

Senator Ben Cardin On Creating Opportunities for Minority Communities

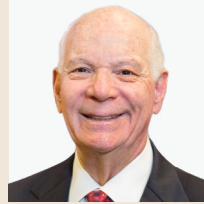
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Gene Marks

CPA, Columnist, and Host



Senator Ben Cardin

U.S. Senator of Maryland

Full transcript

Gene Marks:

Hey everybody. This is Gene Marks and welcome to the Paychex Business Series podcast. Glad you're joining us today. We've got a very special guest, Senator Ben Cardin. Senator Cardin is a Democrat from Maryland. He's the chairman of the Senate Committee on Small Business and Entrepreneurship. He has been a U.S. Senator since 2007. We had a great back and forth conversation, really focusing for the most part on minorities. He is sponsoring a few bills to help minority entrepreneurs that we're hoping to see turn into law and very, very helpful information I think that you'll enjoy hearing, if you are particularly a minority entrepreneur or want to help out an minority entrepreneur. And by the way, by minority, I mean black, Latino, female, some good programs that are coming up. We'll also talk a little bit about some of them, his history with his own family. He has an immigrant family that came over to the country about 120 years ago. And let's talk about a few of our favorite books as well. So Senator Cardin, thank you very much for joining me.

Senator Ben Cardin:

My pleasure, Gene. It's good to be with you.

Gene Marks:

Well thanks. So listen, I want to talk about some of the bills that you have been sponsoring over the past couple of years, that really impacts small businesses, particularly minority small business owners. So tell you what I'm going to do, I'm going to go through them one by one with you. And I'm going to ask you to sort of give me your take on each one. So the first one and the most recent one was in April of 2021. It's called the Minority Business Resiliency Act of 2021. Can you tell me what that is?

Senator Ben Cardin:

Certainly. The Minority Business Resiliency Act would make permanent the Minority Business Development Agency, which is one of the premier tools we have in the federal government to help minority business development. And it operates today under the Commerce Department, but does not have statutory permanency. This bill would give it that legitimacy as well as expanding its opportunities to help minority businesses in regards to business development.

Gene Marks:

Got it. And the Minority Business Development Agency, it's been around since 1969, almost as long as I've been around. And I'm curious, what value do you see in it? What does it do?

Senator Ben Cardin:

It was established by executive order. There has not been a legislative authorization for the agency, and that's why we think it's important to have a legislative authorization. So it's a creature of the executive order issued by the president and its purpose was, in the Department Of Commerce, to have a point agency that would be focused on opportunities for minority businesses to develop in our country and to participate fully in our commerce.

Gene Marks:

Where does it stand right now? You introduced the bill, has it made it through the Senate?

Senator Ben Cardin:

The good news is that we have cleared it through the committees, the bad news, we haven't yet found a vehicle that we can attach it to. It's bi-partisan, it's a bill that enjoys strong support. And I'm very optimistic that we will get it enacted before this year is out. The bill is common sense. It promotes public/private sector assistance to development of businesses, and it really does deal with socially disadvantaged individuals. So I'm very confident that we'll get the bill enacted.

Gene Marks:

Let's move to the next bill, which was introduced in January of this year. It is called the Unlocking Opportunities In Emerging Markets Act. Can you explain that?

Senator Ben Cardin:

Well, this bill is very simply recognizes the reality that getting capital in minority businesses is very difficult. That's particularly true in new businesses. Venture capital, the amount of minority participation in private venture capital is almost nil. So we really want to provide opportunity in new markets that have been traditionally closed to minority community. The reason, quite frankly, is that these come through established relationships and it's very difficult to break into this market. The good news is that we do have an office of capital in the Small Business Administration, which its specific purpose is to help small businesses gain access to capital for business opportunities. What the unlocking opportunities in emerging markets would do is establish an Office of Emerging Markets within that office of capital at SBA, so that it would have a specific focus on the minority community, women and underserved entrepreneurs to be able to get access to capital in emerging markets.

Gene Marks:

And what do you mean by an emerging market?

Senator Ben Cardin:

Emerging markets? The best way I can tell you, it's sort of like venture capital. You're looking at new opportunities. Where do we expect entrepreneurs to be able to develop an area and see economic growth. Technology is always changing. The consumers desires are always changing. So we have new markets that are forming all the time, and we want the minority communities, underserved communities to be get into that way at the beginning, and being able to enjoy the benefits of entrepreneurship.

Gene Marks:

The final bill that I wanted you to talk about was, we're going back to 2019 now, it's the UPLIFT Act or the Ushering Progress by Leveraging Innovation and Future Technology. Tell us about that.

Senator Ben Cardin:

Well, the UPLIFT bill is an effort to form partnerships with institutions that have credibility within the minority community. It could be an HBCU, it could be a MSI. It could be a community college that has credibility within minority communities and has already establishments within the minority community. We know that the incubator programs work well, but incubator programs are generally located in communities that not necessarily can reach the minority community or underserved community. So we want to be able to get these partnerships that would establish incubators, perhaps at an HBCU, perhaps at a community college, that is located in underserved areas so that we have minority communities that have the benefit of incubator programs. And just as importantly, accelerator programs, so that we can get them started. They get the support of that common administration, and so that they don't have all the burdens of a startup company as shared by the institution in which the UPLIFT Act would work with. And then to help that business get into the market sooner through accelerator programs.

Gene Marks:

So the UPLIFT bill itself, is it still outstanding or has it made any progress?

Senator Ben Cardin:

On all of these bills, we have made progress. We've had a good deal of discussion. We've had discussion with the Biden administration. We think the Office of Emerging Markets can actually be started without legislation. And I know that the SBA is looking at this today, at least getting it started, we'd like to have a legislative framework for it, because that gives us a better chance for permanent funding. The UPLIFT act as already been arrangements made with some of our HBCU. So we've already implemented some of this, but we are very hopeful that these bills, which enjoy strong support among both Democrats and Republicans we believe, and fills a gap.

Senator Ben Cardin:

And I want to talk a moment for that if I can, because the reason for this is pretty important. If you look at the traditional tools of the SBA and you look at how well they're doing in underserved communities, they're not doing very well. They're not making the penetration we need. And I think my colleagues understand that. And that's the reason why we need the UPLIFT bill, the reason why we need the Office of Emerging Markets, and we need to make the Minority Business Development Agency a permanent authorized agency.

Gene Marks:

Let's get into that for a little bit. I mean, Senator Cardin, you think about minority business owners in Baltimore, in Prince George county, in Charles county, in Somerset county. I mean, even in Maryland itself has got quite a representative of black and Asian and Latino business owners. And you're right. A lot of those owners don't take advantage of some of these programs. They're really not even aware of some of these. It's exactly why we're having this conversation. What do you think more that the government or the SBA can be doing to increase that awareness?

Senator Ben Cardin:

It's a great question. And as part of our COVID relief package, we included a Community Navigator Program. And in regards to the tools of the Small Business Administration, those grant opportunities are now open at the SBA. So this is an active program. This was an initiative by the Biden administration, in which the SBA can enter into contracts with community organizations to help small businesses in underserved communities, connect the dots and get services under the SBA. So we recognize we have to do outreach. In a small business, they don't have a big staff that can understand the nuances of how you apply for these programs. And if you just take a look at the 7(a) Program, that's the largest program that the SBA has today. The 7(a) Loan Program. Women only get 18% of the 7(a) Program, women owned businesses. Black borrowers, 4.5%, Hispanic borrowers, 8.5%.

Senator Ben Cardin:

So we're not reaching the mainstream minority communities and women-owned small businesses. And we hope the Community Navigator Program, we hope the outreach that we're talking about doing through through the Minority Business Development Agencies, through our resource partners, the women's business centers, the veteran centers, we hope all of those will help us reach out and improve those numbers.

Gene Marks:

I have to ask about you as well. I mean, you clearly have a passion for helping minority businesses. I'm curious where that comes from.

Senator Ben Cardin:

Well, first, a Congressman from Maryland, Parren James Mitchell, was one of my mentors as I was starting in politics. He was elected to Congress from the 7th congressional district in Maryland, Baltimore centric district. He was the first African-American elected in Maryland to the United States Congress. And he became chairman of the Small Business Committee. He created the first set aside for minority businesses. He did that in 1977 and it made a difference. So I've always been passionate about the opportunities of this country. My grandfather started a small business in Baltimore, a small grocery store, and he was able to expand that to a wholesale food distributorship company that became a rather large entity. So I've experienced firsthand the benefit of entrepreneurship. I've seen how it's worked in my family. I've seen how it's worked in my community, and I believe that we can bridge the wealth gap in America, if we offer the opportunities to all communities and we have to do outreach for that to happen.

Gene Marks:

The Census Bureau released earlier this year some data about minority businesses, which I was curious to get your thoughts on. The Census Bureau has said that about 20% of all businesses in the US are minority-owned. The biggest percentage are Asian, with about 10%, Hispanics have about 6%. And black-owned businesses were only about 2% of all businesses out there. I mean, significantly lagging behind other minorities. Why do you think this is? And what do you say to your constituents, people that are black in your constituency that want to be entrepreneurs, how do you go about fixing that?

Senator Ben Cardin:

Well, one of the areas, obviously, is to have better institutions in the community to serve the community. We found out on the Paycheck Protection Program, which was the largest program that we pay as for COVID-19, that the reason why minority businesses weren't first in line is that they didn't have banking institutions in their community that they could go to to get help. So it starts with building the institutions in all of our communities, particularly among African-American and Latino and women-owned small businesses. And we did that through the CDFI program. And as you know, part of our efforts was to strengthen the mission lenders and the CDFIs and the minority depository institutions. If we do that, they don't do outreach. They go into the community, and that is what's necessary in order to establish the ability of these communities to show firsthand the success of entrepreneurship, which leads to further opportunities in the minority communities.

Gene Marks:

The biggest issues with all the great things that you're trying to do, and all the good reasons why the government wants to help, it sometimes gets the government into hot water. I'm sure you're aware that the Restaurant Revitalization Fund was targeting really initially minority-owned businesses at first, for the first three weeks or so of its funding. And it got sued, the SBA, in three different places, saying that their distribution of the funds were [inaudible 00:14:11], I'm curious what your thoughts are on that. Not that you have to weigh in on whether it was or it wasn't discriminatory, but how do you get these funds out to minority business owners while still making sure that other business owners are getting their fair share?

Senator Ben Cardin:

Well, I think the major problem with the Restaurant and Revitalization Fund was that there was not enough money in it. Congress only appropriated about \$28 billion, and the demand was three times that, so there wasn't enough money into the program. They then set up a priority list, which I thought made sense because we know it's more difficult for minority small businesses, those in socially and economically deprived, depressed communities and veteran women-owned small businesses to have a more difficult time to get in line. We saw that with the original Paycheck Protection Program. So I thought the priority made some sense.

Senator Ben Cardin:

When the courts found that that was not be carried forward, we were in a terrible position where some small businesses thought they were going to get the help and had not been able to get the help. So the lesson learned here is, we do have to make special efforts to make sure that the traditionally underserved community is not left behind, but we have to put adequate money in the program so that all eligible small businesses can participate right now. I hope Congress will appropriate more money for the program, and we can get back to processing applications.

Gene Marks:

Only one or two more questions left, and I'll let you go and eat. When I look at your history, you did mention before that your grandparents had a grocery store. I think your family came over, they were originally called Kardonski and then they changed their name to Cardin. And just as an aside, my family was Markowitz when they came from Russia. And my father said that we changed our name to Marks because the Kazakhs scared the wits out of us. So maybe there's a similar story there, but I'm curious, your family came over as immigrants and minorities in this country, and they prospered, and succeeded in business. And I'm wondering what your thoughts are. What is different about America today for the minority entrepreneur, from the days when your grandparents or great-grandparents immigrated here? What do you think is different?

Senator Ben Cardin:

It's a great question. And you're right. The opportunities in America, it's one of the reasons that brought my grandparents here to America. Also, of course, they were persecuted from where they came from. So they wanted a country where they could live in safety, but it gave them the opportunity and with hard work and with figuring out a way to do things better, they could really create a future for their children and grandchildren. So my grandfather was a very hard worker and he found that there were a lot of small grocery stores in communities when he came over here, but there was no source for them to be able to get their products other than trying to go through the big entities. And the big entities weren't really interested in the small grocery stores. So he figured out a better way to do things.

Senator Ben Cardin:

And he said, "Look, why don't we sell in bulk to the grocery stores?" And it really started the independent grocery business in our community. And it took off and he was able to support all of his children going to college. And my father became an attorney and was able to prosper in this country. And my mother became a schoolteacher. And so the rest is history. The son's now in the United States Senate, this is a great country. So the lessons learned today, I think these opportunities are still there. It's more challenging today, certainly with the previous administration and its attack on the first-generation Americans. And sometimes even much more than first-generation Americans, anyone who looked different than what the president's definition of America was. It presents a challenge. So I hope we now have the leadership in this country that recognizes that immigrants make our nation stronger. Diversity is our strength and opportunity needs to be for all communities.

Gene Marks:

And I'm not expecting to have any answers to this, but when I think of your grandparents and what they did, as well as millions of others, of immigrants that managed to succeed in their lives, they did it back in the day when there was no Paycheck Protection Program, there was no Small Business Administration or 7(a) or 504 loans. Do you know what I mean? And now there is, and it's just the environment itself has changed. There are so many more resources out there for entrepreneurs. I mean, if your grandparents had those resources, who knows what we could have been talking to? CEO Cardin of a multinational conglomerate, so times have changed because of that. [crosstalk 00:19:33] Oh, go ahead. I'm sorry.

Senator Ben Cardin:

No question that the circumstances today are a lot different than they were when my grandparents came to this country 120 years ago. So yeah, things have changed and opportunities are now more complicated. So we sometimes wish we could go back to how things used to be. But I must tell you, it's very exciting to see the opportunities that exist today.

Gene Marks:

I agree. And that is well said. Before I let you go, I read somewhere that you once said that your most influential book was "The DaVinci Code" by Dan Brown. Is that serious?

Senator Ben Cardin:

I don't remember saying that. I must be honest with you. I enjoyed reading that book immensely, but I don't remember saying that. I read generally fiction because I live the real life here in Washington. So I enjoy the Ludlum type books, but it's strictly for entertainment. When I have long trips or things like that and I could do books on tape, I will read historical books about great figures. And probably my favorite was "The Master of the Senate" that was written about, yeah. That was probably one of my favorite books.

Gene Marks:

One of my favorites of all time, and in fact, I'm in the middle of listening to a presentation he gave, this was 10 years ago where he's talking about that book. It's a wonderful book. And one that deserves to be read more than once. So as a U.S. Senator, I'm glad that you're reading that book.

Senator Ben Cardin:

I think it's must reading for a Senator. I must tell you that.

Gene Marks:

I would agree. Senator Cardin, thank you very much for your time. I'll let you go. I know you have other things to do. We very much appreciate it. Take care.

Senator Ben Cardin:

My pleasure. Great talking to you. Have a great day. Thanks.

Gene Marks:

Ben Cardin is a democratic Senator from the state of Maryland. He is also the chairman of the Senate Committee on Small Business and Entrepreneurship. Senator Cardin has been a U.S. Senator since 2007. My name is Gene Marks, and you have been listening to the Paychex Business Series podcast. If you'd like more help advice or tips for running your business, please join us on paychex.com/worx. That's W-O-R-X. I hope you enjoyed this conversation and we look forward to seeing you again soon.

Speaker 3:

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