

Committee on Labor and Public Employees

Public Testimony of the CT Women's Education and Legal Fund (CWEALF)

H.B. 5481: *An Act Establishing a Grant Program for Women and Minority-Owned Businesses*

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The Connecticut Women's Education and Legal Fund (CWEALF) is a statewide nonprofit that advocates for and empowers women and girls in Connecticut, especially those who are underserved or marginalized. For forty-seven years, CWEALF has been a leading advocate for policies that advance the economic security of women across our state and promote gender equity in the workplace.

We urge the committee to support H.B. 5481: *An Act Establishing a Grant Program for Women and Minority-Owned Businesses*. The COVID-19 pandemic has severely impacted both women and minority-owned businesses in our state and across the country.

Black-owned businesses in 2020 saw a decline of 41% compared to white-owned businesses that saw a 17% decline.¹ Almost 1.9 million of the 2 million Black-owned businesses in the United States, do not have paid employees. If each of these companies could add one or two employees, it could be a solution to help any lingering unemployment issues in the African American community.² House Bill No. 5481 would provide these companies more funds to hire and retain employees, which supports small businesses and addresses the unemployment crisis caused by the pandemic.

Women-owned businesses are driving economic growth in the United States. They represent 42% of all businesses — nearly 13 million — employing 9.4 million workers and generating revenue of \$1.9 trillion.³ According to the Connecticut Secretary of State's business registration data, industries such as healthcare and social services, educational services, and retail trade, have the highest percentage of women-owned businesses. These industries were also among those most impacted by COVID-19.⁴ In fact, 3 in 4 private child care providers have closed during the pandemic, heavily impacting an industry where 92% of businesses are females-owned⁵

¹ <https://www.clevelandfed.org/newsroom-and-events/publications/community-development-briefs/db-20201008-misera-report.aspx>

² <https://www.charlestonchronicle.net/2018/11/24/there-are-over-2-million-black-owned-businesses-in-the-u-s/>

³ https://s1.q4cdn.com/692158879/files/doc_library/file/2019-state-of-women-owned-businesses-report.pdf

⁴ <https://www.fundera.com/blog/2017-spotlight-women-entrepreneurs>

⁵ <https://womenandgirls.ctdata.org/docs/Essential%20Equity%20Women%20Covid-19%20and%20Rebuilding%20CT.pdf>

On average, men receive \$5,000 more in loans than women.⁵ The disparity in loans for minority-owned businesses versus non-minority businesses is even greater: for a minority business with over \$500,000 in gross revenue, the average loan approval was for \$149,000. Non-minority business loans average \$310,000. Studies also show that interest rates are more often higher for a minority business⁶ and only 1 percent of black business owners receive a bank loan in their first year of business, compared with 7 percent of white business owners.⁷

These challenges are only heightened for women of color who own businesses. This disparity has an enormous effect on the U.S. economy. Four million new jobs and \$981 billion in revenue would be added if average revenue of minority women-owned businesses matched that of white women-owned businesses.⁸

To grow Connecticut's economy, we must support businesses owned by women and Black, Indigenous, People of Color. In order to do so, we must provide opportunities for these businesses to not only survive, but to reach economic stability. This can be achieved by passing H.B. 5481. We urge the Committee and Connecticut lawmakers to advance this important legislation this year.

⁶ <https://www.business2community.com/small-business/minority-entrepreneurs-face-challenges-business-development-01497508>

⁷ <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/covid-19s-effect-on-minority-owned-small-businesses-in-the-united-states#>

⁸ https://s1.q4cdn.com/692158879/files/doc_library/file/2019-state-of-women-owned-businesses-report.pdf