



Talking Points for Small Business Advocates
Re: American Rescue Plan Act (ARPA) Funding for Small Businesses

Context: The Massachusetts Legislature is currently debating how to appropriate approximately \$5 billion from the American Rescue Plan Act (ARPA) to address a wide range of issues from housing to transportation, to public health, to education and small business. The State is also developing a plan for how to implement \$136 million from the State Small Business Credit Initiative (SSBCI). The Coalition for an Equitable Economy has developed recommendations for a total investment of \$1.1 billion to accelerate its support for inclusive entrepreneurship and work to close the state's large racial wealth gaps.

Problem Statement: Prior research sponsored by CEE found that:

- The rate of Black and Latinx business ownership in Massachusetts is half that of whites
- Nationally, Black and Latinx firms receive a combined 3% of venture capital investments, compared to 25% for Asian-owned firms and 72% for White-owned firms.
- 18% of Massachusetts entrepreneurs are people of color, but only 10% of small business bank loans go to neighborhoods that are majority people of color.
- Entrepreneurs of color in Massachusetts have unmet capital demand on the order of approximately \$574 million annually.

Talking Points

Top Line Request - Small businesses, especially those owned by people of color, immigrants and low-income entrepreneurs – have been especially hard hit by this pandemic and we need to make them a major priority for ARPA funding by investing **\$1.1 billion** to support their survival, recovery and growth.

Spending Priorities – CEE has developed recommendations for seven different programs designed to meet different needs and challenges within the small business community. Collectively, they address the need for:

1. **Grants** directly to small businesses to support stabilization, strengthening, recovery and growth as well as helping small businesses buy their own building
2. Lower-cost **loans** from non-profit community lenders and banks to provide capital that would otherwise be unavailable to many small businesses
3. **Equity** investments for high-growth startups and moderate growth small businesses with a focus on BIPOC and women-owned businesses too often shut out of equity markets
4. Expanded **technical assistance** to ensure that businesses have the information, knowledge, and skills they need to succeed.

Design for Equity: All ARPA funded small business programs need to be designed with a focus on racial equity by

- Making under-resourced small businesses a first priority for funding.

Prioritizing Businesses left out of prior recovery programs.

- Building Accountability into Program Structure.

For more information, please go to our [website](#)

Summary Table with Funding Amounts and Sources by Program

Funding Source	ARPA	SSBCI 2.0	Total
<i>Performance Period</i>	<i>5 years</i>	<i>7 years</i>	<i>n/a</i>
1. Small Business Grants	\$300,000,000	--	\$300,000,000
2. Nonprofit Small Business Financing Institution Grant Program	\$300,000,000	--	\$300,000,000
3. Small Business Credit Support Fund	\$134,000,000	\$96,000,000	\$230,000,000
4. Equity Capital Program	\$80,000,000	\$20,000,000	\$100,000,000
5. Small Business Technical Assistance Program	\$50,000,000	--	\$50,000,000
6. Small Business Loan Participation Program	--	\$20,000,000	\$20,000,000
7. Small Business Real Estate Subsidy Program	\$100,000,000		\$100,000,000
TOTAL	\$964,000,000	\$136,000,000	\$1,100,000,000