

To: Congresswoman Haley Stevens (MI-11)

From: Ebenezar Wikina (Mandela Washington Fellow)

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Policy Brief #1: Building Michigan Back Better through support for black-owned businesses

Executive Summary

Despite being 82% black, in Detroit over 49,000 black-owned businesses still struggle to get a fair opportunity to compete¹. Furthermore, a study by the University of Michigan² shows that very few small business owners and entrepreneurs in the United States overall received government aid through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), and that both lack business owners and entrepreneurs fared worse than their non-Black counterparts. With this in mind, in your efforts to build back better, you should lobby and advocate for more black-owned businesses and entrepreneurs in Michigan to benefit from the CARES Act. You should also organize a series of engagements with the Detroit Coalition for Economic Inclusion (DCEI) and other minority-owned business coalitions and unions in Michigan to better understand their challenges in a bid to support them better in the post-COVID-19 era.

Background

According to a special report by MetLife and the U.S. Chamber of Commerce on Race and Inequality on Main Street³, minority-owned small businesses have been disproportionately impacted by the coronavirus and the accompanying economic fallout as many fear permanent closure while others struggle to access loans.

The poll found that two in three (66%) minority small businesses are concerned about having to permanently close their business versus 57% for non-minority small businesses. Two-thirds (66%) of all small businesses in America also acknowledge that minority-owned businesses have been disproportionately impacted by COVID-19 with the number of small businesses who believe this increasing by 17% between January and June 2020⁴.

The CARES Act is a \$2.2 trillion economic stimulus bill passed by the 116th U.S. Congress and signed into law by President Donald Trump on March 27, 2020 in response to the economic fallout of the COVID-19 pandemic in the United States⁵.

The Act has generated mixed reactions across the United States. In mid-April 2020, a survey released by the James Beard Foundation and the Independent Restaurant Coalition indicated that 80 percent of restaurant owners (representing roughly half a million businesses which employ eleven million people) did not believe that their businesses were likely to survive, despite the

¹ Michigan Chronicle

<https://michiganchronicle.com/2019/08/06/black-owned-companies-form-detroit-coalition-for-economic-inclusion-to-push-for-equal-opportunity-in-building-boom/>

² University of Michigan,

<https://news.umich.edu/black-business-owners-entrepreneurs-left-out-of-small-business-coronavirus-support/>

³ US Chamber of Commerce, <https://www.uschamber.com/report/august-2020-special-report-race-and-inequality-main-street>

⁴ Detroit Chamber,

<https://www.detroitchamber.com/covid19/report-2-in-3-u-s-minority-owned-small-businesses-worry-about-permanently-closing/>

⁵ Wikipedia, https://en.wikipedia.org/wiki/CARES_Act

CARES Act⁶. In contrast, many other observers have noted that, although very well planned, the Act hasn't been able to translate to tangible results in small businesses across the U.S.

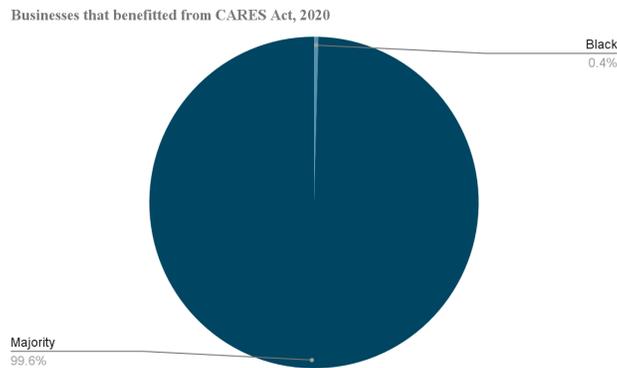


Fig 1: Chart shows that only 0.3% of Black-owned businesses reported benefiting from the government's CARES Act, 2020⁷

Proposed Recommendations

With this in mind, the Congresswoman can carry out the following steps in a bid to support black-owned businesses in Michigan.

1. **Carryout Advocacy on behalf of Black-owned businesses:** You should work closely with your caseworkers to ensure that the right government departments and agencies are engaged to facilitate access to loans and grants, from the CARES Act and other federal stimulus packages, for black-owned businesses in Michigan.
2. **Engage with Detroit Coalition for Economic Inclusion and other minority Business Coalitions:** The Detroit Coalition for Economic Inclusion (DCEI) is currently the largest coalition of black businesses in Michigan. You should organize a series of engagements with DCEI along with other minority business coalitions to better understand their challenges and co-create workable solutions that would help boost the economy of the State. By doing so, you will not only exemplify a listening leader, you will also be better informed of the business development issues in your district and the entire State at large.

Urgency Statement

In 2020, Detroit recorded 327 homicides and 1,173 nonfatal shootings. Detroit Police Chief James Craig said this sharp increase was due to increased drug and alcohol use during the pandemic⁸. With more jobs and businesses lost post-COVID-19, urgent steps need to be taken to save black-owned and other minority businesses in Michigan as this would ensure more people are engaged in meaningful and productive activities.

⁶ Esquire, <https://www.esquire.com/food-drink/restaurants/a32190986/cares-act-chains-independent-restaurants/>

⁷ Bridge Michigan, <https://www.bridgemi.com/business-watch/qa-u-m-researcher-says-black-businesses-shorted-first-ppp-loans>

⁸ Detroit Free Press, <https://www.freep.com/story/news/local/michigan/detroit/2021/01/06/detroit-homicides-shootings-2020/6563259002/>