



SMALL BUSINESS

MAY 14 | 11:00 AM - NOON



Webinar Transcript

Patrick Woodie:

Good morning. I'm Patrick Woodie, President of the North Carolina Rural Center.

Brandy Bynum Dawson:

And I'm Brandy Bynum Dawson, director of advocacy at the North Carolina Rural Center.

Patrick Woodie:

It is with great pleasure that we welcome you to the second session of our five part series, Rural Talk, an advocacy speaker series.

Brandy Bynum Dawson:

Today's one hour panel discussion will highlight the challenges, opportunities, policy levers and local innovations surrounding entrepreneurship and small business development.

Patrick Woodie:

But first, we would like to start with some breaking news. I'm pleased to announce that in the coming months we will launch a new initiative to secure more supportive state policy for our state's small business owners and entrepreneurs.

Brandy Bynum Dawson:

With support from the Ewing Marion Kauffman Foundation, we will use their national policy platform, America's New Business Plan, as the guide post as we tailor it to a North Carolina context. Our North Carolina-based efforts will focus on the plan's four pillars: opportunity, funding, knowledge, and support. Our work will be centered on an engagement process that consistently links entrepreneurs and small business owners directly to policy leaders. This work takes on additional urgency and importance in this moment, and we are excited to be joining a coalition of more than 100 entrepreneurship advocacy organizations nationwide. Stay tuned as the details unfold.

Now before we hand the program over to our moderator for today, I'll just take a moment to review a few housekeeping items. Please note that all participants are muted. We do, however, want to give you the opportunity to engage with our expert panelists. You can do so via the Zoom Q&A feature. If you're using a call-in option, you can email you questions to events@ncruralcenter.org.

Patrick Woodie:

Also, we will be recording today's webinar and it will be available on our website in the next day or so. We're so very thankful for our amazing sponsors who continue to have great faith in the work we do and

great faith in rural North Carolina. Thank you to our small business development session sponsors, Farm Credit Associations of North Carolina and North Carolina State Extension, as well as our Rural Talk series sponsors, CloudWyze and Wells Fargo.

Brandy Bynum Dawson:

We'd also like for you to continue today's conversation on Twitter. So be sure to follow and tag @NCRuralCenter and @RuralCounts and use the hashtag #ruraltalk2020. The crux of our discussion today will be guided by the expertise and wisdom of a stellar lineup of speakers in the field, including two of our esteemed state legislators, Representative Stephen Ross and Senator Jay Chaudhuri, who are both staunch advocates for North Carolina's entrepreneurs and small businesses.

Patrick Woodie:

Before we officially get started, let's find out who we have on the line, so our speakers can tailor their responses to the audience. We'll give everyone 20 seconds to respond to the poll that should be showing at this time on your screen if you're using the Zoom application. What organizational sector do you represent? And the possibilities are corporate, education, government, individual, nonprofit, philanthropy, small business, or other. Please give us your responses.

So we have a great mix of folk, 39% from the government sector, 28% from the nonprofit sector, 11% from small business, also 11% from education, 4% from corporate. So a great diversity of an audience today, we thank all of you for joining us, and we look forward to getting started. So without further ado, I'll hand the virtual mic over to our moderator and Thread Capital board member, Kim Graham.

Kim Graham:

Thank you Patrick and Brandy. And thank you everyone for joining this timely conversation that we're going to have today about rural entrepreneurship and small business development. We know that, in this country, we have over 29 million small businesses in the United States. It outnumbers corporations 1,162 to one. Based upon what we're dealing with in our country, this is a great, great topic for us to have a discussion around. Today we'll have our panelists of expertise: José Alvarez, vice president of Prospera North Carolina, Talitha Batts, director of Policy Center of The Institute, Jonathan Brereton, executive director for Thread Capital and Matt Raker, executive director for Mountain BizWorks.

So we'll jump straight into our questions and answers for our panelists. The first question is a warm-up question, so this will be a quick one. 75% of small businesses established in the rural 80 counties have fewer than 10 employees. Why do small businesses matter in a globalized world, where bigger is often celebrated as being better, why should we care about small businesses? So do we want to start with José first with that one?

José Alvarez:

Sure. I'll go first. So, why? Well, because I think we have to start small. I mean, any major corporation that we know out there started as a small business and they have to be supported, they have to be guided. The engine of job creation in this country and community is basically small businesses, so we need to make sure they are well guided. We need to make sure we provide the right tools for them, so that they, obviously grow the business, create jobs, pay their dues, pay their taxes. So, like I said, everything big starts small.

Talitha Batts:

Good morning, Kim. This is Talitha Batts. I'll just piggyback on what José said. Small businesses matter because they provide opportunities for entrepreneurs and they create meaningful jobs that are an integral part of the local community fostering an interdependence that stimulates prosperity. Small businesses also keep money close to home and support local neighborhoods, as well as our communities.

Kim Graham:

Thank you.

Jonathan Brereton:

This is Jonathan, I'll jump in with an additional point. It's not just small businesses that matter, but it's new businesses that matter. So the data pretty consistently shows that it's new businesses that create jobs. The older a business gets, the more it actually turns into a negative job creator. So they're actually shedding jobs, the older they get. So support of new businesses is really what's going to drive the economy in North Carolina for the next decade. And we enter this period of great uncertainty for entrepreneurs following a decade of lost businesses, so a net loss over the previous decade and we're now entering a moment of crisis. So the creation of new enterprises is going to be pivotal to what the future looks like in North Carolina.

Matt Raker:

Good morning. This is Matt Raker, it's great to be joining you. I know this is can be a difficult and challenging time, but I think it's also a very proud moment to be a North Carolinian for how the state is coming together and partnerships. We could easily have a "woe is me" mentality, but I think we've really focused on what we can do together, and I think that is symbolic of our entrepreneurial mindset across the state. We're seeing in those communities that have really strong local business networks that they're joining together, being responsive, being resilient and are going to get through this, and I think that's a strength now and that'll be a strength as we recover. We know those are where in our rural region that we've worked in, western North Carolina, that's really the backbone of our economy. So, I think it's that how can we come together and really solve problems for each other.

Kim Graham:

Thank you panelists. Leading into our next question, we know that 57% of the country's private workforce are employed by small businesses. So Talitha, if you could tell me why 95% of businesses established in North Carolina employ less than 50 people and account for 44% of all employment, yet they seem to not be on our or state policy makers radar. Why is it so hard to get the attention that they need and deserve?

Talitha Batts:

Well Kim, the North Carolina Institute of Minority Economic Development actually recently hosted a town hall meeting to address this very issue and access of what can we do to bring more attention to the needs of our diverse small businesses specifically with 50 or less employees, to better understand how they were impacted by COVID-19 in North Carolina. The institute partnered with community stakeholders such as the Latin America Chamber of Commerce, The Carolina's-Virginia Minority Supplier Development Council, The Hispanic Contractors Association of North Carolina, as well as the LGBT

Chamber of Commerce and the Urban League of Central Carolinas, to name just a few. We partnered to survey hundreds of small diverse businesses, analyze their results and deliver a call to action using this town hall forum to discuss where the resources are and what's next for them. As a result of this, we had over 460 responses in the five-day timeframe and the majority of the responders were sole proprietors with less than 10 employees.

The result was both concerning and encouraging, however we were also able to pull together about six recommendations for state and local government officials where we identified from the survey results to address these very issues and how we could get more access to these particular individuals or individual businesses. The six key areas were a span of interests between extending constriction to essential services, which would exempt them from the stay-at-home policies. Encouraging municipalities to continue to provide water to residents as well as businesses. Also, to encourage the localized grant resources funded by foundations and corporations and philanthropist as well as local stake holders, that along with several other things. But now the Institute will also follow up quarterly with town hall meetings to continually address and update the information in reference to small businesses, specifically those that employ one to 50. And also, market state resources, which is currently on the Institute's website and to newly market a buy local, buy small, buy diverse portal that is also located on the institute's website that is encouraging more people to buy local, buy small, buy diverse to support these businesses that are between one and 50 employees.

So that's what we're currently doing and some of the things that we've done to address this particular issue. Hopefully as we monitor the situation, address the needs and assess what we can do in our quarterly town meetings, we will also follow up and update this information throughout the year. The next quarterly town meeting will be held on June 25, so we're encouraging people to stay focused on the website, get the state resources that are listed there and stay up to date to see what we're doing to assess the needs and to also update you with this information.

Kim Graham:

Great. Thank you for that. So can you expand a little bit? How do people register for the June 25 town hall meeting?

Talitha Batts:

There is a weekly Policy Center newsletter that's coming out. You can go to theinstitutenc.org on the Policy Center's website and you'll see updated information there on how to register, as well as underneath, the state resources that's located under the COVID-19 tab on the website. We're also going to be sending out information within the next week or two on how to register for that. So we'll get that information over to the Rural Center as well. If you guys would like to post that, but in the meantime, you can go to theinstitutenc.org website to register for that town hall meeting. Like I said before, we'll have those quarterly to assess the needs of these particular small businesses so that you can continuously throughout the year receive these updates and attend the meetings that will give you this updated information.

Kim Graham:

Sure. Thank you for that information. So what are the practical steps that make it easier for small businesses to be created and sustained? So Matt and José if you could elaborate a little bit on that question right there for us.

José Alvarez:

Sure. I'll go first. So I think one of the first things that needs to be taken into consideration is collaboration. I mean, at the end of the day when we work together whether it's government, nonprofits, foundations, corporate, we are just building a muscle of assistance for all these entrepreneurs who are either starting a business or trying to expand an existing one. We know for a fact that we cannot do it all as an organization, but every time we receive someone looking for a specific need, part of the assessment is determining what we can help them with and then how we can refer that person to a partner, government agency that might be able to help them with another thing that we might not be able to help them with. So just having that mindset of collaboration, I think that's just the first start.

Kim Graham:

Thank you. Matt?

Matt Raker:

So, I'll piggyback on that. Talent is everywhere, but resources are not everywhere. I think a real thing we can do to help unleash a lot more entrepreneur and small business activity is to expand access to those resources that are needed to start to make it a little bit easier and they need to be consistently available. I think the announcement that the Rural Center made at the beginning of this call and those four pillars are a really smart way to focus. Entrepreneurial training, so some of the key skills for how to run a business that we work with, these are first time founders. They're expert in whatever their trade is, but don't necessarily have formal business training, so even just a little bit of that can really help maximize their success and minimize some of their risk that they're taking on which is great. Entrepreneurial mindset, which is not just for the entrepreneurs, but we encourage that for the whole community, whether you're a local government or in your school system, really looking at how we can encourage that mindset there.

Then access to capital, Mountain BizWorks, we're a CDFI, Community Development Financial Institution. Probably one of the hidden resources in North Carolina that really could be elevated with more of a statewide strategy for how we really use CDFIs to help expand capital to help small businesses and rural communities and diverse communities, you name it. Definitely agree on collaboration. That can be difficult and messy sometimes, but it's certainly worth it. I'll point to right now we're thrilled to be partners with the Rural Center and Golden LEAF and Thread Capital. Jonathan will probably talk to this, but the statewide North Carolina Rapid Recovery, where CDFIs came together to rapidly respond to the current crisis and extend capital to small businesses across the state. In the role of philanthropy, here in our region we were able to also partner with Dogwood Health Trust to be able to help more businesses in our area access PPP funding. So to bring those federal relief dollars into our region. So being able to have those types of resources there are good in times of growth and also to help folks survive whenever times get difficult.

Kim Graham:

Sure. Thank you. So, we know that rural youth and young adults are increasingly people of color, what extra of measure of support do we need to make so that we meet their full potential as entrepreneurs? Jose would you like to address that?

José Alvarez:

Sure. Sure, yeah. That question I actually can relate a lot to that, because the end user that we serve, the demographic that we serve are Latino entrepreneurs. A lot of them are immigrants and everything in the Latino culture revolves around family. So the way we look at developing a program to support youth whether it's entrepreneurship or whatever, we think that education starts at home. School is great, they are amazing, they're all superheroes, but at the end of the day everything starts at home. Family education.

So once you start developing a program for youth, whether it's in this case entrepreneurship, you've got to get the parents involved. Specifically with our demographic, a lot of these parents are Latino parents who are first generation, they're immigrants, so they might not know how things work here, so by getting them involved, you put that saving in mind to think about entrepreneurship and how to take care of their finances, which is very different. The financial system here is very different from what it is in Latin America. So despite helping them, we also get to the kids and so that comes across helping at the end of the day two audiences. The parents and the youth. So definitely getting the parent involved, it is key.

Kim Graham:

Absolutely. Absolutely key. So Talitha and Jonathan, where are the greatest policy leverage now that rural advocates should be pushing on? Is it at the state level? Is it at the federal level? Is it at both? Is it at the local level? Are national examples of policy platforms that can serve as a launching pad. Talitha, you want to start on that?

Talitha Batts:

Sure. I think all levels actually should be addressed. North Carolina has small businesses and family farms and there's so many different areas to address, but right now in receiving the Rapid Recovery loans from state resources to bridge the gap between the start of the crises and the time the resources or relief are available, we should continue to push all of the levers that are necessary from a policy perspective as advocates to continuously push the direction of receiving those types of Rapid Recovery loans or state funds and resources and whatever else that is out there, that we can put into the forefront to help our small businesses recover during this time of such a drastic need. So just continuously pushing those resources that are out there and trying to assess resources to continuously update our small businesses when they are available. It will be the direction from not just a local, but state and federal levels that we will continue to push through.

Jonathan Brereton:

Great. And just to add to what Talitha said, the Rural Center's put forward a handful of strategies that are all important from a policy standpoint, including the launch of the Kauffman Foundation's non-partisan America's New Business Plan. I'd encourage everybody to take a look at that, the details of that and to support that. At the end of the day the issues we're talking about here are very big issues

that are going to take many many things to address across all sectors. So government policy being one, but it's going to take the private sector, the nonprofit sector, everybody pulling together to really reverse some of these trends.

So one that I'd like to highlight though specifically of the policy proposals that the Rural Center has put forward, across the country, cities, states, et cetera get in bidding wars to attract out of state employers to relocate. Billions are offered as incentives to entice these businesses to move, but as I said earlier, the data is really clear, it's new businesses that create jobs. What if we as a state decided to take those incentives and offer them to people here in the state that are starting new businesses? What would the return on that investment be, not just in jobs, but establishing the state as a leader in entrepreneurship across the country. That to me feels like one very specific policy objective that could have a really, really powerful impact on the state if that was something that local government and state government prioritized.

Kim Graham:

Thank you. I know that Matt mentioned the PPP program and he also mentioned CDFIs as well. North Carolina has a relatively rich ecosystem of small business support networks. How do we take our business assistance work to the next level of effectiveness. So Matt and Jonathan, would one of you like to address that?

Matt Raker:

Sure. I think we're at a point, the Rural Center shared some of the data around kind of the decline in new start-ups in rural North Carolina over the last decade, which I think should be concerning for all of us and we need to look at that. I think from our perspective, where we deploy capital across communities in western North Carolina, I think it's time for us think about a new investment thesis for rural North Carolina and strategy should be statewide. I think connectivity is a key part of that, certainly in addition to the capital we know that broadband is vital, but also breaking down some rural and urban connections or better creating those connections. Looking at emerging sectors that are really important across our state and if we could take a more strategic way of doing that. I think also, I know right now is really difficult. I think we're also collaborating probably statewide more than we ever have before. So I think let's see could this actually be a catalytic moment where some of these capacities that we've developed we could actually build on those. And we're not going back just to the old, but we're keeping some of these new skills that we've got going forward.

Jonathan Brereton:

That's a really good point. As I said earlier, this is going to take an effort by everybody across all sectors. The ecosystem that we currently have is relatively strong when you look at the CDFI sector technical assistance providers including Jose and Prospera, banks, credit unions, et cetera, they all need to be involved in building and launching more small businesses. The one thing I would highlight here though is the education system. Entrepreneurship needs to be normalized as much as possible. I grew up in a family of entrepreneurs. Entrepreneurship was always a part of the family. It's no coincidence that myself and my two brothers own businesses. My youngest brother just started his third business. I do this work working with entrepreneurs. That's no coincidence.

I think the more entrepreneurship is normalized and I think the place to do that is through the education system at a very early age. The more we do that, the more people will grow up thinking about

entrepreneurship. The more we support the ecosystem, the more people will believe that there are systems in place to help them take on starting a business and help them be optimistic that they will succeed. I think this is essentially, we need entrepreneurship to be in the water in every one of our communities, something that everybody is constantly thinking about. That will make a lasting change.

Kim Graham:

Sure. Thank you. I know Jonathan, just to touch on something you just said, you said that entrepreneurship should be normalized and we know only 50% of businesses last five years. Could each of the panelist talk a little bit more about some of the resources and support systems that we have that small businesses can tap into to make sure that these small businesses survive past five years?

Jonathan Brereton:

I'll jump in first here. There's a large network of state and SBA funded resources. So the SBTDC network, which operates out of the university system and the small business center network, which operates out of the community colleges across the state. There are, if not in every county, within a short drive there are resources that are available to provide support to help people start businesses and grow businesses. I think the biggest thing when you talk about failure rates, I think the biggest thing that I see in entrepreneurs is just an eternal optimism. Sometimes an irrational optimism from my standpoint, but that's what it takes to keep pushing, keep trying, not give up. So I think often we've seen it with some of the famous entrepreneurs in our country too. Their first business failed. Maybe their second business failed and their third one was successful. So I think to what Matt was saying earlier about this being a mindset, part of it is ecosystems support it, but a lot of it is just having more people that are really taking on the challenge of entrepreneurship.

José Alvarez:

I can piggyback on that. One of the beautiful things about this state is, I mean the resources are available. As Jonathan mentioned, there are a lot of organizations out there available, whether it's through Women's Business Network, SBTDCs and many other nonprofits, the Mountain BizWorks, CDFIs, et cetera, et cetera. But even NCIDEA, it's a foundation that we have here out of Durham. I think it has put so much resources and money out there to support entrepreneurs, especially start-ups in tech. But I think also we need to give credit to the legislature. I mean, just North Carolina has the lowest corporate rate in the nation. I think it's 2.5%. So again, we go back to collaboration, at the end of the day we're trying to set this environment for these entrepreneurs or entrepreneurs-to-be to take advantage of.

Now the real challenge is again the entrepreneurial mindset. I think it's our responsibility to get this entrepreneur mindset in all these end users that we serve to help them understand, this is how the ecosystem works. This is how you can take advantage of it. Just open your mind and let us teach you how to do it, so that you can invest your money well in the company, grow it, create jobs, et cetera, et cetera.

Talitha Batts:

I also will piggyback off of what everyone else has said, just in reference to the WBC centers, the Woman's Business Centers are an amazing network across North Carolina, having resources along with all the other incubators out there that are also full of resources. Along with the universities that are also full of resources. So there are tons of resources across the state that will lend to the assistance for

entrepreneurs. I think that one of the biggest things that we like to work with in the minority or lower economic areas is just making them feel like there's an access to capital. Having an access to capital is really what's going to spearhead in disadvantage areas that need assistance to help them to assure that these entrepreneurial efforts are not in vain and that they are able to achieve the standard for entrepreneurship that's put forth out there. So understanding access to capital. Understanding where the incubators are. Understanding what resources are out there that are available is critical and all of our institutions work really hard to make sure that our entrepreneurs have access to that information.

Matt Raker:

All great points. I just want to add that entrepreneurship doesn't necessarily happen overnight. It takes a while for it to kind of get incubated. So it really needs a sustained investment, that's important. I think we could probably do a better job with those. There's a little bit of a myth that, "Oh, start-ups only happen in big cities next to a research university," or something like that and that's just not true. We can have great entrepreneurship across rural North Carolina and in some ways there's advantages. So I think the more we can also kind of hone in on those unique contexts will just make us all better off.

Kim Graham:

Thank you for that. It seems like we have a lot of resources out there that can certainly help our small businesses across the state. Before we move and introduce our legislators that are with us today, are there any other or final comments that the panelist would like to share with us before we move to our next section?

Jonathan Brereton:

If I can just get on a soap box here briefly, these are my comments only, not Matt's comments, not José's comments, or Talitha's. The stuff we've all been talking about, were short comings pre COVID-19. They're exponentially more true now. There's going to be a lot of business failures across the state and I think the impact on that as far as entrepreneurship is concerned is probably going to cut both ways. It's going to discourage some people from starting new businesses and others will see it as an opportunity. But I think for both of those groups we need them to feel really good about the support of their efforts by the entire state. Again, by all sectors of the state. The whole country is going to be rebuilding after this and how we as a state respond is going to have a direct connection to the economy of North Carolina and whether we emerge as leaders or emerge as followers in the economy that gets rebuilt.

So if we as a state support start-ups, encourage entrepreneurship, invest in that ecosystem, we're going to look very, very different five years from now than if we're passive in this moment. I think if we're passive, we're going to miss out on opportunities. Other state are not going to miss those opportunities and we're going to pay the price for that. So, I just would encourage all of us to really double and triple down on these things in this moment. We all know entrepreneurs are pivotal to our economy, but entrepreneurs are in the middle of an enormous storm at the moment and they need all the help that they can get.

Kim Graham:

Jonathan, that's a good lead way into introducing our legislators that are with us today supporting new business and giving support to current small business owners that are in the state of North Carolina. Today we have with us Senator Jay Chaudhuri, District 15 from Wake County and also Representative Steven Ross, District 63 from Alamance County. Are they on the line?

Senator Jay Chaudhuri:

I am here Kim. Can you hear me?

Kim Graham:

Oh great. We can hear you. So I'll let you go first Senator.

Senator Jay Chaudhuri:

No, thank you Kim and thanks to the Rural Center and thanks to the panelist. I mean, this has been an incredible discussion and I am energized and optimistic and I want to kind of end my remarks talking about optimism and really build on what Jonathan talked about, about whether the state will be a leader or follower. Let me say a couple of things. I think number one, as everyone on this call knows, I mean, small businesses really are the economic engine of our economy. They comprise more than 50% of our nongovernmental workers that we have in this country. Those that are defined as employees that have under 100 employees or less. The pandemic as we really know has really hit small businesses incredibly hard. I mean, we know that there are small business owners that are struggling to make their mortgage payments, their rental payments, utility payments, meet their payrolls. But where does that put us now that we are seven weeks into the pandemic? I mean, I think number one from a state level, I would say that, and I think the evidence on this is kind of worn out, we know that the federal stimulus package that was put into place that the federal stimulus dollars, we know 50% or more of the loans, now based on a recent analysis have been larger than a million dollars or more and that 300 publicly traded companies have received those loans.

I'm not dismissing that as the incorrect approach, but my concern is, is that in the process that we are leaving small businesses out in looking at how we rebuild our economy. So from my perspective it was very important that the state put in place a small business bridge loan. That was an idea that I originally had floated right after the pandemic hit within Senator Danny Britt, who is my Republican colleague in the Senate. I was delighted to see that after the House had proposed a \$75 million bridge loan, the Senate came in at \$100 million, that ultimately we ended up with \$125 million as a bridge loan. Granted I mean, the bridge loan is exactly what it is. It's a bridge loan that's designed to help businesses stay afloat while they're waiting for federal relief package and you can't get more than a \$50,000 that are being lent.

I know that Jonathan with Thread Capital, I think y'all are one of the lending agencies that are helping make that happen, but we know that there's an incredible amount of demand. I think there's upwards to almost 2,000 applications that at first came in, where we know that there was a demand over \$100 million to help support small businesses. So with that being said, I mean, I think that the argument needs to be made certainly at the state level and at the federal level that we need to continue to do more to help our small businesses. It's important that we do help our small businesses, because when we think about how we define our neighborhoods, what protects our neighborhoods, it's small businesses.

When you think about where our communities come together, it is small businesses. It is the place where relationships have continued forever. I think about that restaurant in the small town in North Carolina, I think about Big Ed's in Raleigh. I mean, those are where politicians and business folks and civic leaders come together. But I also think about businesses that are started by immigrants José, which is part of the entrepreneurial spirit where you have natives and immigrants working together. I mean, that

is really what energizes and creates the entrepreneurial spirit that we have here in North Carolina. So I think it's absolutely vital that we do what we can to support the small businesses. I mean, small businesses frankly compared to large businesses are much more likely to circulate the money into the local economy. When I think about an independently owned restaurant and the partnership that they have with the small farmer in their local community, I mean, I've been working very closely with independent restaurants for example, and almost 95% of the money that goes into a restaurant gets recirculated into the local economy. So again, it's vital that we do what we can to support our small businesses.

Lastly I think is, it's been highlighted really by Talitha at the Institute, is that small businesses, it disproportionately impacts minority women. So as we think about this issue, it's incredibly important. So I'm just going to close my comments and thinking about what we can do looking forward and the opportunity that we have ahead of us. I mean, obviously at the federal level Speaker Pelosi has introduced a federal relief package, which I think will also be critical in helping keep our small businesses afloat. I think just kind of as a general thesis, it is absolutely vital that the government do everything that we can to try to give our small businesses the tools they need in order to stay afloat and get through this pandemic.

We've seen additional action at the county level here in Wake County. They've established a \$5 million initiative to help small businesses and that really was spearheaded by Commissioner Matt Calabria. We've seen that in Mecklenburg County. The City of Raleigh has set up a million dollar loan. But I mean, ultimately I think as we look at the longer term picture and this is why I found the discussion incredibly interesting, I agree with what we were talking about. I mean, we can see this as a crisis, which it absolutely is, but we can also see this as an opportunity, because from my perspective, I really remain optimistic about the state of North Carolina and I remain optimistic about the state of North Carolina for a number of reasons. I think that we can reshift and readjust and what I would say is an accelerated deglobalization that we're seeing of the economy, which means that as a state, can we take advantages of the assets we have here in North Carolina? And what are those assets? I mean, those assets are the things that we've talked about.

I mean, we have to continue to do everything that we can to invest in the K through 12 education space, in our community colleges especially, that I think are going to really see an increase in enrollment and the type of training that they provide and with our universities. I mean, it's important that we educate our human capital. Number two, I think given what we are seeing with the social safety net issues, which is also I think has become exacerbated and amplified based on at least we know more than 100,000 employer sponsored health insurance jobs have been lost in the last two months in March, that we do everything we can to provide healthcare coverage for our employees. I think it's also important in North Carolina that we take advantage of the natural resources that we have. I think again that puts us in a much better position I think compared other states.

Lastly I would say in North Carolina we've got incredible people, that really is our greatest asset. So from my perspective, yes, I think it's going to be very difficult for us to get through, but I absolutely think that this presents an opportunity for us to really think big and bold about how we reshift and reorganize out of this economy and I think that the state has a great tradition in doing that. In many so much of what we've laid the foundation for, we just need to continue doing some of the old things that we've done, but I think we need to be open to doing new things as well. I am available certainly to hear new ideas from each and every one of you all. I was not aware of the Kauffman Foundation focus on new

entrepreneurship. That's something that I would love to further look into, but I really think that a lot of the discussion here reflects the creative thinking and the ecosystem that we have here in the state.

Kim Graham:

Sure. Thank you Senator. So we have Representative Ross on with us as well. Representative Ross if you could pick up where the Senator left off talking about the opportunities in times of crisis here in North Carolina.

Representative Stephen Ross:

Thank you. First I want to just thank the Rural Center for putting these series together, because this is extremely valuable dialogue. And the panelists that have been on this morning, you get a great insight from each as to what the needs are and where we go from here, because issues facing small business is not something new, they've been around. I mean, we know that our small businesses are the backbone of our small communities. But you kind of have to look at this, if we were to back the clock up, we would have a discussion about this pre-pandemic level and now we're looking at in on a post-pandemic level. Or as they say in some circles damage control.

We were already beginning to make some progress. We had great dialogue going. We knew what some of the issues were. You had a great panel on last week talking about rural broadband, which is also an issue that faces small business when you get out into the rural areas. The fact that it costs, I think it was \$30 to \$50,000 a mile to put it in, I think that gives you part of the answer as to why it's not there, because most of the providers look at it kind of as a business decision. Does that mean we should stop and not go any further? No, we've got to find ways to get broadband in areas where we don't have it. I think what the pandemic has shown us as we look at all of it, is that the broadband issue is more critical than we even thought, because we have students that can't do homework. We have businesses that can't connect. The broadband issue has been magnified by the pandemic.

If you look at other issues that are going to affect us going forward, I mean, even infrastructure in our rural areas is going to get tighter as local governments struggle to meet their budgets. So you circle back around to business and we were already beginning to look at ways to foster entrepreneurship and trying to work with different ways of helping small business to grow and prosper in North Carolina. We know for example that capital, you hear that a lot, being able to get your hands on capital, that's always been an issue for small business. There's several levels of capital involved in a small business. You've got a level of capital for startup, but once you get a business started and you get it up and running then typically you're going to have to have capital for operating expenses for some time.

Then usually where most small businesses will have a problem is once they're up and running, they get to this critical level where they need capital to grow and move to the next level. That growth system that every small business wants. They want to grow, they want to prosper. The different levels of capital that's involved in getting there is something that I think we're really beginning to understand a little more. Now as we're in the I call post pandemic era ... I guess we're still right in the middle of it ... we're starting to see large corporations that are announcing bankruptcies. So, if you magnify the issue going on with business across the country, not just in North Carolina, but across the country right now. I mean, small business is really struggling, because the one thing you've got to have as you go forward is operating capital.

Where does your operating capital come from? It comes from customers. Right now the customers are sitting at home and so that's creating quite a strain and so, I think as a general assembly, as a government entity we need to recognize, and I think we have. I think there's been a lot of we've stepped back and taken emergency measures to make sure that we could do the best we could at making sure that small businesses have what they need to continue to go forward and come out of this on the other end. It's going to take a lot of collaboration. Your panelists have talked about that. I think as a government we're going to have to look at policy solutions that help foster small business and all the issues that go with trying to start up and operate and grow a small business.

We were beginning to make some progress with collaboration with our community colleges. I think we need to ramp that up. We need to look at other options out there that have come up in some of the discussion. Training and coaching for startups. I mean, it's not easy. It's not easy under a normal economy to get a business up and running. Here we are in a crisis that I don't think any of us ever dreamed we could go through making it extremely difficult for a small business to get up and running. I'm hopeful. I'm optimistic that we as a state, we were in a fairly good position when this happened and I'm very optimistic that we as a state are going to be able to take feedback and ideas from around our state, from our small businesses and from our partners and come up with policy solutions that will help get us through it.

Collaboration has really come to the forefront in all of this. There's tremendous collaboration with both state and local government. I'm usually talking with a local government on just about a daily basis on ideas that they may have as far as working in their community. And I think it's going to take a combination of that collaboration work with our community colleges, work with our nonprofits, and other organizations within our communities to try to understand first of all these are not normal times. I think secondly that the process of recovery on something like this is not overnight. So we're going to have to work hard to try to come up with solutions, good policy solutions to foster a good business climate. We have a good business climate in North Carolina, we've just been handed as everybody else in the country has, we've been handed a really rough time and we'll get through it.

We'll get through this and we will get back to moving forward, learning as we go and taking what we've learned and putting that to use, because we're going to have, and I think it was mentioned earlier, there's a tremendous economic shift that's taking place. I think we have to understand as best we can what that economic shift is. We have to try to get on the front side of. We don't want to be reactive. We want to try to be proactive and I think North Carolina is a good position as we begin to come out of this to be proactive and move forward in foster a great business climate where a startup can start and grow and prosper and move to the next level.

Kim Graham:

Well thank you both Representative and Senator and our panelists. We have just a few minutes left for Q&A as well. I will read one of our pre-session questions that was sent in and have our panelists answer that. The question that was sent in is, what are some resources presently available for municipalities to help them address these issues?

Representative Stephen Ross:

Who does the question go to?

Kim Graham:

Anyone can answer that.

Representative Stephen Ross:

I talk to municipalities all over North Carolina. We have over 500 municipalities. The larger cities what I find tend to have some resources. I think the Senator mentioned some loan funds that were put together. I think he said Wake County, Charlotte and I know Asheville has done some things. That's typically what you find in a state like North Carolina where you have large cities and then everything else seems to be of a smaller nature. The smaller cities in North Carolina right now are suffering. Their budget year is on the same calendar as the state's and unfortunately they can't print money. We can't print money like the federal government. So they're sitting there trying to figure out how we're going to pay our first responders? How are we going to pay our firefighters? How are we going to survive? So I think some of the larger municipalities are coming up with some ways to work on a collaborative basis with small business. I think that as we go forward we're going to have to look at other ways, other ideas that can take place on a local government level to help our small businesses.

José Alvarez:

I'm going to piggyback on what Representative Ross mentioned. We've been receiving tons of phone calls of these entrepreneurs, especially Latino entrepreneurs, desperate to try to save their business. So those who are in those larger municipalities with more resources, Wake County, Mecklenburg County, I know also Orange County had a little bit funds dedicated to these special emergency funds. They are putting money into it. Now they are phase two. They are looking into continuing pouring some more money into it. But yeah, smaller municipalities and counties are suffering. What we're trying to do is we're slowly putting, or our organization, we're trying to hit some of those and bring in resources to at least start with guidance and one on one. Especially in the ones with the larger Latino communities, because they're lost. I mean, not only are there no resources, but also with our particular demographic, it's a cultural thing. They might not know necessarily what's available for them. So just a little bit of service reports that we can do, we're trying to do that. We're also bringing some more partners with us. So that's a start, but it's a tough situation right now for those smaller municipalities.

Kim Graham:

Did anyone else want to elaborate on that or chime in? I know we're right at the noon hour and we have other questions. Brandy, did we have any other questions that maybe we need to get to later? I know we're about to wrap up in just a minute.

Brandy Bynum Dawson:

Yeah, there were a couple of questions that came in live via the chat feature. I think a couple of them have already been responded to by way of Representative Ross and also Senator Chaudhuri, but there's a question that we'll try to get to as far as responses for you all, for attendees. What we'll do is that we will work with our panelists to get those responses and post those on our website. So we will make sure that you are heard and you are able to be included in the conversation. So we will definitely make sure that we do that after today's session.

Just again being mindful of time, I'll do a very brief wrap up. I want to thank all of you. Our wonderful moderator, panelists, and our distinguished legislators for joining today's discussion. Remind everyone on the call that this is second in our series, we have three more coming up. So if you have an interest in rural health, rural housing or rural water and wastewater infrastructure, be sure to join us and register for those gatherings. You will receive an email later after today's session. A thank you and it will have a survey link, so feel free to complete that. I promise it will only take a few minutes of your time. It's also a chance for you to win a Bluetooth speaker. So if you need a Bluetooth speaker for yourself or someone you know, enter for a chance to win that.

I also want to use this as a moment to remind everybody the Census. This is the year of the Census. So it's very important for every North Carolinian and especially rural North Carolinians to complete the Census. If you have not spent those five to seven minutes to complete it, when you get off this call, make sure you do that. There are three ways for you to complete the Census. You can go online, do it by phone, or mail in your form that you received in the mail. Again, we thank you all very much. We're very appreciative of all your dedication to the state of North Carolina and particularly rural North Carolina. We hope to be with you again next week. Same time. Same place. Be well everyone. Thank you.