



Two Embarcadero Center
8th floor
San Francisco, CA 94111
CAMEOnetwork.org
cameo@CAMEOnetwork.org
ph 510.736.0797

California Microbusinesses Critical for Equitable Recovery

Diverse, very small businesses are critical to California's economic recovery.

- 4.2 million Californians are employed by micro-businesses.
- 3.5 million micro-businesses have no employees (self-employed).
- 1.89 million small businesses, or 44.5%, are owned by a Hispanic or racial minority
- California's small businesses employ almost 50% of the state's workforce
- Black Americans are more likely to start businesses than any other ethnic group, with women of color starting businesses at 4.5X the rate of the overall population.
- 4% of Black-owned businesses are still in business after 3.5 years compared with a national average of 55.5%.
- The multiplier effect for a small local business on a local economy is twice that of a national chain.
- COVID-19 has highlighted the importance of small businesses to our community and what happens when they aren't supported, especially entrepreneurs of color.
- If we were to close the racial wealth gap, GDP would increase by more than 40%. Business ownership is a key strategy.

CAMEO members are wealth creators and provide critical support.

Our network serves approximately 200,000 businesses with training, technical assistance and loans. These firms, which are largely start-ups, support/create about 250,000 new jobs for California and an estimated \$15 billion in economic activity— raising state and local revenues and decreasing demand for government services. Traditionally, CAMEO members have served the socially and economically disadvantaged populations.

Business assistance is the key to success and 1st step in capital access.

- Microbusiness owners that have gone through training programs and receive business assistance or mentorship are more likely to be in business five years later.
- A \$1 of TAEP funding for WBCs has returned \$192 in local economic activity.
- The cost of creating a job through business ownership is less than \$5,000 a job; consider that a public works infrastructure project costs \$50,000 a job.

Capital access is important.

- Applicants who receive a small business loan 1) are 54% more likely to qualify for future business loans; 2) are 54% more likely to survive; and 3) increase their sales by an average of 41%.
- Transparency is needed in small business lending to stop predatory practices.



Two Embarcadero Center
8th floor

San Francisco, CA 94111

CAMEOnetwork.org

cameo@CAMEOnetwork.org

ph 510.736.0797

Generally, CAMEO supports a strong [local entrepreneurial ecosystem](#) - what small businesses really need: Coaching (all training), Capital, Connections (to markets and networks), Culture, and Climate (policy). When the pieces are in place, our small businesses can move toward recovery and finally resiliency which in turn spill upward to our communities and our state. Invest significant resources into communities of color for small business development; place underserved business owners first in line for any programs; and program design should take their needs into account. The pandemic also taught us the value of language and culturally appropriate resources and the need for outreach.

Specifically, we support the following:

Coaching

- Continued permanent and full support and expansion of the Technical Assistance Program (TAP).
- All programs intended to reach underserved and under-resourced entrepreneurs need flexible marketing, outreach and administrative dollars, including grant programs. Most programs also need support for coaching activities. Materials need to be language and culturally appropriate.
- Provide funding for community-based entrepreneurial training programs.

Capital

- Continued permanent support and expansion of the California Investment and Innovation Program for CDFI capacity building.
- Strong transparency in small business lending regulations (SB 1235) and small business lender accountability through Department of Financial Protection and Innovation.
- If a lender is taking advantage of state or federal credit enhancement programs, or otherwise subsidized by the state or federal government, they should adhere to responsible lending practices, e.g. such as those suggested by the Small Business Borrowers' Bill of Rights.
- Expand the state loan guarantee programs to a 95% guarantee to increase lending to more riskier borrowers.
- Grant funding and/or very patient capital (0% long-term (20 year) patient capital for CDFIs so that they can make it through the recession and assist in the recovery with a flexible carve out to CDFIs that make loans to microenterprises and small businesses that are owned by undocumented people.
- Increase the use of public banks.
- Facilitate crowdfunding as a capital option for small businesses.



Two Embarcadero Center
8th floor
San Francisco, CA 94111
CAMEOnetwork.org
cameo@CAMEOnetwork.org
ph 510.736.0797

- Support unemployment for California self-employed while they start their own businesses with a re-orientation of Workforce dollars.

Connections (to Markets)

- Ensure small business procurement goals are met.
- Break up large government contracts.
- Continuation of government contracts even if unable to deliver projects.
- Replace import with goods and services from locally-owned companies.
- Broadband is a basic utility that everyone needs to access.
- Increase opportunities for small businesses to participate in climate crisis responses.

Culture

Continued support for small business support shows leadership and understanding of the important role that small business plays in economic development.

Climate

- Put energy into more creative solutions, other than tax credits. Most small businesses are unable to take advantage of them.
- Ease restrictions for cottage food production. During the pandemic, many people who lost their jobs or quit them, began cooking and offering meals or sweets made in their home kitchens.

•