

To: The Committee on House Commerce and Economic Development

From: The City of Burlington's Community and Economic Development Office

RE: Economic Recovery Grant Program

Date: February 17, 2021

Dear Chairman Marcotte and House Commerce and Economic Development Committee,

Thank you for all the hard work you and your team have done to respond to businesses suffering from the impacts of COVID-19. While we appreciate your team's efforts to roll out The Economic Recovery Grant Program in short order, we want to highlight a few challenges Burlington businesses are experiencing when applying for these funds, especially our immigrant and BIPOC-owned businesses.

To set the stage, there are approximately 60 BIPOC-owned businesses with storefronts in Burlington; these businesses are ethnic markets, restaurants, retailers, and barbers/salons. There are an additional 25 BIPOC-owned home businesses in Burlington, and 15 professional service businesses owned by BIPOC individuals.

CEDO has worked with many of these ~100 BIPOC-owned businesses since the pandemic, and we have identified the below challenges these businesses faced when applying for State grants, mainly The Vermont Economic Recovery Grant.

1. Most of the 100 BIPOC-owned businesses speak English as a second language.
2. First-come first-served grant programs put BIPOC-owned businesses at a disadvantage, especially when translated materials are not available.
3. BIPOC-owned businesses that we work with are generally unaware of State and Federal grant programs. It is important to work with local partners that know BIPOC-owned businesses in their community and can help conduct targeted outreach and to help provide translation services.
4. Many BIPOC-owned businesses are small family-owned businesses, which often do not have QuickBooks to upload financial statements. These small businesses do not have personal accountants that can apply for them or help them navigate complex State and Federal grant programs.

Below are a few specific examples of the challenges BIPOC-owned businesses faced when trying to apply for State grants.

- Three BIPOC-owned businesses opened in January and February of 2020, and were ineligible to Federal and State Funding because they opened in 2020.

- We have approximately 10 ethnic markets that stayed opened during the pandemic in order to serve their respective communities. While these businesses experienced financial hardship due to the pandemic, their monthly revenue losses are just under 50% threshold needed to be eligible for these grants. I believe this issue was resolved in later iterations of the Vermont Economic Recovery Grants.
- Many businesses decided not to apply because they didn't have QuickBooks or electronic financial records that they were able to upload. Due to the financial impacts of Covid-19, these businesses did not have the funds to pay an accountant to create financial records or apply for me.
- We helped BIPOC-owned businesses convert their finances from hand-written notebooks to excel documents. By the time all the finances were in a format to upload, the Vermont Economic Grant funds had been depleted.
- Many of the BIPOC-owned businesses are lower income "Mom and Pop Shops" with less than 5 employees. Some of these businesses that did get through all the hoops to apply for The Vermont Economic Recovery Grants, only ended up receiving a few thousand dollars. To ensure an equitable recovery, the 10% of 2019 income awarded to businesses should be higher for lower-income business owners.

In order to help the many Burlington BIPOC-owned businesses that didn't receive Federal or State financial relief, CEDO used \$180,000 for a CDBG Small Business Grant Program. We gave \$5,000 grants to 36 Burlington businesses with less than five employees, 27 of these businesses were awarded to BIPOC-owned businesses. Instead of doing first-come first-served, we had a five week application window. We prepared translated materials and conducted targeted outreach (phone calls, door-to-door, social media) to BIPOC-owned businesses that hadn't received Federal or State funds. We made the application requirements as simple as we could, while following CBDG compliance requirements. This program was well over-subscribed, and the demand heavily outweighed the supply.

Recommendations:

- Dedicate separate funds for BIPOC-owned businesses to avoid the above challenges.
- Partner with local groups that know and work with BIPOC-owned businesses (CEDO, CVOEO, Small Business Development Center, and neighborhood groups.)
- Target outreach, translate materials, and provide application assistance.
- Do not use first-come first-served model.

Sincerely,

Will Clavelle

Burlington's Community and Economic Development Office