

**Testimony of Cary Brown, Executive Director of the Vermont Commission on Women  
Senate Committee on Economic Development, Housing, and General Affairs**

**RE: Coronavirus relief funds: Minority and Women Owned Businesses Grants**

Good morning. My name is Cary Brown and I am the Executive Director of the Vermont Commission on Women. I'm pleased to be with you today to report on some of our experiences with the \$5 million set-aside for economic recovery grants to minority- and women-owned businesses with zero-five employees.

**BACKGROUND**

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In July 2020, as a result of the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, the State of Vermont announced new Economic Recovery Grants for Vermont businesses, which included a set-aside of \$2.5 million for minority-owned businesses and \$2.5 million for women-owned businesses with zero - five employees.

The enabling legislation named the Vermont Community Loan Fund, in collaboration with the Vermont Commission on Women and other appropriate partners, as the community partners in this program. The Vermont Partnership for Fairness and Diversity was identified as the third partner.

The work of outreach and assistance was roughly divided along the lines of the two specified groups in the set-aside, with the Vermont Partnership for Fairness and Diversity providing outreach and technical assistance to minority-owned businesses, and the Vermont Commission on Women focusing on women-owned businesses. The lines were often crossed, however, and a large number of other community partners contributed to all the efforts. (The Implementation section below provides more detail about how this worked and who was involved.)

**RATIONALE**

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This grant program is designed to recognize the disparate needs of businesses owned by minorities and women, and to help ensure that they get assistance that is targeted to their needs.

The Vermont Agency of Commerce and Community Development says that retention and expansion of existing businesses is "job #1 for Vermont."<sup>1</sup> Investing in small businesses owned by minorities and women is a powerful way to jumpstart a sector that has the potential to add billions of dollars to the Vermont economy.

**Businesses owned by women in Vermont lag significantly behind those owned by men.**

Women make up 51% of the population in Vermont, but women-owned businesses:

- are only 32% of all private businesses in Vermont<sup>2</sup>
- employ just 12% of all employees in private businesses<sup>3</sup>

- generate only 9% of all privately owned business revenue<sup>4</sup>
- are significantly under-represented in all of the top ten highest grossing sectors in Vermont, and face a revenue gap compared to men-owned businesses in every one<sup>5</sup>

The difference in revenue generated by women-owned and men-owned businesses is enormous – women-owned businesses generate just **19% of the revenue** generated by men-owned businesses.<sup>6</sup>

**Businesses owned by minorities lag well behind those owned by non-minorities.**

Non-white Vermonters are 6.4% of the population, but minority-owned businesses:

- are only 3% of all private businesses in Vermont<sup>7</sup>
- have less than 75% the number of employees of white-owned businesses<sup>8</sup>

Nationally, minority-owned businesses:

- generate only 48% of the revenue that non-minority-owned businesses do<sup>9</sup>
- are growing at a rate that's less than that of the minority population as a whole<sup>10</sup>
- pay higher interest, get smaller loans, and are more likely to be denied funding for their small businesses<sup>11</sup>

**Minority- and women-owned businesses are much more likely to be sole proprietors.**

- 89% of businesses owned by women in Vermont have no employees, compared to 77% of those owned by men.<sup>12</sup>
- Nationally, almost 95% of Black-owned businesses are sole proprietors<sup>13</sup>

**Businesses owned by minorities and women have the potential to add billions of dollars to the Vermont economy.**

- If the percent of women-owned businesses that have employees matched that of men-owned businesses, and if the revenue generated matched as well, Vermont would see an additional \$3.8 billion dollars in the economy.<sup>14</sup>
- If Vermont women started businesses at the same rate as Vermont men, it would result in 10,500 new businesses in the state.<sup>15</sup>
- If just 1 in 4 of the existing sole proprietors who are women were able to add one employee, Vermont would see over 5000 new jobs created.<sup>16</sup>
- As the United States moves toward a near future in which minority communities make up the majority of the population, the success of minority-owned businesses will be essential to the success of the economy overall.<sup>17</sup>
- If minority-owned businesses in the US employed people and generated revenue at the same rate as non-minority-owned businesses, they would add 11.9 million jobs and \$2.69 trillion to the economy.<sup>18</sup>

## IMPLEMENTATION

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The Agency of Commerce and Community Development, with the agreement of the partners, included the application process for these grants within their larger Emergency Economic Recovery grants program. They created an application process that could identify those businesses that were minority- or women-owned, as well as those with zero employees (sole proprietors). ACCD reviewed the applications, approved them (or not), and awarded the grants. They also provided technical assistance in

the form of a live chat and a telephone number, and were able to answer many applicants' questions, particularly as they related to the technical specifics of navigating the online application process.

Many businesses needed additional technical assistance, in many cases because they were very small businesses without accountants or software that would allow them to generate the required application materials quickly. Many of these businesses were exactly the type that this program was designed to reach; those without many other resources, and without established connections to supports from the State or other groups.

The Vermont Partnership for Fairness and Diversity and the Center for Women and Enterprise Vermont took on the job of providing intensive technical support to applicants. They also provided outreach to make sure that businesses across the state knew about the grant program, where to apply, and that there was technical assistance available.

### **Outreach**

The need for this program is well-evidenced by the tremendous contributions to outreach of many, many organizations and individuals in Vermont. Some (but unlikely all) of the partners who actively coordinated with each other and their own networks to spread the word include:

- AALV, Inc.
- Capstone Community Action
- Center for Women and Enterprise Vermont
- Champlain Valley Office of Economic Opportunity
- Change the Story VT
- Justice for All
- Let's Grow Kids
- Main Street Alliance VT
- Mercy Connections
- The Vermont Women's Fund
- Vermont Businesses for Social Responsibility
- Vermont Commission on Women
- Vermont Human Rights Commission
- Vermont Partnership for Fairness and Diversity
- Vermont Works for Women
- Women Business Owners Network

Vermont Partnership conducted the following outreach activities:

1. Created landing pages on their website for grant information and FAQs with Google Translate
2. Sent eight email blasts re: grant announcement, tech assistance and FAQs; email blasts went to nearly 600 individuals curated from their listserv including 50+ organizations governed or led by BIPOC members inclusive of the Abenaki, 200+ BIPOC thought leaders, minority-owned businesses, and allied organizations across the state
3. Posted twelve announcements on social media frequented by BIPOC
4. Posted links to their COVID landing pages via the contact pages of BIPOC and New American businesses with contact pages on their websites
5. Sent multilingual (Arabic, Bosnian, French, Nepali, Somali, Spanish, and Vietnamese) email blasts with instructions on how to use Goggle Translate on our COVID grant pages

6. Secured the services of AALV to translate critical information in the target languages of Arabic, Bosnian, French, Nepali, Somali, Spanish, and Vietnamese
7. Through repostings and sharing they estimate their campaign reached approximately 1,500 of the 6,600 BIPOC households in the state

The Vermont Commission on Women conducted the following outreach activities:

1. Created a landing page on our website: <https://women.vermont.gov/economic-recovery-MWBE> including links to the application; all translated information documents; comprehensive explanations of eligibility and application requirements; and links to technical service providers
2. Wrote and recorded a Public Service Announcement for radio and sent to all radio stations in Vermont
3. Developed marketing materials including infographics and graphics for printing rack cards, posters, and social media, and shared them widely (links below and graphics in appendix at end of document) <https://women.vermont.gov/sites/women/files/Eligibility%20Infographic.png> <https://women.vermont.gov/sites/women/files/Prepare%20and%20Apply%20Infographic.png>
4. Distributed a special edition of our electronic newsletter, VIEW (Vermont Information Exchange for Women) devoted to the grant program, which goes to over 2500 people: [https://women.vermont.gov/sites/women/files/pdf/VIEW\\_Economic\\_Recovery\\_Grants\\_for\\_Minority\\_Women\\_Owned\\_Businesses.pdf](https://women.vermont.gov/sites/women/files/pdf/VIEW_Economic_Recovery_Grants_for_Minority_Women_Owned_Businesses.pdf) and also included the information in our subsequent VIEW newsletters
5. Sent multiple email blasts to our entire network, including all of our 27 Advisory Council organizations as well as many others
6. Researched organizations and individuals outside of our usual network who are connected to BIPOC in Vermont and sent email notifications to all we could find
7. Developed a comprehensive document outlining the rationale for the grant program which was shared with legislators and posted on our website: [https://women.vermont.gov/sites/women/files/pdf/MWBE\\_grants\\_information.pdf](https://women.vermont.gov/sites/women/files/pdf/MWBE_grants_information.pdf)
8. Posted numerous notices on our Facebook, Twitter, Instagram, and other social media sites
9. Other organizations used the content we created on the landing page on our website to develop their own informational resources, increasing the reach of the information significantly

### **Assistance**

The Center for Women and Enterprise Vermont was the primary technical assistance provider for women-owned businesses. Their activities included (but were not limited to):

1. Creating an FAQ document on their website
2. Developing and posting on their website templates for the financial documents needed for the application
3. Devoting staff resources in the form of their three full-time staff plus three additional financial counselors brought on specifically to provide technical assistance for these grants
4. Developing and delivering nine live assistance sessions via phone and video to answer applicants' questions specific to their own situations, and to help prepare application materials, including:
  - a. How do I find my EIN?
  - b. How do I find my NAICS?
  - c. What's an Income Statement? Do I have one?
  - d. How do I prep an Income Statement?
  - e. How do I create a PDF?
5. Providing individualized, personal, one-on-one assistance to over 150 Vermont business owners

6. Spending a typical 30 minutes with each applicant requiring assistance, and over an hour for at least 30 of them

The Vermont Partnership for Fairness and Diversity was the primary technical assistance provider for minority-owned businesses. Their activities included (but were not limited to):

1. Fielded 75 technical assistance inquiries (49 by phone, 26 via email) focused on questions of eligibility, how to present a profit and loss statement, how to update information on an already submitted application, how to create .pdf files, etc.

The Vermont Commission on Women fielded approximately three dozen inquiries (by phone and email) regarding the grant program. Many of the callers had technical questions about the ACCD application portal that we were able to help them with, sometimes through escalating their issue directly with ACCD. Others had simple questions which we were able to answer ourselves, while others needed more comprehensive technical assistance, and we referred them to the Center for Women and Enterprise Vermont and the Vermont Partnership for Fairness and Diversity.

## LESSONS LEARNED

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This program has done very well at getting financial assistance to hundreds of sole proprietors that otherwise would not have been eligible for help. Even beyond this, the recognition by the State that minority- and women-owned businesses often have faced additional hurdles to success that need to be addressed through a program such as this is incredibly powerful. The enormous response on the part of applicants is clear testimony that the need exists, and that much of it is still going unmet.

There were some challenges with the process that will be useful to note in order to improve similar efforts in the future. Some of the challenges we encountered or heard about from applicants and our partners include:

- The grants were announced on Wednesday, July 1, with applications opening on Monday, July 6. Friday, July 3, was a holiday (Independence Day). This allowed two business days for marketing, outreach, application preparation, and technical assistance. Applying businesses and partners worked furiously over that holiday weekend, and many businesses were ready to apply first thing Monday morning. Many others, however, were not. They needed more time to understand the process, to prepare financial documents, to get their questions answered. Many sole proprietors do not have accountants, or accounting software, or experience preparing the financial documentation required. Many had not previously had connections to the resources available from ACCD or through other networks such as the Center for Women and Enterprise or Women Business Owners Network. This created an inequitable situation in which those businesses who had those connections, and who had greater resources available to them to begin with, were closer to the starting line and therefore more likely to be granted the very limited funds.
- The short lead time also made it impossible to have translated materials ready by the opening of applications. This created further inequity.
- Many applicants encountered technical challenges with the application portal, and long wait times for assistance from ACCD. Additionally, they were not always given correct information when they did get through, and experienced further delays because of this.
- Applicants told us that the definition of minority-owned business left out many historically under-represented groups in Vermont, such as people with disabilities or LGBTQIA people.

Vermont law recognizes many protected categories beyond black, indigenous, and people of color, but this grant program did not.

- The demand for grants to women-owned businesses was extremely high, and 48 businesses were told they had been approved for grants but then later told that they were not, because the funds had been committed already. Many of those businesses spent money in anticipation of receiving a grant, and are now in a worse financial situation than they were to begin with.
- The applications for grants to minority-owned businesses has not been quite as high as for women-owned businesses, and some money remains in this set-aside. We do not attribute this to a lesser need for assistance, however, but to the significantly greater organization, networking, and support structures already in place for women-owned businesses. The outreach to minority-owned businesses required more research, more word-of-mouth and one-one-one connections, and more follow-up.

## **RECOMMENDATIONS**

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In the short term, it is imperative that the State honor its commitment to the 48 businesses who were initially approved for a grant and then later told they were not receiving one. These grants must be funded; however, it would be a mistake to simply take the money for these grants away from the minority-owned businesses set-aside. There are still minority-owned businesses who need assistance, and it is worth putting more time and effort into reaching those businesses and making the grants available to them.

In the longer term, the State needs comprehensive and accurate data on minority- and women-owned businesses in Vermont. The Secretary of State should include this identification in its incorporation forms, and the State should track and report on the number of State contracts awarded to minority- and women-owned businesses.

The success of this program, as well as the challenges along the way, makes clear that there is an unmet need for further investment in supporting minority- and women-owned businesses' growth and creation in Vermont, well beyond a one-time grant. The benefits to such investment are critical to the health and strength of Vermont's economic recovery and future.

## **APPENDIX**

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Marketing materials created by the Vermont Commission on Women:

# RECOVERY GRANTS FOR VERMONT'S SMALL MINORITY/WOMEN OWNED BUSINESSES

## ELIGIBILITY REQUIREMENTS

### SMALL MINORITY/WOMEN OWNED BUSINESSES IN VT

Eligible business must be:

- At least 51% minority/women owned;
- Organized/registered and in good tax-standing in VT;
- Domiciled or have its primary place of business in VT;
- In operation on/before February 15;
- Open for business, or have a plan to re-open;
- Have 0 - 5 employees.



### IMPACTED BY THE COVID-19 PANDEMIC

To be eligible, a business must demonstrate that as a result of the COVID-19 pandemic, it has suffered a 50% or greater loss in revenue for any monthly period between March 1 and September 1, when compared to the same period in 2019.

### GRANT AMOUNT & ELIGIBLE USES

Eligible businesses who submit complete applications will be awarded grants in the amount of 10% of 2019 revenues, up to \$50,000 per business.

Economic Recovery Grants may be used to address the costs of business interruption due to the COVID-19 pandemic.



### APPLICATIONS OPEN MONDAY, JULY 6!

Apply using the Vermont Agency of Commerce and Community Development (ACCD)'s grant portal at:

[accd.vermont.gov/covid-19/economic-recovery-grants](https://accd.vermont.gov/covid-19/economic-recovery-grants)

Technical assistance is available.

LEARN MORE AT [WOMEN.VERMONT.GOV](https://WOMEN.VERMONT.GOV)



# RECOVERY GRANTS FOR VERMONT'S SMALL MINORITY/WOMEN OWNED BUSINESSES

## HOW TO PREPARE & APPLY

### APPLICATIONS OPEN ON MONDAY, JULY 6TH!

Apply through the Agency of Commerce and Community Development's application portal at: [accd.vermont.gov/covid-19/economic-recovery-grants](http://accd.vermont.gov/covid-19/economic-recovery-grants)  
Grants will be administered on a rolling-basis in the order received until the funds are exhausted.



### GATHER INFORMATION

Prepare to apply for an Economic Recovery Grant by gather the following information:

- Vermont Account Identification Number & Federal Employer Identification Number (FEIN)
- The appropriate NAICS code for your business
- Information about any compensation already received (insurance, PPP, EIDL, etc.)



### PREPARE DOCUMENTS

Applicants will be required to upload the following documents in .pdf format with their applications:

- 2019 income statement broken down by month
- 2020 income statement broken down by month
- 2019 federal tax return
- 2019 Vermont state tax return
- W-9 (signed)



### TECHNICAL ASSISTANCE WILL BE AVAILABLE

If you need assistance completing your application or gathering the necessary documents, help will be available. To be connected with support, visit [women.vermont.gov/economic-recovery-mwbe](http://women.vermont.gov/economic-recovery-mwbe), call (802)828-2851, or email [vcw.info@vermont.gov](mailto:vcw.info@vermont.gov).



LEARN MORE AT [WOMEN.VERMONT.GOV](http://WOMEN.VERMONT.GOV)

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- <sup>1</sup> Telling the Vermont Story as a Great Place to Work, Live, and Do Business. Vermont Economic Development Marketing Plan, VT Agency of Commerce and Community Development, May 2016.  
<http://accd.vermont.gov/economic-development/major-initiatives/marketing-plan>
- <sup>2</sup> [https://changethestoryvt.org/wp-content/uploads/2016/10/CTS-2016-Status-Report\\_Womens-Business-Ownership-and-the-VT-Economy.pdf](https://changethestoryvt.org/wp-content/uploads/2016/10/CTS-2016-Status-Report_Womens-Business-Ownership-and-the-VT-Economy.pdf)
- <sup>3</sup> [https://changethestoryvt.org/wp-content/uploads/2016/10/CTS-2016-Status-Report\\_Womens-Business-Ownership-and-the-VT-Economy.pdf](https://changethestoryvt.org/wp-content/uploads/2016/10/CTS-2016-Status-Report_Womens-Business-Ownership-and-the-VT-Economy.pdf)
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- <sup>7</sup> <https://www.census.gov/quickfacts/VT>
- <sup>8</sup> <https://cdn.advocacy.sba.gov/wp-content/uploads/2019/04/23142700/2019-Small-Business-Profiles-VT.pdf>
- <sup>9</sup> <https://content.benetrends.com/blog/minority-owned-businesses-beyond-the-statistics>
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