



SMALL BUSINESS POLICY GUIDE

DIVERSE, VERY SMALL BUSINESSES ARE CRITICAL FOR CALIFORNIA'S ECONOMIC RECOVERY

- 4.1 million Californians are employed by micro-businesses.
- 3.3 million micro-businesses have no employees (self-employed).
- California's small businesses employ almost 50% of the state's workforce.
- 2 million small businesses, or 52.5%, are owned by a Hispanic or racial minority
- 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%.
- 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.
- The multiplier effect for a small local business on a local economy is twice that of a national chain.
- COVID-19 highlighted the importance of small businesses to our community and what happens when they aren't supported, especially entrepreneurs of colors.

CAMEO NETWORK 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 300,000 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 THE 1ST STEP IN CAPITAL ACCESS

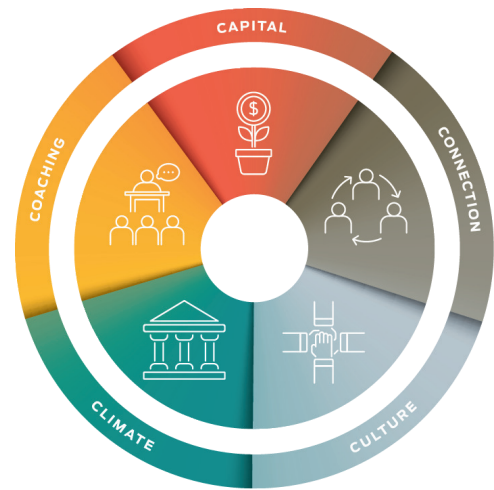
- Microbusiness owners that have gone through training programs and receive business assistance or mentorship are more likely to be in business five years later.
- A \$1 of TAP funding for WBCs has returned \$192 in local economic activity.

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.

CAMEO NETWORK SUPPORTS A STRONG LOCAL ENTREPRENEURIAL ECOSYSTEM

When all the pieces of a local entrepreneurial ecosystem (Coaching, Capital, Connections, Culture, Climate) 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.



COACHING (ALL TRAINING)

- 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, SB 33 passed; SB 1482 in process) 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.
- Support unemployment for California self-employed while they start their own businesses with a re-orientation of Workforce dollars.

CONNECTIONS (TO MARKETS AND NETWORKS)

- 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 (POLICY)

In addition to the policies listed above, government can

- 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.



Learn more about the Local Entrepreneurial Ecosystem



For more information, contact:
Heidi Pickman
VP, Engagement and External Relations
hpickman@CAMEOnetwork.org