

The Agenda for Illinois' Entrepreneurs

Small Business Majority's Illinois policy agenda outlines policies that advance and promote equitable pathways for entrepreneurship while ensuring small businesses are key to a thriving and inclusive economy. The state's 1.2 million small businesses employ 2.5 million people (about 45% of the private workforce), with firms of fewer than 20 employees creating the largest net job gains.¹ Yet, Illinois small businesses continue to face setbacks stemming from the COVID-19 pandemic. Small Business Majority's research has found that even as economic conditions have improved for some small businesses, small businesses owned by entrepreneurs of color disproportionately lag behind white-owned businesses.

To advance an equitable recovery and promote an inclusive economy, it is critical to prioritize the smallest businesses and those from communities that have faced racial, ethnicity and gender-based discrimination, as well as other underserved business owners who are both socially and economically disadvantaged. Legislators and policymakers should consider the proposals outlined below.

Prioritize access to capital and business support services for Illinois' diverse entrepreneurs

- **Foster innovative capital through programs such as the State Small Business Credit Initiative (SSBCI) and other state-based programs that meet under-resourced small business needs** by collaborating with community development financial institutions (CDFIs), nonprofit microlenders, community banks, credit unions, nonprofits and private sector firms led by diverse leaders committed to supporting small business in underserved areas.
- **Pass truth-in-lending legislation such as SB2234 and HB3064 that ensures fair small business lending and combats predatory practices**, which disproportionately impacts owners of color and other under-resourced entrepreneurs. Currently, the federal Truth in Lending Act requires that consumer creditors disclose critical financing information, including annual percentage rate (APR), in a clear and comparable format. However, Congress has yet to extend these disclosure requirements to small business loans and other credit products, leaving these products largely unregulated. In the absence of a federal law protecting small business borrowers, we must work with state lawmakers to pass strong lending disclosure standards for Illinois small businesses.
- **Strengthen the implementation of the Illinois Community Reinvestment Act (CRA)** to ensure that state-regulated financial institutions meet diverse small business capital and credit needs, especially in low- and moderate-income neighborhoods. Proposed rules, legislation and budget allocation should: 1) define state-based levels of non-compliance and consequences related to section 1071 of the federal Dodd-Frank Act that amends the Equal Credit Opportunity Act in order to review if a financial institution's data reveals discrimination patterns for applicants and borrowers related to race, ethnicity and gender in contrast to owners in non-underserved communities; and 2) allocate funds to conduct regular Illinois CRA data analysis related to small businesses led by an office for fair credit within a state agency.

Address healthcare access and affordability

Based on Small Business Majority's research, healthcare access and affordability continue to be one of the top concerns for small businesses and the self-employed.² Illinois lawmakers can better help owners and employees so they are neither left with skimpy plans with exorbitant drug coverage, nor uninsured or under-insured because they must choose between safeguarding their health or their pocketbook.

- **Keep health insurance costs down by empowering the Department of Insurance to reject unaffordable insurance rates.** Small businesses continue to see health insurance costs rise quicker than inflation, thus pricing out the smallest businesses. Unlike large corporations, small businesses are not able to negotiate rates with insurance carriers, placing them at a competitive disadvantage. State regulators should have the power to disapprove or modify unjustified rate increases proposed by insurance companies.

Ensure a skilled and resourced workforce for Illinois' job creators to help close the wealth and income gap

Illinois lawmakers must address the challenges small businesses face in finding and retaining skilled workers. The struggle is especially challenging for microbusiness owners with fewer than 10 workers who have capacity barriers and serve as the sole person who recruits, trains and manages workers and their benefits. This puts small businesses on an unequal playing field with larger or wealthier corporations that have the resources for additional staff to oversee employee management and to offer robust benefits that small businesses struggle to access on their own.

- **Encourage the state to pass the Family & Medical Leave Insurance Act,** which would provide partial wage replacement for small business owners who have invested their own equity and savings into starting their business without full loss of income. Additionally, this measure would help small businesses compete in an already difficult hiring market by giving employees access to a benefit that small business owners may not otherwise be able to afford.
- **Continue to support outreach efforts for Illinois Secure Choice** to ensure small business owners understand the opportunities and responsibilities within the program, particularly as the November 1, 2023 deadline approaches for the smallest businesses to enroll. It's critical that small businesses have access to information about how they can use the program to attract and retain talent.
- **Implement policies that help working parents afford child and dependent care and that also subsidize compensation for low- and moderate-income small business care providers.** Care infrastructure policies increase both job participation and entrepreneurship among parents and family caregivers while providing small childcare providers with relief as many operate on slim profit margins. More than 1 in 3 small business owners say a lack of access to affordable childcare was a barrier to starting their business. We must invest in our care economy by: 1) boosting the supply of childcare slots by increasing state subsidies for struggling care providers, especially early childhood care providers and their workers who are in underserved areas coupled with 2) tax credits for parents and family caregivers who rely on these services to participate in the workforce.
- **Remove systemic barriers for under resourced small business owners seeking certification and procurement opportunities.**
 - Relieve the administrative burden of applying for certification to bid on government opportunities by investing in business services that allow under-resourced small business owners to win and scale in government contracting opportunities.
 - Provide oversight to the monitoring of the state's spending goals for diverse entrepreneurs.
- **Advance Clean Slate policies** to ensure that small businesses can tap into an underutilized workforce comprised of justice-impacted individuals who have remained crime-free for a period for non-sexual and non-violent crimes.

¹ SBA Office of Advocacy, Illinois Small Business Profile 2020.

² Small business and the State of The Union, Small Business Majority, February 7, 2023, <https://smallbusinessmajority.org/our-research/small-business-and-state-union>