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SUSTAINING MOMENTUM: LATINO ENTREPRENEURS AND THE FUTURE OF US ECONOMIC GROWTH

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WELCOMING REMARKS:

RAMIRO A. CAVAZOS
President and CEO, United States Hispanic Chamber of Commerce

FRAMING REMARKS:

MICHELLE ARMSTRONG
Managing Director and President, Ares Charitable Foundation

RESEARCH PRESENTATION:

TONANTZIN CARMONA
Fellow, Brookings Metro, The Brookings Institution

PANEL DISCUSSION:

MODERATOR: STEPHANIE OCHOA
White House Correspondent, Entravision

JAMIE DI PAULO
President & CEO, Illinois Hispanic Chamber of Commerce

MICHAEL NEGRON
Senior Fellow, Center for American Progress

MARLA BILONECK
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CLOSING REMARKS:

ANDRE M. PERRY
Senior Fellow and Director, Center for Community Uplift, The Brookings Institution.

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CAVAZOS: Before I say a word, look. Buenos días. Buenos días. Good morning, everyone. Que bonito dia verlos todos ustedes. Good morning. It's such an honor to be here at the Brookings Institute. What a great history a nonpartisan think tank that clearly is driven by evidence. And just wanna thank everyone from the Brookings Institute for allowing us to partner with you. I'm the president and CEO of the United States Hispanic Chamber of Commerce. My name is Ramiro Cavazos, and I wanna welcome each of you officially to this important session this morning. Before we begin, I wanted to thank our United States Hispanic Chamber board of directors who are here, if they could raise their hand.

Thank you all for being here. I wanna thank our team, our staff in particular Evelyn Barahona and Maria-Fernanda, who run our educational fund. If, Evelyn, I think you're here. Thank you. Let's give her a round of applause. Thank you. She made this partnership happen. So, I wanna thank Brookings and the whole team here. It's a privilege to be here with you. A little history about the chamber. We're founded in 1979 in Santa Fe, New Mexico, by five businessmen and women who really wanted to put small business, especially Latino business, at the forefront. I had the honor of working in San Antonio at the San Antonio Hispanic Chamber.

Luis is the CEO of that prestigious organization. It was founded shortly after Brookings was founded in 1929 by the Consulado Mexicano. But if you know your history, and we need to know our history, you know that America was founded 500 years ago by the explorers from Spain that came here, brought the first European language and Spanish. And quite frankly we were preceding the celebration of the 250 years of this country that we are enjoying. But the, We're having our legislative summit here this week, and so this is perfect to do this partnership. Looking forward to Tonantzin Study. And Brookings, again wanna thank you all for giving us this opportunity.

I'll just be brief tell you about the US Hispanic Chamber of Commerce. We have close to 300 Latino chambers. We represent five million Hispanic-owned businesses, and of course, 68 million Latinos who self-identify as Hispanic. I wanna thank everyone that's joining us in in person and also streaming, to let you know that we know we're the future of this economy and have built the $4.1 trillion GDP. That's the fifth largest economy, if we were our own nation, in the world as Latino Americans. I can trace my roots to the 1600s in Texas with the Cavazos family and just very proud of the fact that we know and have known that the market, and you'll hear today, and the people in our community are making, the future of this nation.

We're the largest economy in the world, and there's no secret to the fact that who drives that economy is our younger, talented and skilled Hispanic community. With that said, I, I just wanted to share that I wanna thank Jackie Puente, our chairwoman, and all of our leaders for allowing us to, to not just build momentum but to also sustain it thanks to partnerships like this one with Brookings. The Hispanic Chamber is based here in DC on 17th Street, and we wanna thank all of our members and corporate partners that have joined us today. With that said I wanted to invite to the podium a senior fellow with Brookings Metro. He's the director in the Center of Community Uplift. He's the founding dean at Davenport University. He's a journalist and a former columnist. He has a PhD from the University of Maryland, so he's a Terrapin. There's nothing wrong with that. And wanted to also say he has his BA in psychology. Please join me in welcoming to the podium, ladies and gentlemen, Andrew M. Perry.

PERRY: Thank you, Romiro. Again, Andrew Perry, Senior Fellow here at the Brookings Institution. I lead a Center for Community Uplift. And this is a great moment for us because a lot of one business development is about the depth and breadth of partnerships. And so, I can't say enough about this partnership that is new between Brookings and the US or the Hispanic Chamber of Commerce. And so, for... this means a lot in terms of growth, in terms of the economy, but also growth in terms of our institutions. So, it's I wanna thank you for your leadership in that regard. I also wanna thank someone who's very special to Brookings, Michelle Armstrong, who's the managing director and president of the Ares Charitable Foundation.

The Ares Charitable Foundation provided generous support through their Elevate initiative to the Center for Community Uplift, which helps make this research and the broader work that we do here possible. I'd like to reiterate that Brookings' commitment to independence underscore that the views expressed here today are solely those of the speakers. But I was recently on a trip with Michelle, who I will bring up to the stage here in a trip to Detroit, where we went to the ground and talked with leaders from around the world actually, about what can be done to elevate that was a pun, to elevate the work. And so, without further ado, I'd like to bring up Michelle. You'll hear from me later on today, but Michelle Armstrong, please step to the podium.

ARMSTRONG: Good morning. Good morning to everyone. Michelle Armstrong, president of the Ares Charitable Foundation, which is the corporate foundation of Ares Management, which is a leading global alternative investment management firm. I wanna take this opportunity to welcome all of you, both here in person as well as a part of our live stream, and to thank you for taking time out of what I know are your very busy schedules to come together for this important, critical, and timely conversation this morning. The mission of the Ares Charitable Foundation is to help people achieve economic mobility. And one of the ways that we do that is by supporting and funding important initiatives that examine entrepreneurship. But when we think about entrepreneurship, it's not simply about helping business owners to start and scale businesses.

It's about the jobs that those businesses create in the communities where they operate, and not just any jobs. We are looking at quality jobs, the kinds of jobs that allow people to achieve that economic mobility, as well as to invest in their communities and to drive strong local economies, as well as state economies, national economies, and global economies. Because the concept of shared prosperity is one that is core to the values of Ares as a firm. And that is why in September 2024, during National Hispanic Heritage Month, we launched this initiative with Brookings that Andre just referred to called Elevate, which stands for Examining Latino Entrepreneurship for Value-Add to the Economy.

We wanted to deeply understand the barriers that Hispanic business owners encounter, but we also wanted to think critically about how to seize opportunities to further build the capacity of what is one of the fastest-growing populations of business owners in the US. Now, we all know that when this work launched in September of two thousand and twenty-four, the country and the world were indeed different places. It feels like such a long time ago, but also a short time ago. But, at the time, we had a very different research agenda that we had designed. We thought that we were gonna look at various topics in the issue briefs that were published ranging from how to help Hispanic-owned businesses contribute to the growing green economy the effects of AI technologies on these businesses, and even how to help Hispanic business owners to leverage their personal finances and assets in order to start and to grow their businesses.

But as this work began to get underway in earnest in two thousand twenty-five, we realized quickly that we needed to revise our research agenda. We wanted to ensure that the work and the studies that we were undertaking, obviously through the very skilled hands and labor of our colleagues at Brookings, would be not only relevant, but also reflective of the policy shifts that were occurring as well as the effects of those policy shifts at the state and local levels, and we also wanted to understand what the effects were at the community level. And no doubt that many of you have been affected by those shocks within your own community. And so, for us at the Ares Foundation, the work that we do, the work that we fund great partners like Brookings to undertake, is not just about the moral imperative, which obviously is core to our work because we are philanthropic in nature, but it's also about the business necessity.

And that's because the research that our colleagues at Brookings, for example have undertaken is really helping us think about the importance of Latino entrepreneurship and Latino-owned businesses from the perspectives of business competitiveness, business necessity, and business efficiencies. So, we are so proud to have supported Elevate, to have supported the fantastic research that the Brookings team has led with such rigor and with such gravitas, the kind of rigor and gravitas that are necessary to articulate and to communicate complex data in a way that's very clear for all audiences to understand, but beyond that, communicating with humanity.

And I think even beyond being proud of that, we are honored and delighted that the funding that we've provided has served as catalytic capital that's not only allowed us to examine the economic disparities that Latino entrepreneurs face, but also as we think about the calls to action that you'll hear about today, we are ardently preparing for how we can start to ideate and to fund new initiatives that will help to address those issues in a very actionable way. So again, thank you for the opportunity to come together this morning, and I'm delighted to bring to the stage Tonantzin Carmona here at Brookings. Thank you.

CARMONA: All right. Good morning, everyone. Thank you so much for being here. Again, my name is Tonantzin Carmona, and I'm a fellow at Brookings. I want to start with something simple. One of the biggest economic growth stories in America today is Latino entrepreneurship. Across this country, Latino entrepreneurs are opening businesses big and small, restaurants, construction firms, logistics companies, beauty businesses, transportation companies, and technology startups that keep local economies moving. And the numbers are remarkable. In 2023 alone, nearly 496,000 Latino-owned employer firms generated more than 730 billion in revenue and employed more than 3.8 million people. This is one of the clearest signs of economic dynamism in the country right now. Behind every data point is a person who took a risk, hired workers, supported a family, and invested in a community.

Between 2017 and 2023, the number of Latino-owned employer businesses grew by 125%, and their number of employees increased by 64%. And before I move on, I just want to briefly credit this source. The slides are draws actually from the report “Black Employers Are Reaching New Heights” by Andre Perry and Hannah Stevens at the Brookings Center for Community Uplift. While that work focused on Black-owned businesses, it also highlighted important trends in Latino entrepreneurship that helped inform this broader series. One of the things that I value most about the Center for Community Uplift is that our work recognizes that strengthening communities is not a zero-sum exercise.

Understanding the growth, the barriers, the opportunities facing Black, Latino, and other communities helps us better understand the future of the American economy itself. And these next three charts come from the reports charting the surge in Latino or Hispanic-owned businesses in the US by Manan Donahue, Hannah Stevens, Farrah Khan, and Andre Perry. That report was foundational to much of the Latino entrepreneurship work that followed. When we looked across the data, the trend is incredibly clear. Latino entrepreneurship has been expanding rapidly, and that growth has reached nearly ninety percent of US Metros. We also see the growth across industries from construction to hospitality and professional services.

And importantly, a lot of our work focused on employer firms, businesses creating payrolls, leasing storefronts, purchasing equipment, and hiring workers. In many communities, Latino entrepreneurs are helping sustain commercial corridors and economic activity. But momentum is not the same thing as stability. Throughout the series, I focused on three main sources of policy volatility affecting Latino entrepreneurs today: tariffs, immigration enforcement, and changes to small business supports. Tariffs can raise input costs and make it harder for businesses to plan, decide whether to expand, hire, or purchase equipment.

Immigration enforcement can reduce foot traffic, disrupt staffing, and create fear among workers and consumers. And changes to small business programs can affect access to affordable financing, contracting opportunities, and technical assistance. In other words, policy volatility does not stay in Washington. It shows up in our day-to-day business decisions. Now, this visual shows how US effective tariff rates shifted in response to trade policy announcements. I also want to note that this visual was reproduced from analysis by Michael Negron, who is joining us on today's panel in a bit. The broader point here is that volatility itself creates uncertainty for businesses trying to make pricing, inventory, hiring, and investment decisions.

In this series, I also examined the rapid expansion of immigration enforcement, including through the growth of 287 G agreements. These are partnerships that allow local law enforcement agencies, again, local law enforcement agencies, to carry out federal immigration enforcement functions. When

I started this series in October 2025, there were roughly one thousand and thirty-three active agreements nationwide. I just checked this morning, just a few months later, there are more than eighteen hundred agreements across thirty-nine states and two US territories, with Texas and Florida accounting for roughly forty percent of the total.

And as these agreements expand, so do their ripple effects That is especially important in states like Texas and Florida because Latino communities are embedded in their economic foundations. Texas is home to more than twelve million Latinos, while Florida's Latino population now exceeds six million. In both states, recent population growth, including the stabilization of working age and youth cohorts, have been driven overwhelmingly by Latino and other immigrant-linked communities. Latino entrepreneurs, workers, and consumers are not marginal. In these states especially, they are helping sustain labor workforce, household formation, local demand, and broader economic activity, which means disruptions affecting Latino businesses increasingly affect broader state economic activity itself.

Florida helps illustrate the scale of Latino entrepreneurship today. Across metro areas including Miami, Orlando, Tampa, and Jacksonville, there were roughly more than ninety-one thousand Latino-owned employer firms by twenty twenty-two. In the Miami metro area alone, Latino-owned businesses accounted for roughly one-third of all employer firms and more than ninety-three percent of total net business growth between twenty seventeen and twenty twenty-two, meaning business growth in Miami would've been minimal without Latino entrepreneurs. So, when we model even modest disruptions, the potential economic effects become significant. Under this illustrative scenario where Latino-owned employer firms in Florida decline by just three percent, the state could lose roughly four billion in business revenue and more than sixteen thousand jobs.

Under a nine percent scenario, those losses rise to roughly twelve billion in lost revenue and more than fifty thousand jobs. These are not abstract losses. They affect workers, suppliers, storefronts, and local economies. Texas reveals the same dynamic at a greater scale. Across Texas metro areas including Houston, Dallas-Fort Worth, Austin, and San Antonio, there were already sixty-three thousand, sixty-three thousand Latino-owned employer firms by twenty twenty-two. Of the ten U.S. metro areas with the highest share of Latino-owned employer businesses, six are in Texas, including Laredo, McAllen, Brownsville, El Paso, and Eagle Pass. In several of these communities, Latino-owned firms account for more than half of all employer businesses. So, under an illustrative scenario, and this is a three percent decline, Texas could lose roughly four billion in business revenue and more than twenty-two thousand jobs, just three percent.

Under a nine percent decline scenario, the losses could exceed twelve billion and nearly sixty-eight thousand jobs. I also want to note that the revenue and job loss figures I just shared capture only direct effects tied to business declines and closures. They do not fully capture the broader spillover effects across workers, suppliers, tax revenue, and neighboring businesses. I think Jaime DiPaolo, who is President and CEO of the Illinois Hispanic Chamber of Commerce and who will be joining this panel shortly, captures this dynamic very well. When a family decides not to dine out due to concerns about being targeted by ICE, the impact extends beyond the loss of a hundred dollars for the restaurant.

It also means approximately ten dollars in local sales tax won't reach the city and state. A server misses out on a tip. A distributor may receive smaller orders for bakery and produce items. The delivery driver will work fewer hours, the fuel supplier will sell less diesel, and the laundry service will have less work. What Jaime captures here is something economists sometimes struggle to communicate clearly. Economies are ecosystems. A single business decision or missed transaction creates ripple effects across workers, suppliers, transportation systems, tax revenues, and neighboring businesses. So, when Latino businesses thrive, communities often thrive alongside them.

And when instability spreads, the effects rarely stop at the business owner alone. But what I do want to end with is what I believe is the most important point. The story is still being written. If Latino entrepreneurship continues growing at this pace, the United States could see more than five hundred and thirty-four thousand Latino employer firms nationwide, nearly three hundred thousand additional jobs, and more than fifty-six billion in additional business revenue. That is enormous economic potential. But beyond the numbers, what inspires me is what Latino entrepreneurs represent. They represent optimism. They represent creativity under constraint. They represent people building despite uncertainty. They represent families and communities investing in a future they believe is possible.

And to me, that is not just a Latino story. That is an American growth story. The question is not whether Latino entrepreneurs are contributing to the country's future. They already are. The question is whether our institutions, our policies, and our investments will rise to the meet the scale of that contribution And so with that, I'm excited to transition to today's panel discussion. We're fortunate to have an incredible group of leaders, researchers, advocates, and practitioners joining us today to discuss not only the challenges facing Latino entrepreneurs, but also the opportunities ahead. Because like I said, this story is still being written. So now I'd like to invite our panelists to come up and join us.

OCHOA: Thank you, Tonantzin. That was very impactful data. Thank you everybody for joining us today in Brookings Institute. It's a pleasure to moderate this panel. It's an honor for me to be here with you all today, especially with such a prominent group of experts. Let me introduce myself briefly. I'm Stephanie Ochoa. I'm the White House correspondent for InVision, and I have the chance to be at the White House almost every day of the week, and I can see how decisions when it comes about policy are being made in real time. So, with that, I wanna start giving you a brief introduction of our panelists here. I want to start with Jaime Di Paolo.

He leads the Illinois Hispanic Chamber of Commerce. He works every day with Latino businesses, business owners on the ground, capital access, policy, and survival. And we also have Marla Biloneck. She's the CEO of the National Association for Latino Community Asset Builders. She's a national expert on financing and community wealth for Latino entrepreneurs. And Michael Negron is a Senior Fellow at the Center for American Progress. He brings deep expertise in economic policy and how federal decisions shape minority-owned businesses. So, as I was- Yeah, let's give him, let's give them a round of applause. As I was saying, I cover the White House every day. I see policy decisions happening in real time, and I see at the same time the gap, what it's announced in Washington, DC, but also how Latino business owners actually feel.

So, I want to share some facts. This is the big picture, and I want to start a conversation from that. I cover both administrations, the first administration of Donald Trump, the administration of President Biden, and we can see the contrast. Those are facts. Under the Biden administration, SBA loans to Latino businesses double from- thirty-nine hundred in fiscal year 2020 to seventy-seven hundred in fiscal year 2023. Federal contracting to small, disadvantaged businesses reached an all-time high of twelve-point twenty-four percent. The Community Navigator program deployed a hundred million to underserved communities. Under the current Trump administration, we have the SBA eliminated the Office of Diversity, Equity, Inclusion and Accessibility.

Tariffs were revised more than fifty times in eight months. A typical importing small business lost thirteen percent in revenue. Nearly half of US small business owners say immigration enforcement has hurt their business. We have two different administrations, two different approaches, and that's, I think, very crucial to understand what our Latino community is going through right now. And that's why our experts today will help us to understand better. So, I wanna start with a question. This is not about which administration was right, and which one is not. This is what we need to keep growing as a community, right? So, Latino-owned businesses, as Tonantzin said grew near, in nearly ninety percent of US metro areas between 2017 and 2022.

That is a growth that speaks for itself. But the question is the momentum still there? And I wanna start with you Jaime.

DI PAULO: Thank you for having me. I truly appreciate it, Tonantzin and the Brookings for inviting me, and especially it's an honor for the Illinois Hispanic Chamber of Commerce be here. And now the fourth, two from Chicago. So, a lot for Chicago, and then you from Chicago. Yeah it's been a struggle for small businesses. And keep in mind, when the SBA defines small businesses, they're defining five hundred employees or less. If you look at your chambers or your communities, they're probably under twenty employees, more than likely ninety-nine percent of those businesses. So, we not even, When the SBA talks about businesses, we're not even in the picture because we're like twenty employees or less, so we got a lot of work to do. And chambers play a crucial role to make those businesses thrive and succeed because our role as a chamber, for example, is make sure those firms or companies get beyond twenty employees because we've seen the data, and once they do that, they tend to explode and become this big corporation.

So that's our job. So obviously for the previous administration to this administration, it's like night and day. For example, right now, demand that you can't even get a five oh one loan from the SBA if you are a green card holder. So, I think that's devastated to our community, especially Latino community, because being a green card holder, you're legal in this country, but you can do everything but vote. So now you cannot access a loan because of these new rules. So, it's a struggle, but- Chambers of commerce and business groups play a key comp- a key crucial component to the growth of those businesses.

OCHOA: Marla, do you coincide?

BILONECK: Absolutely. A couple of things. First I just wanted to also say thanks to Tonantzin for inviting, and Ramiro for inviting me to this panel. It's great to be at Brookings. I'm a two-time

Brookings intern about 100 years ago when I was in graduate school. And I also went to school across the street at SICE, that is no longer there, but when it was there, so I feel very much at home here, so very happy to be here. But that being said, I think that Jaime's quote that Tonantzin put up there is so on point because of all of the ripple effects that are going on in our business community that affect the whole of the US economy.

Couple of things I wanted to point out. Tonantzin talked about the scale of Latino-owned businesses and Hispanic-owned businesses. Latinos start more business per capita than any other group in the US. They create 36% of new businesses, or they did in 2023, which is nearly double our share of the overall population. That being said, we are, we... I'm not a small business owner, but, our community, that includes very much Latino entrepreneurs, is going through a political and economic pandemic. The immigration enforcement really affects not only... there's various levels of the small business. So, it's the owner, it's the employees, it's the customers, and all of that reduced foot traffic results in exactly what Jaime's quote was pointing out to.

It's these ripples throughout the economy, not just for those individuals. And I will also just throw out there, the immigration enforcement, it's not about driving people into the shadows who are here undocumented or illegally which I don't like to use that term, but this is not about your status. It's ethnic profiling that's going on in our communities. And the effect is so chilling. It's really not only impacting people who are vulnerable to, being detained, but it's anyone who is Latino. So that certainly creates, less people going into stores, less people showing up to work, less people being able to even open up their business that they own. And just wanted to throw those big picture thoughts out.

OCHOA: Michael, is the momentum still there?

NEGRON: Yes. No, let me just first quickly say I want to thank Brookings and the Hispanic Chamber as well as Ares for hosting this event. So, the I do think momentum is still there. What I would note is I think most people when they're starting a business aren't thinking about the government. And so, the momentum behind the entrepreneur- entrepreneurship numbers that we've seen in the Latino community, it's not, as much as I want to take credit- Having worked under Biden, but it's not because of the Biden administration.

We did things to try to help. We opened up SBA loans. We prioritized getting federal contracts, but that's just this much of the pie. SBA loans account for less than 10% of overall small business loans. It goes to people who can't qualify for credit elsewhere. It reaches a certain segment of the population. So, the, I expect the momentum to continue because I think that is about the community. I think it's an entrepreneurial community seizing opportunities that are out there. I think that will continue, but I think it's gonna be harder because one thing the government can do is make it harder, right? It can make it a lot harder to do what you need to do.

It can make it by, It can close access to programs that people maybe would've been able to borrow much more cheaply have to go to a non-bank, have to go to a fintech, or have to go to others to get loans at 10, 15, 20% instead of a more affordable SBA loan. Other policies, Tonantzin summarized them well, tariffs, immigration policy we've seen it in cuts to programs. We've seen it in this conflict with Iran. All of these things are making it a lot harder to be a consumer in this country, making it a lot harder to be a business owner in this country, and making it a lot harder to start a business in this country. So, I think the momentum is there, but I think what we have in Washington is policy decisions that are making it a lot harder to do a lot of these things that I think people took for granted. And what we're seeing is a president who was elected I think, to deal with the cost of living has instead made it worse, and we're seeing that cascade all across the entire economy.

OCHOA: And Jaime, you work directly with Latino business owners in Illinois. Chicago has one of the largest Latino populations in the country. What are you hearing from members, your members right now? Are the challenges they face, are they different from two or three years ago?

DI PAULO: No. They're certainly different. There's a lot of challenges right now, but our community is very resilient, and they will open up a business for many reasons. One of them immigration status, and they can go into entrepreneurship even though they're not trained to sell paletas, or ice creams. But they'll do it because they just don't, they just need to make a living. So, our job is to give the technical assistance aspect to those companies, and it's crucial. Like I said before, technical assistance is crucial to support small businesses. Access to capital is an easy word to get a, if I ask what's access to capital means to every single one of you has a different answer.

So, what does that really mean? So, you gotta get on the ground and really ask. A hundred bucks can make a change to that company, right? So, we gotta make sure we're getting credit. When you think access to capital, you think the back, the big two or three banks. But there's mid-sized banks and credit unions, and you can do crowdfunding so they can report to the credit bureau, so they can, companies can get that access to capital they need to found their business. So, it's just- it's just technical assistance is the key to the survival of small businesses. The pandemic, the only good thing about the COVID pandemic was that people understood the value of small business in the United States. And so that's the advantage that we have now. People now have in their minds that, the livelihood of businesses in the United States are small businesses. So, I think that's a good thing that happened during pandemic, and we gotta keep that up.

OCHOA: Marcela, Latino-owned businesses are concentrated in construction, food, transportation, and services. We mentioned immigration, but does that make Latino entrepreneurs more vulnerable? Additionally, besides immigration, what else can you add?

BILONECK: I absolutely think it makes, our business owners and our businesses more vulnerable. I think you take a sector like construction, there are, many angles that this sector are being attacked in. One is just what we talked about, immigration enforcement but also tariffs are really impacting the cost of raw materials. And you're getting all these different bullets from different directions, and you don't know exactly how to shield yourself. And so, I think it's a perfect example if you're thinking about food industry some of what Tonantzin, and a- again, your quote, Jaime, about restaurants.

Restaurants have the triple whammy because you have, let's face it, most restaurants, run on Latino labor. And so that's one that's felt by the immigration enforcement. But the other piece is, as cost of living goes up, less people go out to eat. And so, you have that. It's, there, there are very few aspects of a business that are not receiving some kind of a hit, and so I think it's just really challenging, too. You spoke about regulatory that's another element, is all the red tape that you have to get through at the local and then now federal level. I think what's really challenging is you've multiple issues to address, and that really takes so much time and effort away from what is a full-time-plus job, which is running a small business.

OCHOA: So, Michael, we have immigration, we have tariffs. I'm thinking about the USMCA renegotiation coming this summer, and that will probably affect many of the imports coming let's say, from Mexico, right?

NEGRON: How do you see that as a future challenge? I would say certainty is very important in an economy. Businesses when they're making the decisions, they're not making them day to day. Ideally, they aren't, right? You're planning out. You're a retailer. Right now, you're planning your, what you're gonna sell around the holidays. If you are a manufacturer, you're thinking about your supply chains, you're thinking about the investments that you need to make. Ideally, we'd hit certain growth targets. Maybe next year we can invest in more equipment. So, certainty is very important. And normally a president, when there are times of uncertainty. It isn't caused by the president.

It's something, A, a Russia invades Ukraine. There's a there there's a disaster, natural disaster that affects the flow of oil. In the past, if you think of the last couple decades, it's typically been world events that d- that lead us into periods of uncertainty. What we instead now have is a president who is creating the uncertainty. There's a, think about tariff policy. The graphic that Tonantzin showed from a Center for American Progress report there is a scholar at the Tax Foundation who has used an updated version of that Erica York, that showed mapping out from the beginning of the administration that the administration, the Trump administration, has changed the tariff levels more than 50 times since taking office.

So, think about that, 50 times, right? 50 times over a year and three months, and so how many, you could create a rate. I should have done that before I got here. But it's every couple of days that that the tariff rates have changed. And so, put aside the fact that the tariff's a tax, right? So, tariff is a tax that you pay to bring a product in overseas, so you're just paying more. But when the numbers are changing because the president goes on to Truth Social and threatens a tariff, and then he backs off. Or the Supreme Court invalidates it, and then he puts on a new tariff that, that by its nature.

Right now, we're under tariffs that are only gonna be in effect through the middle of July. They themselves are challenged. There was a trade court that has ruled against them, so there's uncertainty about that. But the president has also committed to making them permanent using a different authority. So, if you're sitting, you're trying, you're a toy store, and you're trying to plan out your Christmas products and into the next year what's your tariff level? How are you accounting for what the tariffs you're gonna pay are gonna be? And so that's gonna affect decisions that you make about hiring.

That's gonna affect decisions you make about opening up other storefronts or things like that. I've talked to business owners who said prior to the Trump administration they were planning to add facilities, but now they've stopped. It's not necessarily because they're losing money, although their margins are tighter. It's because they don't wanna make a r- they don't wanna take a risk because they don't know what to expect, and entrepreneurship is about risk-taking. And so, when you create a, an uncertain environment, that's gonna dampen the risk-taking that we need for capitalism to function. And so, I think thinking, looking forward to the USMCA negotiations, we don't know where the tariffs are gonna be at that point.

That's gonna affect the leverage the president takes into that negotiation. And so that's, it's a huge amount of uncertainty for people. And so that puts a damper on how quickly the economy can grow. It's put a damper on hiring rates. We've just seen things just slow down. The economy is still growing but slower than it should be. Inflation's higher. And this is not a great environment for people right now.

OCHOA: And I want to get your perspective about the global issues that we are also facing. We have a war in Iran that has increased the prices of oil, and everybody knows that when you go to the gas station, you don't pay the same as a couple months ago. So how do you see that also impacting the small businesses on top of everything that we have talked about?

NEGRON: It's a very significant impact. Consumers see it, of course. The price of a of a gallon of gas is up about 50% to where it was in late February. Business owners pay that too. But also important is the price of diesel is up about 50%. That affects things that you are purchasing, right? Because trucks are what move our products across the country. And so, diesel an increase in the price of diesel makes those types of costs more expensive. And then business owners are faced with the decision of, "Do I need to eat some of this because I don't want to raise prices and maybe lose consumers?"

A, and every, it seems every other week, the president is announcing that we're on the cusp of a peace agreement and the markets fluctuate, but then we end up back where we were before, where nothing changes. And so that creates higher costs and lower certainty. And the longer it goes, the more you will see that play out because those transportation costs will be reflected in all of the input costs. We saw last week the producer price index, which is essentially the price that businesses pay for the products they put on their shelves or that they use to create other products is at 6% at an annualized rate of 6%, the highest it's been in four years. It wasn't great the last two months either.

And so, it's been going up. And that's gonna translate into just more headwinds for business owners. And so, we're in a situation where if we don't get some clarity around whether the Strait of Hormuz, which is this narrow passageway in the Persian Gulf, about a fifth of the world's oil goes through there. If that continues to remain closed, you're gonna see higher costs across the economy. And it's gonna be harder to pull even if it the Energy Department it does a rolling estimate of on the energy markets, the EIA, the Energy Information Administration. If the Strait of Hormuz opened this month, it predicted that gas prices would not return to pre-war levels until mid-2027 or later because a lot of damage has been done to f- facilities in nine countries in the Persian Gulf.

There's also just a backup of ships. So, picture when you're sitting at a red light in a long line and the light switches, it just takes a while for everything to get moving. And so, we're in this situation where you have these higher costs to really critical resources. And it's just not clear whether this president's gonna resolve it anytime soon. And so that's just a drag on the economy- It seems ... and I think for the foreseeable future, absent some, Some resolution that we're not anticipating

OCHOA: Yeah, the same question, Jaime.

DI PAULO: Just to put in perspective, I think everybody in this room pays for the high prices. As a Mexican, in my house there's always lines. The other day, 99 cents for one lime. So, it really makes you upset and, like who you blame, right? So, just to keep it in mind. And then, it affects the whole supply chain. E- everything's just out of whack. Yeah.

OCHOA: And the regional issues as well are affecting. I was mentioning the USMCA. Do you, have you heard any concern from your members?

DI PAULO: They're starting to meet, the Mexico delegation, Canada, and the United States. In fact, they're pr- probably having meetings this week here, so we'll see what happens. We- we're looking at it as the, as perspective of the business owners, how is that gonna affect our ecosystem? Obviously, hopefully, it's done the right way, but it has to be through partnership and collaboration between the three countries. Yeah. And keep in mind, Latinos don't own a supply chain. That's the problem. When everybody talks about generational wealth, when you don't own your supply chain we are not creating the genre- generational wealth, it's going to the supplier, and it usually doesn't look like us.

So, we have a lot of work to do behind that. And Tonantzin showed those numbers, even though, our businesses, it's they're not, usually heavy on construction and food. Now they're kinda evening out, but there's still a lot of work to do to create that supply chain if we're gonna help our businesses and our communities and, our legacy.

OCHOA: Yeah. Marcela, you have comments on the regional and global issues as well?

BILONECK: I don't have too much more to add, but I would just say, in, in reflecting on my colleagues' comments I'm really struck by the uncertainty that we all, you know, as individuals and business owners need to face every day. We're all on a rollercoaster, and it makes it impossible to plan. It makes it very difficult to think long term, and so I think that just undermines the ability for small businesses to succeed.

OCHOA: Yeah. And Marla, federal programs have shrunk. Some state governments have stepped in. Private lenders and chambers of commerce are filling gaps, but is that enough?

BILONECK: I wanna just take a quick step back because what I'm gonna be talking about focuses on CDFIs, and I just wanna throw out there what CDFI stands for, which is community development financial institutions. Kamala Harris used to always say, "I don't know why you don't call yourselves community lenders. It's so much easier to understand." So, when I'm talking about CDFIs, it's just an acronym to discuss organizations and groups that are working on the ground in communities to provide an alternative source of capital to small businesses and individuals and the alternative is alternative to banks.

And it's not that people think, "Oh, I'd rather- go to a CDFI, it's that they are getting denied from traditional banks and therefore have to find an alternative. And CDFIs are an alternative to predatory lenders. They are doing good and important work in communities, but they don't address this larger contextual problem, which is that one-third of Latino-owned businesses when they go to a bank are denied their loan. And then there's a simultaneous challenge, which is that typically there's n- a lack of clarity around why that loan was rejected. So, it's not that you can go back and say, "Oh, it was because my financials, didn't meet this mark, or my credit score didn't meet this mark." It's somewhat ambiguous, and I think that is, we can draw our conclusions as to why those loans are being denied. But that being said CDFI Fund, which is one of the predominant funders of community development financial institutions, it's and a subset of Treasury or sort of a group that operates within Treasury. They have not been o- operating at full bandwidth.

And actually, at one point last year, the entire staff of the CDFI Fund was let go. And then they were hired back again. It's this rollercoaster idea. Our industry was very much in flux and concerned that we would not have some mechanisms that have just been a cornerstone of our industry. And that, of course, bleeds down to small businesses who then can't access the capital. Just to give you a sense the 2025 funding that CDFI Fund appropriated has been released but not provided. I know that's strange, but just to say it's not in the hands of the CDFIs yet, and we're talking about 2025 funding, which is typically granted by, March or April of that year.

So, we're over a year behind. We don't know if that funding is gonna come through, and it will expire on September 30th. This is very concerning. This entity within Treasury has existed for over 30 years. And now, much like many elements of federal government, it's just upended. And it's very unclear, how this is gonna pan out.

OCHOA: Yeah. And Jaime the same question about the Chambers of Commerce filling the gaps. Is that enough?

DI PAULO: No. Obviously CDFIs play a huge role in our communities. And remember when Senator Melendez was in charge of the CDFIs- everybody was o- opening up CDFIs. And then you know what happened to the senator, but, Having said that, and they probably know what happened over there. But I think it's a huge gap, and CDFIs Usually go to housings. And now everybody's opening up for, to create small loans, which is a huge opportunity. Credit unions are getting into the lending game, and I think that's a huge, crucial opportunity for small business to be part of that. For example, in Illinois, I'm not gonna mention the name, but we have a credit union in a little village that has lent over $200 million, and they got 0.0% in default.

So undocumented folks pay their bills. This notion of they're high-risk clients is not true. And that's just a message for the banking institutions. We pay our bills, so they just gotta open up. Here's an opportunity. Said, again, in, in our chamber, we're one of the largest chambers around because we focus on programming. We literally have a group of technical assistance advisors that walk the business corridors every day, and we're there with the businesses making sure they get the access to capital they're needed, technical advice they need, the legal advice that they need to make the company go. So, it's not enough, but we play a crucial role in the ecosystem.

OCHOA: Yeah, and Michael we've talked about how Latino entrepreneurs, we are resilient, we grew through the pandemic, we grew through inflation, but resilience has a limit. Do you think w- we are close to that?

NEGRON: I think we are, I think we are seeing some real headwinds. I think ultimately the amount of entrepreneurship that we see is, again, is driven by people, right? It's driven by people with ambition and dreams wanting to do something different, be their own boss, being tired of where they're at as a job. And so, I think the spirit's gonna be there. I think the question is will global events and the government be helpful? And I think what we're seeing is, at least at the federal level, the answer is no, that there have been policy changes. For example, the SBA, you can no longer qualify for an SBA loan I- if you are a green card holder, which is something unprecedented.

And so that's a major change. And there have been other changes to programs. And so, I think it- what we're seeing is instead of a partner, we're seeing a government that's the problem. And I think that's something that hopefully can change, but right now you don't have a g- a government with an open hand welcoming Latino business owners, it's, they're more of a barrier is what I'd say.

OCHOA: Yeah.

DI PAULO: So, with that, the SBA, for example, they be, and the mandate is to focus on manufacturing. Here's an opportunity to focus on manufacturing for our community. Regardless of what this admin, you think of this administration, look at it as an opportunity. We have an SBA SBDC in our office, so we just got the mandate. 50% of the clients' needs to be developing manufacturing companies. So, there is an opportunity for all the businesses out there, focus on manufacturing. I don't know if it's gonna work. We are a consumer nation, but take advantage of the opportunity.

BILONECK: I was just gonna say, piggybacking on that I think- There are some small po-pockets of hope, and I think that, that is really one. I don't know that many of the nonprofits working in our e-ecosystem would have qualified or characterized the businesses that they're supporting as small manufacturers. But if you think about people who are producing food products or other, sort of small-scale manufacturing, you think of a kombucha producer or someone who's, providing, There's actually a woman who creates these things called birria bombs. I don't know if you've ever heard of that.

OCHOA: Yeah.

BILONECK: But that's a small manufacturer, and so I think it's also for our ecosystem about thinking how to position the work that we do in a way that is attractive to the administration. And if you just think you're serving Latino entrepreneurs, there is a subset of that could qualify as a small manufacturer. And I will just give a plug that we, are supporting a cohort of nonprofits that are s-expressly working to support small manufacturers in their communities, including rural communities. And we're supporting them with technical assistance and loan capital because I forgot to mention that we are a lender ourselves, NALCAB that lends to nonprofit organizations. I do think it's very wise to capitalize on the few and far between opportunities to align. And that's one... I think that's neutral. Anyone would get behind manufacturers and small businesses in general. And workforce.

DI PAULO: Yeah. That's another one.

BILONECK: Absolutely.

DI PAULO: That's another opportunity, developing the next generation of workforce. Chambers never got involved in that, but we got to. We've been... my chamber, for example, we've been seeing a lot of corporations cutting back on their, on the sponsorships, so we just gotta get creative. And workforce is another opportunity. Government contracting, it's not that we don't have the companies, it's we don't have the capacity, so we have to build those companies to have the capacity so they can go fulfill a contract from government. 'Cause at the end of the day, the US government's the number one consumer in the world. We need to have access to those contracts, but if we don't have capacity, there's no way we're ever gonna get those contracts. Usually the u-usual suspects will get it. And then bonding, that's a big issue in our community. We gotta be bonding ready so we-when the contract comes, we need to be able to support a 90, 180-day invoice so you can support your company. So, there's a lot of, there's a lot of gaps, but there's huge opportunities.

OCHOA: Yeah. And we've talked about business owners who are dealing with the impact of all these policies right now, but what about those who are ready to start something? They just don't know how. They don't know if it's worth it, right? And disinformation and misinformation in the Latino community is everywhere. And when it comes about, when it comes to Spanish content, fake news, false information remains on the web and everywhere For much longer than the information that we get in English. So, I just want to know the message for all those who are ready, they just don't know if it's the right timing for that. Michael?

NEGRON: I think you, what you're hearing from two leaders here who are at the tip of the spear on this. That the chambers are in the communities. They're in touch with everybody that is important to be talking to. They're talking to the federal SBA. They're talking to the state equivalent. And so that's a trusted voice. I think the community lenders, the CDFIs are tremendously important. They are so often the first lender willing to give you a loan. And not only that, they give you help, too. It's not just you come and you fill out your paperwork, but so many of these CDFIs also provide what's called technical assistance, which I know has been mentioned up here, where they'll help you with other elements to it.

And so, it's important to have these networks of community-based partners who can provide accurate information and work hand-in-hand with people who wanna start a business.

OCHOA: Yeah. Marla.

BILONECK: Yeah. Absolutely echo, everything that you just said. I think what's challenging for CDFIs is that the majority of CDFIs working in communities are nonprofits. They don't have a large marketing budget, and so it really is dependent on word of mouth. And so, for larger, more established CDFIs that's comes a little bit easier. It's you know your prima or your Tia or whoever got a loan from this organization, and that's how it just ripples and folks get to know and keep using the same organizations.

But I think for smaller and lesser known there's, it's that the community doesn't know them, and they don't necessarily know the community, and so it's really important that connection be made. And I did wanna just throw out another data point, is that there are over 1,500 CDFIs in the US, across the nation, but less than 200 are Latino-led CDFIs. And that's a really big gap that we've been looking to close through work and supporting organizations to become certified as CDFIs. But that cultural component, that linguistic component is so critical to combat exactly what you're talking about, misinformation. And I will say if there are any entrepreneurs, in the audience or online please do not, it's so tempting to go for the quick hit of getting an online loan, but the interest rates are so exorbitant that I would just implore you to please, examine all of the options under the sun. Because there is a trade-off between getting funded tomorrow, but I think that the cost, literal and figurative is really higher than I think most folks are aware of at the outset of engaging with online lenders.

OCHOA: Jaime.

DI PAULO: It, the chambers play a crucial role in small businesses, like I mentioned before. From preparing a company to go get a loan. If, when you have an entrepreneur, they're gonna open up a business regardless, and when they come to you it's because they got fined, or the city came down and they shut them down. By then it's late so you have to work behind, but that's how our community operates. So even though we can't qualify you for a loan, there's groups out there that do crowdfunding like tandas. You know you pay 10 bucks- Yeah every week, and they report that to the credit bureau.

Six months later, okay, you got a 700, 700-point credit. You can actually go to a bank and get a loan. So, things like that, you gotta get creative and do that stuff.

OCHOA: Yeah. And I wanna start with you before we open the floor for a Q&A. We have talked about the pressure, now let's talk about the solution. You mentioned a few pockets of cope. But if you can... If you could name one policy, federal, state, or local, that would have the biggest impact on sustainable Latino business growth right now, what would it be? Jaime?

DI PAULO: Legislatively, a lot of stuff. For example, we have a legislation that even we're fighting, the, to those predatory lenders. The, we've been fighting legislation so they can disclose the APR, so tell the actual borrower how much they're getting screwed, right? We're fighting pushback. This thing is not gonna pass, it's simple as that. So, we gotta, we just gotta make sure those things passes and then let people know how much interest they're paying at the end of the day.

'Cause y- you get loans like 10, 20, 12% of the particular loan monthly. So, by the time you're done paying the loan, you pay five times. So, we just want people to disclose those things, because it's, it is right. The major banks will disclose that, but the predatory lenders don't do that stuff like that, and we have a legislation right now pushed by the chamber, in Chicago, in Illinois, for example, is open up an opportunity for small business loans. If you can prove to us that you lost money with that summer of hell in Chicago- ... because it truly was for Latinos, if you prove to us that you lost money that we have legislation that's gonna give you loans up to $50,000 at very low interest. So, things like that. Utilizing legislative money to make things better.

OCHOA: How about you, Marla?

BILONECK: Yeah. I would say legislatively, and this is, a drum that we've been beating for a long time there is a section of Dodd-Frank called Section 1071, and it requires commercial lenders to provide transparency in lending in terms of who they are funding. That is very similar to HMDA data if you're familiar. If you get a mortgage or if you've gotten a mortgage, you have to report demographic information about yourself. That equivalent does not exist on the small business lending front, and so when small businesses receive loans there isn't data collected about, are they, their gender, their ethnicity how much they got versus their request, how much the capital costs them and- Without that transparency, it's very difficult to advocate because you don't exactly know. We have hunches, and we have self-reported by small businesses that attempt to get loans. But that missing piece has been there for a long time.

The banks' pushback is that, having to collect that data would be an exorbitant amount of work. But at the same time, they're collecting it for mortgage loans, so I don't think it's that heavy of a lift. So that would be something that I would push for. It wouldn't have immediate effects, but I think in the long term it would really benefit all of us to know who is and is not receiving loans from commercial banks.

OCHOA: Michael?

NEGRON: So, the, I think the thing that I would be most keen on seeing is not gonna happen, I'm gonna say, in any way. And then I'll talk about something that is happening. So, one is just a, I think, defeat for this administration on tariffs to, a-and a defeat that is clear enough that everybody knows what it is. I think there will be tariffs higher than when before he took office, but if the rollercoaster ends, I think that will be good for everybody, even if it's at a higher rate than it was prior to coming into office. I would say similarly some kind of resolution to the Iran conflict to reopen the Strait of Hormuz.

I think those two things will at least provide some stability. Life will be more expensive than it was before the President took office, but I think there will be less volatility. I think that's important. And then just something that's happening now that I think is hopeful and it depends on, different states are better than others. But there's a program launched under the Biden administration called the State Small Business Credit Initiative which is a $10 billion program where states set up or continued loan programs, venture capital. About 40% of that money went to small business-focused venture capital in places that don't typically have venture capital-venture capital in Iowa, venture capital in Arizona. Just places that are not New York, LA, San Francisco et cetera. And these programs are underway.

Again, some states are better than others. California's great, Illinois is great, New York, Virginia's good. All, a lot of states have done a good job. Other states have been avoiding it, so Alabama, Texas, not as good. But it's, it is money that's out there. It's there for years, for the next four or five years. And so those are resources that are out there that the states are running, and I think it's a good program, and hopefully people learn about it and access it where they are.

OCHOA: Yeah, Mara?

BILONECK: I just wanted to add to that, because I do think there's a real opportunity at the state level. California, Michigan, Virginia, and Pennsylvania have all created their own state-level CDFI funds, so they're taking matters into their own hands and funding their CDFIs that are not currently being funded by the federal government, as I'd mentioned before. And New York, Ohio, Pennsylvania, California, Virginia, South Carolina, and Michigan all have- Statewide coalitions of CDFIs, so for advocacy purposes, for pooling, for investing so I think there, there's an activity happening under the radar at the state level that could help ultimately propel small businesses forward.

OCHOA: Yeah. And Jaime Illinois and states like California and Texas have large Latino business communities, but very different political environments. Where state governments have stepped in, are they making a real difference?

DI PAULO: It, it gives or takes. Obviously, when the state comes knocking on your business, you did something wrong. They just don't go and pay, just pay a visit just because. So, I, it is making a difference. I think we need legislatively, we need the support of legislations. It's very easy to, every politician I know comes out saying, "Hey let's support small businesses," but what does that really mean, go shopping or really put, boots on the ground, and really support the small business?

So, we gotta define that, so we just, it's fine line. One thing we failed to mention, technology. We gotta take advantage of our technology. AI, for example. If you don't have an AI component in your business in the next five years, more than likely you're not gonna be in existence. So, take advantage of AI opportunities too for the future.

OCHOA: And just before we close Michael, you mentioned the end of these waves. But are you optimistic about a scenario like that in the near future? We were expecting the war to just last for a f- between four and six weeks, and it's been more than that. Yeah. So how optimistic are you?

NEGRON: I think w- in terms of who was expecting it to be over in four to six weeks, I think that's what the president said. I think a lot of people were skeptical that it'd be over in four to six weeks. You can't just bomb the hell out of somebody and expect it to end like this, right? It's gonna, they have a vote themselves, and right now they're voting to close the Strait of Hormuz, and it's hurting everybody. Look I think that it's gonna be, this year is gonna be rough is my take.

I think we will ultimately settle to something on tariffs, but I think along the way there will probably be some ups and downs. And on Iran, I really have no idea. I, I think at some point he's, the president's gonna be forced to do something that's probably gonna be a bad agreement for the United States from a national security perspective. But I think there will be some resolution that will leave us most likely worse off than we were before. Are we gonna are ships gonna have to pay a toll to go through the Strait of Hormuz, for example? I just don't know. But I do think, by the end of this year there will be hopefully more stability.

But I, so what is that? I'm a little optimistic. I'm probably more pessimistic than optimistic. And what do you how does it sound? How do I sound? I don't know how to describe how I sound, but I don't feel good. I'll say that. Somewhat optimistic. Yeah.

OCHOA: Thank you, Michael. W- we're gonna open the floor for questions, but before we jump into that, I just wanna again thank you all for being here and share with us all your expertise. Michael Negron is a Senior Fellow at the Center for American Progress. He brings deep expertise in economic policy and how federal decisions shape minority-owned businesses. We also have Marla. Marla Biloneck, CEO of the National Association for Latino Community Asset Builders. She's a national expert on financing and community wealth for Latino entrepreneurs. And we have Jaime Di Paolo, leads the Illinois Hispanic Chamber of Commerce. He works every day with Latino business owners on the ground, capital access policy, and survival. So now I encourage everybody to raise their hand. We have a microphone, and we're gonna come to you. So, let's start there.

AUDIENCE MEMBER: Hi, I'm Bill Cunningham. I'm not gonna stand up 'cause I have a little bit of a disability. One of the questions I have concerns cooperation and collaboration across ethnic lines. Not sure I've seen a lot, we're in a crisis period, right? And if you're not gonna cooperate across ethnic lines now, then you're never gonna do just curious is if there are any efforts, U.S. Black Chamber, the Asian Chamber of Commerce, National Minority Supplier Development Council, all organizations that might help to facilitate some. Now, last part of my question, the data. As the fair housing data is going away. The EEOC data is going away. This administration's doing everything they can to remove these data sources. What's your what's your plan there?

OCHOA: Jaime?

DI PAULO: In terms of collaborations, yes. There's this thing, Black and Brown, in Chicago, it's really happening. We can't do anything without the Black community, and they can't do anything without the Hispanic community. And we also bring other ethnic groups. And, in Chicago is key. We have a, we have an African American mayor that pushes that, so if we wanna do business with the city, we have to have a partner that, that is an African American. So, we have learned to partner up and grow our businesses because of that. Joint ventures is a big thing in Chicago, for example. You win a contract, you're better off doing a joint venture with other ethnic group who go together as a group to get that contract. So yes, we, we do that all day in and day out.

BILONECK: Did you wanna go?

NEGRON: No, go ahead.

BILONECK: Okay. Hi. You used to be my neighbor at a co-working space another 100 years ago. But two things that I wanted to say. One was recently I guess like within the last two years or right before the administration changed I think one of the best examples of collaboration was a joint effort to obtain EPA funding under the Greenhouse Gas Reduction Fund. Basically, every ethnic and racial affinity group of CDFIs came together under the heading of the Justice Climate Fund. We did receive over nine hundred million dollars’ worth of an award that unfortunately was rescinded when the administration changed. But that I felt like, sometimes you just have coalitions for coalition's sake. It's great when you're driving toward a specific goal, and in that case, like we were in it to win it, and we did win it for what it's worth. But I think there's a lot of drive and desire to maximize our colla- collaboration as much as possible. Michael, you want to add something?

NEGRON: Yes. I, I'll speak in this context. In the Biden administration, we were on the receiving end of some negative decisions when it came to equity programs. For example, we had a challenge to the small business, small, disadvantaged business goal that we had set for federal contracting. And in the strategy discussions about how to respond, it w- the Hispanic Chamber, the Black Chambers, Urban League Asian Chamber. So it was that it was a broad collaboration. And I think going forward I think we have a court system that is not friendly, and it's not gonna change after two years or four years.

It is a longer-term effort. And so, I think there's gonna-- we're gonna have to have some subs- policy creativity about how do we reach those goals in a different way. One, one thing that I in 2024 had advocated for, and then the Harris campaign, amongst others advocating for this, but the Harris campaign adopted this in their platform, was for the, for going forward, focus on a higher small business goal as opposed to a higher SDB goal.

Because we knew the data showed us that if you increase small business contracting, you increase contracting with minority-owned businesses, women-owned businesses. And so that would be a, probably a more palatable way, easier to survive legal challenge while still achieving the equity goals that we had. And so, I think we're gonna have to, un- until we, until there's enough change in the courts, you have to have multiple administrations putting on different judges, take a look at these substantive issues and how do we reach our goals differently to minimize legal risk and to continue to achieve the goals that we have. And it's not ideal, but I think we can't, I don't think giving up on these goals is an option either. So, we just have to find other ways of getting to them.

BILONECK: And I was just gonna say to your data question, I think that underscores the importance of organizations like Brookings and individuals like Tonantzin and Andre just around collecting this data where there are gaps in the federal government because we can't rely on that anymore.

DI PAULO: Data, data is king. Everything we do is followed by data, and we look up to Brookings Institutions and others to, to create the pathway. Because in the United States, if you don't have the numbers backing the story, doesn't matter.

OCHOA: Yeah. And we have another question over there, the lady in black.

AUDIENCE MEMBER: Hi, good morning. Good morning. My name is Georgina Tello. I'm President of the US-Mexico Business Association. We are around 21,000 members all over United States and Mexico. And I have a question. We spoke about the tariff pressures, all the increasing situations that we have around the negotiation of the free trade agreement. You start talking about the decisions for the Latino entrepreneurs is to understand how the government is working. I have a, it's a little bit broad question, but I think it's very important because everybody is asking this. Now I feel everything more oriented to November than to the business.

And we have Cuba, we have Hormuz, we have now the situation with Mexico, and we have the bad situation with Canada because Canadian people really, that are part of all of this commerce of North America, are now moving apart in many of the business that they were doing in United States. So, with all this scenario, the negotiation that should be for July, that I don't think it will finish for July, in my opinion, what do you think as experts? Because this affects all supply chain, capital, decision, investments, and growing. This is very important. And Cuba also. So, what do you think about it? It is important. Thank you.

OCHOA: Do you want to start, Michael?

NEGRON: I don't think I have much new to add to what I said earlier, which is I don't fundamentally trust who's negotiating on our end on this. So, what we've, what I'm hopeful for is that we reach a solution that has lower trade barriers while still protecting businesses here, and that we have just more stability, 'cause I think the stability is what will help. But I think we are in a situation where under this president, under this administration, we're gonna have higher costs imposed on businesses through these tariffs. We're gonna have the, the policy goals that he set forth. So, I'm not optimistic about that. But I think if we can come out of it, which is more predictability, not this up and down, that's a win. But it's not much of one, but at least it's not the rollercoaster that we've seen.

OCHOA: Jaime?

DI PAULO: What I wanna see in this treaty, if you don't mind me asking, I represent 4,000 businesses in this, as members in the city of Chicago. I want them... And they're really small companies. I want them to be able to do business in Mexico. That's what I wanted to have, I wanna see in the treaty. Not assuming Mexico is, we are the consumer nation. So, give opportunities to real businesses here do businesses over there, like elicitations, engineering stuff, that's what I wanna see in the treaty. Hopefully that happens, because that never happened before.

OCHOA: Do you want to add?

BILONECK: I'll just make a quick editorial comment, just that, the focus on November, I feel you. I feel like there have been all of these inflection points between, January of last year and November of next year, where you're "What is going on? Why isn't anyone standing up?" And there's so much resting on, a wave to come in November and, if that doesn't happen, we've had all of these missed opportunities to stand up and to fight, and it just hasn't materialized.

OCHOA: No. And I wanna add that we are streaming live, so we also got some question from our online audience. We have Orson Aguilar, he's the president and CEO of Latino Prosperity, and he asks, "Non-employer firms, mostly," Okay, let me start again. "Your framing celebrates, 465,000 Latino-owned employer firms, but that's roughly one in 10 Latino-owned businesses. There are., The other nine are non-employer firms. What does it actually take to move Latino entrepreneur from that first category to the second? And are they, are there... And are any of the policy interventions being discussed today designed to close the gap, or are we mostly building on a foundation that leaves 90% of Latino business owners behind?"

DI PAULO: So that's exactly what we do as a chamber, and I think I mentioned it before. If you look at the numbers our firms have 20 employees or less. So, our job here is to moving up to the chain line so they can become this huge employer. So that's what we do. That's the core of our mission in the Illinois Hispanic Chamber of Commerce, to move those companies to become bigger employers. 'Cause the bigger employers, the more money people have in their pockets, the more money they have to spend in small businesses, so on and so forth. That's why I came out with that quote, and thank you for putting that on there. That was on the Chicago Tribune, by the way. So, thank, I didn't know that. Thank you. But it's the truth. It's true. What I said in that quote, it, it's, it speaks wonders about what the employer does and everything else.

NEGRON: Yes I think having access- To federal programs for sole proprietors for these non-employer businesses is incredibly important. I think a lot of the progress that the-- argument that the Biden administration made was through having a pr- a focus on small loans. And so, the SBA greatly increased these small under $100,000 loans, made policy changes to make it easier for the lenders to offer those loans. Because what we found is that prior to our coming into office, the number of small loans was really declining because for the bank, it's the same amount of paperwork at least under the previous rule set.

So, they were gonna make more money on a million-dollar loan than they were gonna make on an $80,000 loan, so they just stopped really marketing $80,000 loans. And so, we made some changes to make it easier for lenders to offer those small loans. And one reason that we did that is when we came into office with the Paycheck Protection Program within a few weeks of taking office, we changed the rules for how that, that loan was calculated for that non-employer business.

It had been basically based on people were getting a really small amount just based on their profitability, and we changed it to make it more generous. And we saw a significant increase in uptake by Latino, by women and Black-owned businesses for the Paycheck Protection Program because these non-white communities are much likelier to have their first business be a sole proprietor than to be an employee business. And so, for us, that was a major lesson in the need to have access to f-for non-employer businesses. And so, I think going forward, that's something that for policymakers has to be a priority because as your, as the questioner notes, the vast majority of businesses are actually non-employer businesses. And so, if you don't have a door open to these folks, that is a significant share of the population that is not getting access, and it is disproportionately Latino, women, and Black-owned.

OCHOA: Marcela, do you want to add something?

BILONECK: I'll just do something really quick. First, I want to say hi to Orson. I'm on his board, Latino Prosperity. I really like that question. I think the short answer, what's needed to move people from that sole proprietorship level to the next level of employing people is capital, money. And unfortunately, I see. I used to work at a community-based CDFI, and I see so many of the challenges that we faced getting money that we could then lend out. It's what the entrepreneur faces, the nonprofits, especially the Latino-run nonprofits that are funding those Small businesses face the same challenges in getting capital ourselves that we can deploy. It's an unfortunate mirror. And until, whether it's federal government or philanthropy really, step up that game there just isn't sufficient capital to offer.

And I'll just add one other just short data point is we did a study with the Urban Institute, and most of Latino-run CDFIs do microloans which, great, you know. And I will add that in my 25 years in this business, the ceiling for microloans as defined by the SBA, has been 50K. So 50K in 1999 when I started working in this industry is very different than 50K today. And so, if that's your ceiling, and I think unfortunately CDFIs have this false choice that they have to make, which is are they gonna make more, smaller loans or fewer, larger loans? And I think if you're trying to be in a growth mode, 50K, let's say you're a restaurant, 50K won't even buy you all the equipment you need how are you even thinking about hiring someone, so it, there, there's a lot of systemic and ecosystem wide challenges that then filter down and either create or mirror the same challenges that entrepreneurs face.

OCHOA: And I think we have time for one last question. I think here in the corner. Yeah. Thank you.

AUDIENCE MEMBER: Hello, everyone. Thank you. Hello, everyone. Marisol Gonzalez from the Hispanic Heritage Chamber. We are in Florida, so I feel we are right now in the eye of the hurricane. Yeah. Two weeks ago, less than two weeks ago SB 1134 I consider one of the most comprehensive bills anti-DEI passed is going to be effective January 1st, and is affecting not only our entrepreneurs, but it's affecting chambers of commerce that serve Hispanics or all minority chambers. One of the issues I see is technical assistance. We are all about programming because there is such large need for them, not only to be prepared in technology, in all areas of operations, but also to understand where the resources lay and how to access them. A lot of these new owners or people that are starting businesses, their English is not that great.

One of the things in the bill is language-specific programs cannot be funded, and anybody that funds them- It's terrible and let's say they give money to the chamber uses for something like that, they will be penalized. So, we are facing a new set of limitations. We are already getting some conversations initiated by government side, cities and officials locally off the record, being concerned about this because they- we have cities that are our members. We are cities that sponsor programs. They are not allowed to do that or to attend our programs. So that is something that for me right now is so. We are trying to figure it out. That is one of the reasons we are here to understand these conversations, because it's happening in Florida, but I believe it's the tipping point. But how do we deal at the corporate level? This is my question. How do we deal at the private corporate level with this sense of uneasiness that they may feel as well as supporting a program from a Hispanic chamber or a Black chamber or a women's chamber?

OCHOA: Again, the component, the immigration component, right? So, do you wanna start, Jaime?

DI PAULO: That's a good question. I guess we're lucky to live in Illinois because it's very friendly to immigrants. People are very open and very helpful in Illinois. A- and I don't know about Florida and other states, but our legislators are very open-minded to really help support the ecosystem of minority, immigrant small businesses. So, I we're one of the lucky ones, in that side. In the federal side, we've been, like, a major target. This funding being cut and all these things because we in

Illinois, that kind of thing. So that, just work with your legislators. In chambers of commerce, we need to start reinventing ourselves.

Funding is drying out. Everybody that's after our party is better than we do. So, we just gotta start creating programming, focus on workforce, that kind of s- workforce. Housing is a big one. There's billions of dollars in housing. You gotta take advantage. I was just talking to the HUD person the other day, and she told me, "Look, I got four billion dollars in contracts so people can go remodel homes." We cannot get firms to go remodel homes, and all they need is a LEAD certification. So, we are training our companies right now to get that lead certification, whatever that means. It just happened last week. Once we do that, we're gonna be able to employ hundreds of em- small employer firms to go remodel HUD homes. So that's something, really big, and it's not just in Illinois, it's across the United States.

OCHOA: Okay. Do you wanna-

BILONECK: Yeah. I would just say it, first of all, that's an amazing question, and it's-- I do agree with you. We can't just look at it as a Florida problem because it is- indicative of what could spread, through all the states. Although I do think the- every state has a very varied experience based on who sort of their state level or even city level officials are. But one thing that I, whenever there are these sort of large-scale scare tactics, waged. I'll give an example. CDFI Fund had CDFIs dis- like, sign a disclaimer that they would not do DEI lending, whatever that means, or climate lending.

And my question is how is that enforced? Th- you're gonna test 1,500 CDFIs. So, my thought, and again, this is just me, I'm not speaking as NALCAB, but I'm speaking a- as Marla, is, what is the depth of the enforcement? So, is it that if you change your name, of your chamber to, not indicate anything that's outwardly Latino, are they really going to be coming to your place of business and seeing if you're offering programs in Spanish? Now, I'm not suggesting that you do that, but I just don't see how it's enforceable. I think it's really about creating this chilling effect. I think the choices at the end of the day are, does it damage our integrity as an organization to stop doing the programming that we know is so needed in our community? And I think we all know the answer to that question. And then secondly, what is the actual risk of, getting caught for doing this work?

OCHOA: Michael, do you want to add something?

NEGRON: Yes two things. One I think they, this war on equity I do think it's reaching they're overextending a little bit. I think, there have been, the administration has had some failures in trying to withhold funds for various purposes to universities, example. And so, I, I think they are probably re- starting to reach the limits. It doesn't mean that a lot of harm won't happen along the way, but I think they're reaching the limits. And then I think the other thing is this is the importance of the elections in November. I think when there is... if there's at least one house in the Democrats' hands, that is just a pressure point, and it creates some, It makes it harder to just, to be 100% in for this administration and its allies o- on this stuff. And again, that's, We have six months to go but I do think some counterbalance will help slow this down. Particularly when you look at all the pressure they're under because of the problems they caused with Iran and with tariffs, that there's just a lot of pressure on this administration and the Republicans.

OCHOA: All right. With this, we're gonna go to the closing remarks. I know there are questions. You can submit it through the webpage in Brookings. And I just want to say thank you again, Michael, Marla, Jaime, for being here with us today. Thank you for the Brookings- Institution and also the United States Hispanic Chamber of Commerce. Thank you so much.

PERRY: Thank and let's thank Stephanie for moderating that wonderful panel. I, I after hearing this I certainly heard a lot of challenges that we are facing in America. But I wanna just repeat some of the data that Tonantzin stated or presented earlier because it's worth repeating. 2023, close to 500,000 employer firms, 3.8 million employees, close to $730 billion in revenue produced by Latino businesses. Now I'm clear that there's an attack on immigrants that is, is really cover for an attack on Latinos. Let's be clear about that. But let's also be clear that those numbers, what it means, is that people have already decided that Latinos are valuable. They're valued. They're working alongside Latinos.

They are producing goods alongside Latinos. Do not be confused by the headlines and the hyperbole coming from the White House because let's be clear, there have been many White Houses that had that same attitude, and we've still seen growth, right? In spite of multiple administrations or because of multiple administrations, but more so because of you. We're seeing growth year after year. We're gonna continue to fight for programs that accelerate that growth because I want growth for the economy, period. Not growth for one racial group, not for one ethnic group, but for the economy as a whole, because the economy represents all of us.

So, when we, when Ramiro's going into the halls of Congress in a few hours or days, we, he should not be positioned on the back foot. He's in a position of strength. That 700 and something odd billion in revenue represents strength, not weakness. But a- again, the challenges that we face in Florida are the challenges we face in Illinois, the challenges we face in Pennsylvania Dr. Burley, the fellow Pittsburgher, like where I'm from, it's facing us all. 'Cause we tend to forget that just like immigrants, just Latinos by and large, women have been in that same position. Black people have been in that same position. Many white people have been in that same position.

So, we're going to fight these challenges, but from a position of strength. And again, I can't say this enough about Michelle and Aries Charitable Foundation. They too must operate from a position of strength. Their investments in the data will lead to investments in these programs, initiatives, partnerships that we'll see. So, I wanted you not to leave here feeling like the challenges are going to overwhelm us because we know that the past has contributed to that growth. In spite of all those other challenges, you are making a difference. So just don't forget that. And again, on behalf of the entire Brookings Institution, I wanna thank all of you for coming out, and we will see you at the next forum and congratulations to our leaders here. And thank you very much.