

OCTOBER 25, 2023

## FACT SHEET: Vice President Harris Announces New Efforts to Expand Capital Access and Contracting Opportunities for Minority-Owned and Underserved Businesses at the Freedman's Bank Forum

*The Investing in America Agenda continues to deliver for small businesses and provide economic opportunity throughout the United States.*

Today, Vice President Harris is announcing new actions to help historically under-resourced suppliers, small businesses, and communities share in the economic opportunity created by the Biden-Harris Administration's Investing in America agenda – a key pillar of Bidenomics – that is building the economy from the bottom up and middle out.

**“To bridge the financial disparities that hold so many of our communities back, we must continue to work together to combine the capacity of the private sector with the reach and the scale that only the government can provide. When we do, we create opportunity and prosperity for millions of Americans,” said Vice President Kamala Harris.**

The historic Investing in America agenda has spurred a factory building boom that will rely on diverse suppliers for continued success. The construction of manufacturing facilities contributed more to real gross domestic product in the first six months of this year than any other six-month period on record. And, last year's foreign direct investment in new U.S. manufacturing facilities was almost double the pre-pandemic average.

It is important that the benefits of this economic opportunity are shared equitably. Diversification of suppliers—in manufacturing, construction, and related services—ensures that the country's supply chain is more resilient

and that the economy benefits from the talent and potential across the country. Considering diverse suppliers are often small- and medium-sized businesses, their equitable participation in the Investing in America agenda will provide a path to economic prosperity and intergenerational wealth for countless Americans in underserved communities.

That is why the Administration has awarded a record-breaking nearly \$70 billion in Fiscal Year (FY) 2022—a new record—on federal contracts awarded to small, disadvantaged businesses (SDBs). And it has invested \$12 billion in community lenders—including Community Development Financial Institutions (CDFIs) and Minority Depository Institutions (MDIs) – to expand access to capital and resources to too-often sidelined entrepreneurs.

The U.S. Department of Treasury estimates that these investments in community lenders will result in a \$50 billion increase in lending to Latino communities and a nearly \$80 billion increase in lending to Black communities over the next decade. One-third of new loans made by CDFIs and MDIs that received investments under the Department of Treasury’s Emergency Capital Investment Program were made to most in need borrowers, such as individuals who are low-income or live on Tribal lands. In parallel, the Small Business Administration has increased its lending to socially and economically disadvantaged small businesses, which has helped to more than double the amount of loans to Black-owned businesses and double the number of loans to Latino-owned businesses. Now, Black and Latino entrepreneurs are starting new businesses at the fastest rates in more than a decade while Black and Latino unemployment rates are near historic lows.

Today’s announcements coincide with the annual Freedman’s Bank Forum, hosted at the Department of Treasury. They represent commitments from the private, public, and non-profit sectors that will continue to accelerate wealth-building for underserved businesses, their communities, and the American economy.

**Private sector and philanthropic commitments to support underserved communities:**

- **A call to action to bring underserved communities and businesses into domestic supply chains:** Vice President Harris is calling on

companies in Investing in America sectors—semiconductor manufacturing, clean energy manufacturing, transportation, heavy industry, and biomanufacturing—to strengthen and diversify domestic supply chains by committing at least 15% of their U.S.-based contract spending on outside goods and services from small and underserved businesses by 2025. Alongside these increased contracting goals, the Administration is calling on companies to provide technical assistance for underserved entrepreneurs in these growing high value-added sectors, and commit to disaggregated data reporting of commitments. Micron, Xcel Energy, and Air Products have made commitments as first movers under the [Economic Opportunity Coalition \(EOC\)](#) – a coordinated set of companies aligning major investments in underserved communities with investments made by the Biden-Harris Administration. These companies represent billions of dollars in spending in these growing sectors, and additional companies are encouraged to step forward to join them.

- **A new \$3 billion goal to increase corporate deposits into community finance institutions after surpassing \$1 billion.** The EOC is announcing an ambitious goal to reach \$3 billion in committed deposits to CDFIs and MDIs. In June, the EOC announced that it had reached a milestone of over \$1 billion in deposit commitments by EOC members. With today’s announcement, the EOC is signaling its continued dedication to this work by raising an additional \$2 billion for community lenders by next Freedman’s Bank Forum, which would bring their total commitment to \$3 billion.
- **\$75 million committed to connect rural communities to opportunities in the Investing in America agenda.** Heartland Fund is launching Resource Rural (RR), a new program to ensure rural people and communities realize local benefits from federal funding for historic climate, energy and infrastructure investments. Resource Rural is an ambitious \$75M, five-year program designed to build engagement, capacity and expertise, share success stories, and ensure rural voices are represented in national efforts focused on climate and energy progress, workforce development, and equitable community and economic development

- **Launch of \$80 million investment fund to bridge small businesses to capital access programs.** The Initiative for Inclusive Entrepreneurship (IIE), which was announced at the 2022 Freedman’s Bank Forum, is launching an investment fund to leverage \$80 million in private and philanthropic capital to help the State Small Business Credit Initiative (SSBCI) expand access to capital for underserved small businesses. This investment strategy is led by Hyphen, Mission Driven Finance, and JumpStart. Others leading implementation of IIE’s capacity-building pilot include Founders First Capital Partners, Next Street, and Nowak Metro Finance Lab.
- **Catalyzing Partnerships for the Low-Income Communities to Access Inflation Reduction Act Credit Programs:** Accelerating Community Investments (ACI), an initiative of the Lincoln Institute of Land Policy, is partnering with What Works Plus, to mobilize private and nonprofit leaders to support equitable implementation of the Inflation Reduction Act (IRA). As part of President Biden’s Investing in America agenda, Treasury’s Low-Income Community Bonus Credit Program will drive thousands of cost-saving clean energy investments in low-income communities, on Indian land, as part of affordable housing developments, and benefit low-income households. The initiative will aim to maximize adoption of the program by public, nonprofit, and mission-driven private actors in clean energy, affordable housing, and community economic development. And in the process, increase the potential for inclusive local business development and job opportunities that future projects create.

**Leveraging federal investments and purchasing power to expand opportunity for underserved small businesses:**

- **New commitments to expand capital access to very small and historically underserved businesses.** Treasury is releasing a Notice of Funding Opportunity (NOFO) for the new \$75 million Investing in America Small Business Opportunity Program, a competitive grant program under the State Small Business Credit Initiative (SSBCI) to support technical assistance for very small and underserved businesses. Treasury is encouraging States, territories, D.C., and Tribal governments to apply for funding, with an emphasis on supporting businesses that need financing or other support to help them benefit from the historic

investments made by the President's Investing in America agenda, including public and private infrastructure project opportunities, and participation in critical manufacturing supply chains and the clean energy transition. This builds upon the \$325 million in SSBCI funding previously announced to support technical assistance delivered through the SSBCI Technical Assistance Grant program and Minority Business Development Agency (MBDA) Capital Readiness Grant program.

- **New federal goal to increase contract opportunities for SDBs.** Today, the Biden-Harris Administration will set, via an Office of Management and Budget memorandum to agencies, an interim goal of awarding 13% of federal contract spending to SDBs for FY 2024. This memo directs federal agencies to work with the Small Business Administration (SBA) on agency-specific goals in support of the federal government's overall goal. MBDA's Federal Procurement Center will support this goal through capacity building and information sharing to minority-owned businesses that want to access federal contracts. Shortly after taking office, President Biden set a goal of increasing the share of contracts with SDBs to 15% of all federal contracts by FY 2025, a 50% increase from spending levels when he first took office. The U.S. government buys about \$650 billion in goods and services each year, making it the largest purchaser in the country. That spending power is a powerful tool for supporting small business growth.

**These new capital announcements follow recent announcements across the U.S. government to support equal opportunity and equitable access to capital, investment, and quality jobs in the President's Investing in America agenda. These include:**

- **Over \$20 million available to empower under-resourced communities to access historic infrastructure spending.** The Department of Transportation has announced its 2023 Thriving Communities Program, in which up to \$22 million will be available to support communities that lack the staffing, technical expertise to scope, fund, and develop infrastructure projects that advance local development. The notice of funding opportunity closes on November 28, 2023. A Call for Letters of Interest (LOI) is also posted; the portal to submit a letter closes on November 15, 2023.

- **Historic funding for clean energy deployment and pollution reduction in disadvantaged communities.** On October 12, the Environmental Protection Agency (EPA) closed its application window for the historic \$27 billion Greenhouse Gas Reduction Fund (GGRF), which will mobilize financing and private capital for clean energy projects and build the capacity of community lenders working in low-income and disadvantaged communities. EPA will soon announce a \$2 billion Environmental and Climate Justice Community Change Grants competition, which will invest in projects that are led by community-based organizations to reduce pollution, build climate resilience, and support economic prosperity in communities overburdened by environmental justice challenges. In coordination with DOT's Thriving Communities Program, and in partnership with the Department of Energy, EPA has awarded \$177 million in funding to 16 [Environmental Justice Thriving Communities Technical Assistance Centers](#) that will provide support to communities across the country to access federal resources.
- **Removing barriers to government-backed loans for entrepreneurs.** In September, the SBA [proposed a rule](#) that would help expand access to SBA loan programs for people with certain criminal history records . One in three American adults has a criminal record, and these people identify employment as their most urgent need, but most significant obstacle. Once finalized, the proposed rule would expand access to capital for entrepreneurs with certain criminal records by expanding eligibility and removing barriers to SBA's loan and surety bond programs.
- **Providing opportunities to easily increase lending to underserved businesses.** On May 12, 2023, SBA initiated a program to enable Community Advantage Pilot Program Lenders to become Small Business Lending Companies (SBLCs). The pilot loan program assists small business borrowers in underserved markets who have historically been excluded from conventional business financing due to systemic barriers, among other factors. SBA transitioned a total of 143 Pilot Lenders to SBLCs. The Community Advantage lenders that transitioned to SBLC status account for 99.8% of the total Community Advantage loan portfolio. In FY 23, Community Advantage lenders grew their SBA lending by 23% compared to FY22 for a total of \$141.3 million for nearly

800 small businesses – demonstrating the impact of expanding capital access in underserved communities.

- **Awarding energy innovators in underserved communities.** The Department of Energy’s (DOE) Inclusive Energy Innovation Prize, which supports clean energy innovation efforts in underserved communities, made \$1.5 million in awards to winning teams in Alaska, Louisiana, New York, Oregon, Puerto Rico, and Washington this year. The award winners received \$250,000 respectively for workforce development efforts, entrepreneurship, and relevant efforts to support the clean energy transition. This program is a key part of the Department’s commitment to the Justice40 initiative, where 40% of overall benefits from federal investments in clean energy flow to disadvantaged communities.
- **Connecting minority-owned businesses to the federal innovation ecosystem.** The DOE and U.S. Patent and Trade Office (PTO) announced a new commitment to ensure minority-owned businesses can navigate the innovation ecosystem more effectively. Their work will promote technical assistance and education, and promote data-driven policies in support of improving the United States’ energy supply chain. The Department of Energy and U.S. PTO will share and leverage resources to improve minority businesses’ access to the energy industries and their subsectors.
- **Expanded federal coordination on community investments with climate and clean energy programs.** Community voices requested an expansion of the agencies participating in the Interagency Community Investment Committee (ICIC) to account for the Administration’s historic climate and environmental programs. Based on this feedback, the EPA and DOE joined the ICIC in July. Their representation on the Committee will improve coordination of federal community investment programs and increase the flow of resources to underserved communities under the Administration’s climate priorities. This will help guide successful implementation of historic programs such as the GGRF and maximize the positive impact for communities that have historically been left behind.