

# Pathway to Prosperity

*The United States Hispanic Business Council's 2023 policy blueprint for a stronger American economy and a thriving small business community.*



## U.S. Hispanic Business Council

America's small business community is grappling with unprecedented economic challenges. These include managing record-high inflation, rising interest rates, skyrocketing energy costs, and barriers to financing and contracting. Small business continues to be the backbone of the American economy. In fact, 2 out of 3 jobs added to our economy in the past 25 years were created by our small businesses, which deliver roughly 44% of the national GDP. Today, an estimated 4.7 million Hispanic-owned businesses are in America, making them the fastest-growing segment of the small business community. Collectively, our Hispanic-owned companies contribute over \$800 billion to the American economy every year. The United States Hispanic Business Council (USHBC) remains committed to legislation that addresses our challenges and to finding solutions our elected leaders can act upon. As a business council, the USHBC pays particular attention to the following sectors: agriculture, finance, transportation, infrastructure, construction, energy, and technology. Our focus on these industries has led to the creation of Pathway to Prosperity, a public policy blueprint centered on building a stronger American economy. The following five policy areas of interest are hyperlinked to our website which contains more information on our position.

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### **Foster Economic Immigration:**

Immigration has historically been an economic boon for both Americans and those looking to migrate here. At no point has the need for immigration reform been greater than it is now. Cornerstone American industries, including agriculture, transportation, construction, hospitality and infrastructure, rely on the contributions of immigrants. At the USHBC we know that businesses in these industries do not operate in a vacuum, and our broken immigration system continues to pose threats to their livelihood and our economy. At the end of 2022, there were over two million cases backlogged in immigration courts. Additionally, there were roughly 3 million reported border crossings. The combination of a backlogged system and a growing influx of immigrants has created an environment that encourages undocumented immigration, while keeping those going through the proper routes of employment at bay. The business and economic impacts of our current immigration system are felt by all Americans, in the form of higher food prices, housing costs and unavailable services. The USHBC has been involved in finding a solution with an economic focus to our current crisis. We need to address the issues at our border, while creating an immigration system that provides economic opportunity for all parties involved.

#### **Fast Facts:**

- Expected to reach over 5 million border crossing by the end of fiscal year 2023.
  - Over two million backlogged immigration cases, 1.6 million of them being asylum seekers.
  - Immigrants make up 73% of labor in agriculture, meaning food price and availability is heavily reliant on access to that labor.
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## ***Bolster Domestic Energy Production & Ensure a Responsible Energy Transition:***

Last year we saw the results of a [mismanaged energy transition](#) and poorly written policy. Domestic production was at a low and foreign dependence was at a high. The American economy suffered and rising energy costs became an [invisible tax](#) on everything, all at a time of record high inflation. Businesses dealt with higher energy, transportation and manufacturing costs along with other operating costs that skyrocketed, bringing their output to new lows which led to rising prices for consumers. To prevent this from happening again, we need common sense regulation that allows us to increase domestic energy production and regain our energy independence. This includes both traditional and clean energy sources, fostering a responsible transition from one to the other. [The USHBC led a coalition effort to combat overreaching regulation.](#)

### ***Fast Facts:***

- The price per barrel of crude oil recently spiked from \$68.87 to \$116.80. In the same time frame, we saw inflation rise from 5.3% to 9.1%.
  - Only 46% of refined oil goes into gasoline, the rest is used in a variety of household products.
  - In 2021, oil imports grew by 19%, increasing our dependence on foreign sources of energy.
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## ***Revitalize American Tech Production & Innovation:***

As the wealthiest and one of the most educated countries in the world, America needs to invest in our technology future. This applies to all aspects of the industry, from extracting the required raw materials to developing new software. As the world becomes increasingly intertwined with technology, dependency on foreign nations for it is a security risk. We must ensure that we pass legislation that encourages the creation of new advancement domestically, and refrain from harming the technologies we already have. Furthermore, research indicates 36% of Hispanic businesses make most (or all) of their revenue online, compared to only 17% of non-Hispanic businesses. Additionally, 37% of Hispanic-owned businesses were home-based. Thus, [the Hispanic business community relies on the services offered by major tech corporations](#) to leverage growth opportunities and engage in economic activity. We need elected leaders to support innovation from major tech companies, not stifle it. [That is why the USHBC was involved in combating proposed antitrust legislation with unintended consequences harmful to America's small business community.](#)

### ***Fast Facts:***

- Technology policy affects almost every industry. The FAA, FDA, NHTSA and many others have recently been involved in regulatory battles.
  - Out of 1,260 imported commodities, computer chips ranked 8th and computer parts ranked 13th.
  - Roughly 30% of all business in the United States is conducted online or through other technology.
  - A one-year (2021) computer part shortage cost the U.S. economy \$240 billion.
  - 70% of all small businesses rely on Meta, Amazon, Google, and other tools to operate.
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## *Modernize American Infrastructure & Improve Access to Contracting:*

America ranks 13th globally when it comes to infrastructure, yet we are the wealthiest nation in the world – there's no excuse for that. We need to continue to improve and modernize our infrastructure in order to combat catastrophic failures, like what we witnessed with the Texas power grid. That is why the USHBC was very supportive of the passage of the bipartisan Infrastructure Investment and Jobs Act. Now that the act has been signed into law, the government will administer contracts for a variety of infrastructure projects. 30% of Hispanics are employed in infrastructure and its related industries, including energy, construction, manufacturing and transportation. However, according to a department of labor study, only 5% of the companies bidding on these contracts are Hispanic-owned. We need to improve Hispanic access to contracting so that all communities can benefit from investments in our nation's infrastructure.

### ***Fast Facts:***

- According to Brookings, America only spends 2% of our GDP on infrastructure, compared to Europe and China spending 5% and 8% respectively.
- By 2025, American Infrastructure is forecasted to be \$2 trillion short of funding requirements to meet basic needs.
- Hispanic business ownership has grown by 32% in construction, and 25% in the warehouse and transportation industries.

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## *Grow the Economy and Level the Financial Playing Field:*

The small business community is still recovering from COVID-19, record-high inflation and broken supply chains that have stunted the growth of our economy. Key to this recovery is competent policy coupled with better access to financing. America's 4.6 million Hispanic-owned businesses contribute over \$800 billion to the economy each year. Hispanics start new ventures at a rate of 3 to 1 when compared to the general market. However, Hispanics are largely underserved in the world of finance, especially when it comes to business and entrepreneurial funding. Despite faster revenue growth and comparable credit performance, less than 25% of Hispanic-owned businesses were approved for funding over \$100,000 from traditional banks compared to 50% half of white-owned businesses. To ensure we can optimize our nation's potential for economic recovery and growth, we must ensure equal access to business funds for Hispanic businesses and entrepreneurs.

### ***Fast Facts:***

- 70% of funding for hispanic businesses comes from personal accounts, compared to 6% from business loans.
- Loans for Hispanic firms averaged \$47,000 versus \$81,000 for non-hispanic firms.
- Despite unrivaled growth, Hispanics have 60% lower odds of receiving business loan approval.



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