

RACIAL JUSTICE FOR SMALL BUSINESSES

DIVERSE SMALL BUSINESSES ARE A POWERFUL ECONOMIC FORCE...

- If Black- and Latino-owned business ownership matched their share of the population and their business revenues matched those of their peers, GDP would increase by \$4 Trillion. [\[link\]](#)
- 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.
- 2 million California small businesses, or 52.5%, are owned by a Hispanic or racial minority. [\[link\]](#)
- 57% of business leaders in the U.S. believe supplier diversity improves innovation and competitiveness. [\[link\]](#)
- Ethnically and culturally diverse firms outperform their competitors by 36% in terms of profitability.

...BUT THEY RECEIVE ONLY A FRACTION OF THE FUNDING AND SUPPORT, MAKING THEM LESS SUSTAINABLE

- In 2022, Black and Latino founders received only 1 percent and 1.5 percent respectively of total US venture capital (VC) funding.
- In 2021, 32% of Black, 23% of Latino, and 22% of AAPI business owners were denied loans, compared to 18% of small businesses overall. [\[link\]](#)
- 4% of Black-owned businesses are still in business after 3.5 years compared with a national average of 55.5%.
- Over half of all US small businesses had more than two weeks of cash reserves. 94% of small businesses in majority Black communities and 89% of small businesses in majority Hispanic communities had fewer than two weeks of cash reserves. [\[link\]](#)
- Black-owned and immigrant-owned businesses closed at more than double the rate of white-owned businesses during COVID.

CHALLENGES TO DIVERSITY INITIATIVES ARE A THREAT TO RACIAL JUSTICE

- The U.S. Supreme Court's rejection of affirmative action opened the door to legal challenges questioning the validity of initiatives aimed at funding small business owners of color. [\[link\]](#)
- Lawsuits against the Fearless Fund, Hello Alice, LIFT Fund, and possibly others allege that they engaged in unlawful racial discrimination by helping Black-owned small businesses. [\[link\]](#)
- We believe this is part of a larger strategy to attack voluntary, private-sector efforts to combat the lingering effects of racism on the American economy.
- **This is a worrying trend for our industry whose mission it is to provide access to capital for underserved entrepreneurs and small business owners.**



California Small Business Coalition for Racial Justice

casbcrrj.org

The California Small Business Coalition for Racial Justice works to achieve racial economic equity by eliminating access to capital barriers for Black and brown entrepreneurs.

The Coalition is made up of 20 California-based organizations and includes local lenders, small business support networks, and community-based organizations driving racial justice efforts.

OUR MEMBERS



* Steering Committee Members