosper Portland. This communication improved providers' awareness of the specific challenges small business owners in Portland face and of the types of services that are best suited to respond to those challenges. IBRN also helped technical assistance providers improve tracking of outcomes. Prosper Portland leads the tracking of individual outcomes for entrepreneurs and small businesses that utilize services through the program and reports outcomes to the public via the IBRN website and annual progress reports.

The SBA could encourage this type of regional collaboration by dedicating funding to create regional technical assistance collaboration networks. It could direct funding to a key regional stakeholder that would act as the convening organization for technical assistance providers in the region. The key stakeholder might be the regional SBDC, a foundation, or a local economic development organization. If there is an MBDA business center in the region, it should partner with the lead organization to ensure that technical assistance providers that support minority-owned businesses are included in the network. Funding might be used to hire dedicated staff to create and maintain the network, support networking events for technical assistance providers, or hold other meetings and events.

6. *Expand technical assistance to rural and under-resourced communities.*

Small business owners in rural and other remote areas often must travel long distances to reach technical assistance services. This is especially true in our inland California case study regions, where the SBA relies on SBDCs located in large central cities to serve geographically far-flung areas. In the Capital Region SBDC network around Sacramento, for example, businesses in Yuba City had to travel over an hour to reach technical assistance services in Sacramento. In the Inland Empire, businesses in remote areas to the northeast of San Bernardino also need to travel long distances to the nearest SBDC outreach offices in Apple Valley and Hesperia.

We also heard from technical assistance providers in some of our case study regions that small business owners in under-resourced parts of more populated metropolitan areas also have difficulty accessing services. Technical assistance in these places is often concentrated in more affluent commercial centers. For business owners in under-resourced communities who do not have a car, accessing these locations via public transportation can be time-consuming. In Baltimore, for example, many technical assistance services are concentrated close to downtown. Small business owners in East and West Baltimore who do not have cars find it difficult to access these services via the neighborhoods' limited public transportation options.

Although some SBDCs have increased the availability of online services, small business owners in rural or remote areas are often unaware of these services and have more trouble accessing them because high-speed internet is not available in many of those areas. Likewise, many under-resourced parts of more densely populated metropolitan areas have very low rates of high-speed internet access.<sup>74</sup> We heard from many technical assistance providers that small business owners prefer in-person services to virtual services because in-person services make it easier for them to network with other small business owners and develop stronger relationships with technical assistance providers. Funding from the Infrastructure Investment and Jobs Act could help improve access to high-speed internet for small businesses in rural and under-resourced areas. The legislation allocates \$65 billion to improving high-speed internet access in currently under-served areas.<sup>75</sup> Some of this funding should be used to ensure that small businesses gain affordable access to high-speed internet, particularly for the self-employed who might work from home.

To encourage the expansion of technical assistance services to rural and under-resourced communities, state and local governments might offer SBDCs or other technical assistance providers low-cost real estate in underutilized public buildings. This would enable SBDCs to open satellite locations in rural and under-resourced communities at a lower cost. Mobile pop-up service providers could also help regional SBDCs expand technical assistance to rural and under-resourced communities more economically than if the SBDCs were to establish permanent satellite offices. However, pop-ups should be seen as a short-term solution because they are difficult to maintain over a long period of time, are not equipped to offer a large variety of services and are less conducive than permanent locations to create long-term relationships between businesses and providers. SBDCs could also identify potential partners in rural or under-resourced communities and provide them with resources such as class materials, marketing of services, and information to help improve access to technical assistance for small businesses in those areas.

## **Conclusion**

Strengthening the nation's regional technical assistance systems will ensure that small business owners receive the support they need to recover from the coronavirus crisis. It is critical that the pre-existing gaps in this system be addressed now and throughout the recovery. Without addressing these shortcomings, pandemic-related federal, state, and local aid may not efficiently reach small businesses that are in grave need of support. This effort will not be easy and will require dedication from policymakers at all levels of government. Federal funding will be needed to lead the effort to strengthen regional technical assistance systems, while state and local governments will need to closely monitor and ensure that their regional systems are addressing shortcomings in small business technical assistance. Addressing these gaps in regional technical assistance systems now will better prepare small businesses for the next economic downturn, natural disaster, or pandemic.

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<sup>1</sup> Amber Lee, Bruce Mitchell, and Anneliese Lederer, “Disinvestment, Discouragement, and Inequity in Small Business Lending” (Washington: National Community Reinvestment Coalition, 2019), <https://ncrc.org/wp-content/uploads/2019/09/NCRC-Small-Business-Research-FINAL.pdf>.

<sup>2</sup> Arnobio Morelix and Alicia Robb, “Startup Financing Trends by Race: How Access to Capital Impacts Profitability” (Kansas City: Ewing Marion Kauffman Foundation, 2016), <https://www.kauffman.org/wp-content/uploads/2019/12/ase-brief-startup-financing-by-race.pdf>.

<sup>3</sup> According to our analysis of U.S. Bureau of Labor Statistics Current Employment Statistics data, seasonally adjusted total employment in the U.S. in November 2021 was down 2.5 percent from February 2020. Over the same period, total employment in arts, entertainment, and recreation was down 13.9 percent and accommodation and food services was down 11.9 percent.

<sup>4</sup> Robert W. Fairlie, “The Impact of COVID-19 on Small Business Owners: Evidence of Early-Stage Losses from the April 2020 Current Population Survey,” NBER Working Paper 27309, June 2020 (Cambridge, MA: National Bureau of Economic Research), [https://www.nber.org/system/files/working\\_papers/w27309/w27309.pdf](https://www.nber.org/system/files/working_papers/w27309/w27309.pdf) finds that there were large job losses at the start of the pandemic.

<sup>5</sup> Alexander W. Bartik et al., “The Targeting and Impact of Paycheck Protection Program Loans to Small Businesses,” NBER Working Paper 27623, July 2020, revised June 2021 (Cambridge, MA: National Bureau of Economic Research), [https://www.nber.org/system/files/working\\_papers/w27623/w27623.pdf](https://www.nber.org/system/files/working_papers/w27623/w27623.pdf) finds evidence that the Paycheck Protection Program increased business survival and helped maintain employment during the pandemic.

<sup>6</sup> Between February 2020 and February 2021, 41 percent of U.S. businesses closed. Howard Wial and Devon Yee, “[How Resilient Were Small Businesses during the First Year of the Coronavirus Pandemic?](https://icic.org/blog/how-resilient-were-small-businesses-during-the-first-year-of-the-coronavirus-pandemic/)” Initiative for a Competitive Inner City blog, December 2021, <https://icic.org/blog/how-resilient-were-small-businesses-during-the-first-year-of-the-coronavirus-pandemic/>.

<sup>7</sup> We define Atlanta, GA, as Cherokee, Clayton, Cobb, DeKalb, Fulton, and Gwinnett counties; Baltimore, MD, as Baltimore City plus Anne Arundel, Baltimore, Carroll, Harford, Howard, and Queen Anne’s counties; the East Bay, CA, as Alameda and Contra Costa counties; the Inland Empire, CA, as the Riverside-San Bernardino-Ontario MSA; Oahu, HI, as the City and County of Honolulu; Portland, OR as the Portland-Vancouver-Hillsboro, OR-WA MSA; Sacramento, CA as Placer, Sacramento, Sutter, and Yolo counties; and Stockton, CA, as San Joaquin county.

<sup>8</sup> Office of Small Business Development Centers website, <https://www.sba.gov/about-sba/sba-locations/headquarters-offices/office-small-business-development-centers>.

<sup>9</sup> Women’s Business Centers website, <https://www.sba.gov/local-assistance/resource-partners/womens-business-centers>.

<sup>10</sup> NIST Manufacturing Extension Partnership (MEP) website, <https://www.nist.gov/mep/about-nist-mep>.

<sup>11</sup> Minority Business Development Agency (MBDA) Business Centers website, <https://www.mbda.gov/mbda-programs/business-centers>.

<sup>12</sup> University of Georgia Small Business Development Centers website, <https://www.georgiasbdc.org/>.

<sup>13</sup> Georgia Tech Enterprise Innovation Institute website, <https://innovate.gatech.edu/>.

<sup>14</sup> Anchor institutions are large or otherwise influential organizations that participate in community engagement activities and have relatively deep roots in (are unlikely to move from) their communities. Peter Eberhardt and Howard Wial, *The New Anchors: Corporate Engagement with Lower-Income Communities in Smaller Cities* (Boston: Initiative for a Competitive Inner City, 2021), p. 4.

<sup>15</sup> Urban League of Greater Atlanta website, <https://ulgatl.org/>.

<sup>16</sup> Invest Atlanta COVID-19 Recovery & Relief Resources Center website, <https://www.investatlanta.com/covid-19-resources>.

<sup>17</sup> For example, the Federal Reserve Banks' 2021 Small Business Credit Survey found that business owners of color have weaker relationships with banks than white business owners. Federal Reserve Banks of Atlanta, Boston, Chicago, Cleveland, Dallas, Kansas City, Minneapolis, New York, Philadelphia, Richmond, St. Louis, and San Francisco, Small Business Credit Survey: 2021 Report on Firms Owned by People of Color (n.p., 2021), p. ii.

<sup>18</sup> Baltimore Small Business Resource Center (SBRC) website, <http://baltimoredevelopment.com/initiatives/small-business-resource-center-sbrc/>.

<sup>19</sup> Baltimore SourceLink website, <https://www.baltimoresourcelink.com/>.

<sup>20</sup> Latino Economic Development Center (LEDC) website, <https://www.ledcmetro.org/>.

<sup>21</sup> Baltimore Community Lending website, <https://bclending.org/>.

<sup>22</sup> Maryland Business Relief Center website, <https://reliefwizard.net/>.

<sup>23</sup> EcoMap Baltimore COVID Business Resource Dashboard website, <https://baltimore.ecomap.tech/portal/covid-resources>.

<sup>24</sup> ICA Fund Good Jobs website, <https://www.ica.fund/>.

<sup>25</sup> Uptima Entrepreneur Cooperative website, <https://uptimacoop.com/>.

<sup>26</sup> Kapur Center website, <https://www.kapurcenter.org/>.

- <sup>27</sup> The Corporation for Manufacturing Excellence (Manex) website, <https://www.nist.gov/mep/centers/corporation-manufacturing-excellence-manex>.
- <sup>28</sup> City of Oakland CARES Act: Small Business Grant Program website, <https://www.oaklandca.gov/resources/oakland-cares-act-small-business-grant-program>.
- <sup>29</sup> Central Valley Community Foundation (CVCF) website, <https://www.centralvalleycf.org/>.
- <sup>30</sup> Valley Small Business Development Corporation (CSBDC) website, <http://www.vsbdc.com/>.
- <sup>31</sup> Fresno4Biz website, <https://www.fresno4biz.com/>.
- <sup>32</sup> Lyles Center for Innovation and Entrepreneurship website, <https://www.fresnostate.edu/academics/lylescenter/>.
- <sup>33</sup> Fresno Black Chamber of Commerce Technical Assistance and Supplier Development website, <https://fmbcc.com/get-empowered/technical-assistance-supplier-development/>.
- <sup>34</sup> Bitwise Industries website, <https://bitwiseindustries.com/>.
- <sup>35</sup> Our analysis of 2015-2019 U.S. Census Bureau American Community Survey 5-Year Estimates shows that 14 percent of the residents of the Fresno metropolitan area primarily spoke Spanish and spoke English “less than very well” compared to 5 percent of the population of the nation as a whole. There are no data on the Hmong-speaking population that speak English “less than very well.” According to a 2019 Pew Research Center analysis, the Fresno metropolitan area is home to the second largest Hmong population in the U.S. after the Minneapolis-St. Paul metro area. Pew Research Center, “Hmong in the U.S. Fact Sheet,” <https://www.pewresearch.org/social-trends/fact-sheet/asian-americans-hmong-in-the-u-s/>.
- <sup>36</sup> Inland Empire Center for Entrepreneurship website, <https://entre.csusb.edu/>.
- <sup>37</sup> San Bernardino County Economic Development Economic Recovery Toolkit website, <https://sanbern-prod.s3.amazonaws.com/uploads/Economic-Recovery-Toolkit.pdf>.
- <sup>38</sup> Riverside County Business Ambassador Program website, <https://rivcoed.org/businessambassadorprogram>.
- <sup>39</sup> According to our analysis of 2015-2019 U.S. Census Bureau American Community Survey 5-Year Estimates , 12 percent of the residents of the Riverside-San Bernardino metropolitan area spoke Spanish and spoke English “less than very well,” compared to 5 percent of the population in the nation as a whole.
- <sup>40</sup> Our analysis of 2011 and 2020 U.S. Bureau of Labor Statistics Current Employment Statistics data shows that total employment in the Inland Empire grew by 29 percent from 2011 to 2020 and employment in transportation and warehousing grew 165 percent over the same time period. The share of employment in transportation and warehousing in the region grew by 83 percent from 2011 to 2020.

<sup>41</sup> Our analysis of 2019 U.S. Census Bureau Annual Business Survey data shows that 47 percent of transportation and warehousing businesses in the Riverside-San Bernardino MSA are owned by people of color, compared to 22 percent of transportation and warehousing in the nation as a whole. These statistics include only employer businesses.

<sup>42</sup> DBEDT, “Hawaii’s Targeted & Emerging Industries: 2020 Update Report,” p.2, [https://files.hawaii.gov/dbedt/economic/data\\_reports/emerging-industries/Hawaii Targeted Emerging Industries 2020 Update Report.pdf](https://files.hawaii.gov/dbedt/economic/data_reports/emerging-industries/Hawaii%20Targeted%20Emerging%20Industries%20Update%20Report.pdf).

<sup>43</sup> Hawaii Small Business Development Center website, <https://www.hisbdc.org/>.

<sup>44</sup> Prosper Portland website, <https://prosperportland.us/>.

<sup>45</sup> Capital Region SBDC website, <https://www.capitalregionsbdc.com/>.

<sup>46</sup> California Capital Financial Development Corporation website, <https://cacapital.org/business-loans/state-loan-guarantee-program/>.

<sup>47</sup> Sacramento Entrepreneurship Academy website, <https://www.sealink.org/>.

<sup>48</sup> “Free Technical Assistance Available Now to Small Businesses Affected by the COVID-19 Pandemic,” *Sacramento City Express*, September 2020, <https://sacramentocityexpress.com/2020/09/28/free-technical-assistance-available-now-to-small-businesses-affected-by-covid-19-pandemic/>.

<sup>49</sup> Streetsense Pandemic Recovery Toolkit website, <https://jmepe1uhaii2ha9q5211szn4-wpengine.netdna-ssl.com/wp-content/uploads/2020/10/FoodBeverage-Toolkit-2010195.pdf>.

<sup>50</sup> According to our analysis of 2015-2019 U.S. Census Bureau American Community Survey 5-Year Estimates, 46 percent of Sutter County residents and 29 percent of in Yolo County residents spoke Spanish and spoke English “less than very well,” compared to 5 percent of the U.S. population as a whole.

<sup>51</sup> Greater Stockton Chamber of Commerce website, <https://stocktonchamber.org/>.

<sup>52</sup> African American Chamber of Commerce of San Joaquin Valley website, <https://www.aaccfsj.org/programs-and-services/>.

<sup>53</sup> Stockton Strong Small Business Resources website, <https://www.stocktonstrong.org/small-business-resources/>.

<sup>54</sup> Small Business Resiliency + Recovery Program website, <https://stocktonchamber.org/small-business-resiliency-recovery-program/>.

<sup>55</sup> According to our analysis of 2015-2019 U.S. Census Bureau American Community Survey 5-Year Estimates, 38 percent of San Joaquin County residents spoke Spanish and spoke English “less than very well,” compared to 5 percent of the population in the nation as a whole.

<sup>56</sup> On emergency capital usage during the pandemic, see Federal Reserve Banks of Atlanta, Boston, Chicago, Cleveland, Dallas, Kansas City, Minneapolis, New York, Philadelphia, Richmond, St. Louis, and San Francisco, *Small Business Credit Survey: 2021 Report on Employer Firms*, (2021), <https://www.fedsmallbusiness.org/medialibrary/FedSmallBusiness/files/2021/2021-sbcs-employer-firms-report>.

<sup>57</sup> Bartik et al., “Targeting.”

<sup>58</sup> Ran Duchin et al., “Concierge Treatment from Banks: Evidence from the Paycheck Protection Program,” February 21, 2021. Available at SSRN: <https://ssrn.com/abstract=3775276>.

<sup>59</sup> Sifan Liu and Joseph Parilla, “New Data Shows Small Businesses in Communities of Color had Unequal Access to Federal COVID-19 Relief” (Washington: Brookings Institution Metropolitan Policy Program, 2020), <https://www.brookings.edu/research/new-data-shows-small-businesses-in-communities-of-color-had-unequal-access-to-federal-covid-19-relief/>.

<sup>60</sup> Sacramento COVID Relief website, <https://sacramentocovidrelief.org/businesses-and-non-profits/bizhelp/>.

<sup>61</sup> SCORE Small Business Resilience Hub website, <https://www.score.org/recovery/small-business-resilience>.

<sup>62</sup> Capital Region SBDC website, <https://www.capitalregionsbdc.com/services/regional/initiatives/resiliency/>.

<sup>63</sup> According to our analysis of 2017 and 2020 U.S. Bureau of Labor Statistics’ Quarterly Census of Employment and Wages, employment in Transportation and Warehousing increased by 49.7 percent in San Bernardino County and 48.6 percent in Riverside County between 2017 and 2020 compared to 12.1 percent over the same time period in the nation as a whole.

<sup>64</sup> Pierre Azoulay et al., “Immigration and Entrepreneurship in the United States,” *American Economic Review: Insights*, forthcoming, 2021. Working paper version available as NBER Working Paper 27778 (Cambridge, MA: National Bureau of Economic Research, 2020), [https://mitsloan.mit.edu/sites/default/files/2020-09/Immigration\\_entrepreneurship.pdf](https://mitsloan.mit.edu/sites/default/files/2020-09/Immigration_entrepreneurship.pdf).

<sup>65</sup> Lorena Roque and Ryan Zamarripa, “Latinos Face Disproportionate Health and Economic Impacts from COVID-19” (Washington: Center for American Progress, 2021), [https://cdn.americanprogress.org/content/uploads/2021/03/04115828/030421\\_LationLaborMarket-Brief3.pdf?\\_ga=2.76786709.1023723666.1629814774-2094303213.1629814774](https://cdn.americanprogress.org/content/uploads/2021/03/04115828/030421_LationLaborMarket-Brief3.pdf?_ga=2.76786709.1023723666.1629814774-2094303213.1629814774).

<sup>66</sup> Regions with a high share of residents with limited English proficiency can be identified using data from the U.S. Census Bureau’s American Community Survey 5-year estimates. Data on Spanish-speaking residents with limited English proficiency can be found on ACS table S1601. Data on speakers of languages other than Spanish can be found using the ACS Public Use Microdata Sample (PUMS).

<sup>67</sup> SBA Community Navigators website, [https://www.sba.gov/local-assistance/community-navigators?utm\\_medium=email&utm\\_source=govdelivery](https://www.sba.gov/local-assistance/community-navigators?utm_medium=email&utm_source=govdelivery).

<sup>68</sup> Ed Lazere, “How States Can Best Use Federal Fiscal Recovery Funds: Lessons from State Choices So Far” (Washington: Center on Budget and Policy Priorities, November 2021), <https://www.cbpp.org/research/state-budget-and-tax/how-states-can-best-use-federal-fiscal-recovery-funds-lessons-from>

<sup>69</sup> Lucas Misera, “An Uphill Battle: COVID-19’s Outsized Toll on Minority-Owned Firms” (Cleveland: Federal Reserve Bank of Cleveland, 2020), <https://www.clevelandfed.org/newsroom-and-events/publications/community-development-briefs/db-20201008-misera-report.aspx>.

<sup>70</sup> Robert Fairlie, “COVID-19, Small Business Owners, and Racial Inequality,” *The Reporter*, No.4, (Cambridge, MA: National Bureau of Economic Research, 2020), <https://www.nber.org/reporter/2020number4/covid-19-small-business-owners-and-racial-inequality>; Miles Chandler et al., *How the Coronavirus Recession and Recovery Have Affected Businesses and Jobs in the 100 Largest Metropolitan Areas: Second Quarter of 2020 through Second Quarter of 2021* (Boston: Initiative for a Competitive Inner City, 2021), <https://icic.org/latest-research/>.

<sup>71</sup> United States Government Accountability Office (GAO), “Factors for Evaluating the Cost Share for Manufacturing Extension Partnership Program to Assist Small and Medium-Sized Manufacturers,” April 2011. GAO-11-437R, <https://www.gao.gov/products/gao-11-437r>.

<sup>72</sup> Using the Census Bureau’s Annual Business Survey, the MBDA could identify the industries that are most important to business owners of color in a particular region as the industries with the largest percentages of business establishments owned by people of color. From among the industries that are most important to business owners of color, those that offer good jobs to people of color without a college degree could be identified using Current Population Survey data.

<sup>73</sup> Inclusive Business Resource Network website, <https://prosperportland.us/portfolio-items/inclusive-business-resource-network/>.

<sup>74</sup> Lara Fishbane and Adie Tomer, “Neighborhood Broadband Data Makes It Clear: We Need an Agenda to Fight Digital Poverty” (Washington: Brookings Institution Metropolitan Policy Program, 2020), <https://www.brookings.edu/blog/the-avenue/2020/02/05/neighborhood-broadband-data-makes-it-clear-we-need-an-agenda-to-fight-digital-poverty/>.

<sup>75</sup> “Fact Sheet: The Bipartisan Infrastructure Deal,” <https://www.whitehouse.gov/briefing-room/statements-releases/2021/11/06/fact-sheet-the-bipartisan-infrastructure-deal/>.