

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON SMALL BUSINESS

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June 28, 2023
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HELD AT: COUNCIL CHAMBERS - CITY HALL

B E F O R E: Julie Menin, Chairperson

COUNCIL MEMBERS:

Selvena N. Brooks-Powers
Sandra Ung
Marjorie Velazquez

OTHER COUNCIL MEMBERS ATTENDING:

Mercedes Narcisse

A P P E A R A N C E S

Kitty Chan, Deputy Commissioner for Business Services at the Department of Small Business Services

Sherri Lane, Assistant Commissioner for Capital Access and Business Programs at the Department of Small Business Services

Je'Nean Jones-Seo, Assistant Commissioner for Workforcel at the Department of Small Business Services

Rachel Neches, Data Researcher at the Center for an Urban Future

2 SERGEANT-AT-ARMS: This is a microphone
3 check for the Committee on Small Business. Today's
4 date is June 28, 2023, located in Council Chambers,
5 recorded by Walter Louis.

6 SERGEANT-AT-ARMS: Good morning and
7 welcome to the Committee on Small Business.

8 At this time, we ask if you could please
9 place phones on vibrate or silent mode. Thank you.

10 Chair, we are ready to begin.

11 CHAIRPERSON MENIN: Okay, good morning.

12 [GAVEL] I am Council Member Julie Menin, Chair of the
13 Committee on Small Business. Thank you for joining
14 today's Small Business hearing to discuss three
15 bills, including my bills, Intro. 263 and 1103, and
16 Council Member Narcisse's bill, Intro. 969.

17 I want to first of all thank my Council
18 Colleagues, representatives from the Administration,
19 and public for being here, and members of the public
20 who are going to be participating.

21 Small businesses are a key part of what
22 makes New York City so unique, but starting and
23 running a small business here is, quite frankly, no
24 simple feat. Most small business owners begin with a
25 vision and then must find the resources including

2 capital and a workforce to put that vision into
3 practice. Often accessing capital to start or sustain
4 a business can be difficult and requires assistance
5 finding or understanding the financial support
6 available. These small businesses and their staff
7 contribute to the vibrancy of our city and would
8 benefit from support to ensure that they are directed
9 to and receiving all resources available to them.

10 In New York City, the Department of Small
11 Business Services exists to help entrepreneurs
12 navigate and adhere to regulations, gain access to
13 funding streams, and interact with commercial
14 landlords for thriving and sustained success. The
15 bills we're hearing today would further allow SBS to
16 achieve their mission by supporting workforce
17 development, equitable access to financial services,
18 and enhanced banking assistance.

19 In today's hearing, we will discuss
20 Intro. 263, 969, and 1103.

21 My bill, Intro. 263, would require SBS to
22 produce an annual report on the services provided at
23 each Workforce Center in the City including the
24 number of new registrants, the number of job
25 placements, job retention statistics for registrants

2 who obtain employment, and the number of registrants
3 provided job training. This bill would provide
4 transparency at Workforce Centers to ensure that we
5 are meeting the needs of our City workers and improve
6 these services if necessary.

7 My second bill, Intro. 1103, would
8 require SBS to post on its website information on
9 selecting a bank for small businesses including
10 information on specialized services offered by banks
11 for small businesses, information on typical fees,
12 interest rates, monthly charges or balance
13 requirements, the benefits of having accounts at
14 multiple banks, how to check the financial stability
15 of a bank, how to research a bank's financial
16 statements, ratings, and reviews, how to understand a
17 bank's online or mobile interface, and information
18 about Federal Deposit Insurance Corporation, or other
19 protections provided for small business deposits.
20 Banking is a very complex process, but it should not
21 be an obstacle for our small business owners. This
22 bill would ensure that SBS is enabling our New York
23 City's small businesses to thrive despite the
24 complexity of financial services.

2 Intro. 969 from my Colleague, Council
3 Member Narcisse, requires SBS to create a directory
4 of local Community Development Financial Institutions
5 or CDFIs, and a web portal that would permit local
6 CDFIs to publish information about the services they
7 provide and the communities they serve. The bill also
8 requires the Department to reach out to small
9 businesses and minority and women-owned businesses to
10 increase awareness of the services that are being
11 provided. This bill would similarly ensure SBS is
12 supporting the financial growth and opportunity of
13 our small businesses and is doing so in an equitable
14 fashion. I am very grateful to Council Member
15 Narcisse for introducing this important legislation,
16 which I fully support.

17 I look forward to hearing testimony from
18 the Department of Small Business Services and hearing
19 their position on all of these bills. I similarly
20 look forward to hearing from small businesses and
21 advocates on today's legislation.

22 I want to thank Nicole Cata, Rebecca
23 Barilla from Central Staff for their work putting
24 this hearing together as well as my own Chief-of-
25 Staff Johnathan Szott, Legislative Director Brandon

2 Jordan, and Legislative Aide Jan Mendez for their
3 assistance.

4 I first of all want to recognize that
5 we've been joined by my Colleague, Council Member
6 Sandra Ung, and now I want to turn it over to my
7 Colleague, Council Member Narcisse, to make a
8 statement on her bill.

9 COUNCIL MEMBER NARCISSE: Good morning.
10 Thank you, Chair, for giving me the opportunity to
11 talk about the important matter, very important as a
12 matter of fact. We always repeat the rhetoric, the
13 small business is the backbone of our community, but
14 yet we're not giving the full support so I'm happy to
15 be here with you. Deputy Commissioner Chan, and all
16 the members here, Department of Small Businesses,
17 thank you for being here.

18 As we continue to recover our economy
19 following the COVID-19 pandemic, it is imperative
20 that we support economic growth and provide tools and
21 resources necessary to support small businesses. In
22 an effort to sustain and grow our city's M/WBEs,
23 Intro. 969 will require the SBS set up and host an
24 essential portal for the New York City Community
25 Development Financial Institutions and conduct

2 educational campaigns targeted at small businesses
3 and certified M/WBES to show them how beneficial
4 CDFIs can be to their growth and to sustain their
5 business. I am a former small business owner, and any
6 support that you can get, especially right now more
7 than ever, it is necessary to hold our business. Like
8 I said again, the rhetoric, small businesses are the
9 backbone of our communities so I'm looking forward to
10 continue to make sure that all the small businesses
11 in our city get the support that they need in order
12 to stay in business. We cannot afford any more of our
13 businesses being closed. I heard there's an increase,
14 according to the Chambers of Commerce, but I'm still
15 very much interested to see the population, the age
16 group, and if they are first-time business owners,
17 and which area that we're making progress, which ones
18 that we need to give more support in in order to
19 stay. I'm going to have to run, but I'm sure my
20 Colleagues are going to do an amazing job to ask the
21 questions since the Chair is a former business owner
22 as well.

23 Thank you, all. God bless. Thanks.

24 CHAIRPERSON MENIN: Thank you so much,
25 Council Member Narris.

2 Now, we're going to turn it over to
3 Committee Counsel.

4 COMMITTEE COUNSEL CATA: Thank you, Chair
5 Menin. We will now hear testimony from the
6 Administration. We'll be hearing from Deputy
7 Commissioner Kitty Chan as well as Sherri Lane and
8 Je'Nean Jones-Seo.

9 Before we begin, I will administer the
10 affirmation. Panelists, please raise your right hand.

11 Do you affirm to tell the truth, the
12 whole truth, and nothing but the truth before this
13 Committee and to respond honestly to Council Member
14 questions?

15 DEPUTY COMMISSIONER CHAN: I do.

16 ASSISTANT COMMISSIONER LANE: I do.

17 ASSISTANT COMMISSIONER JONES-SEO: I do.

18 COMMITTEE COUNSEL CATA: Thank you. You
19 may begin when ready.

20 DEPUTY COMMISSIONER CHAN: Good morning,
21 Chair Menin and Members of the Committee on Small
22 Business. My name is Kitty Chan, and I am the Deputy
23 Commissioner for Business Services at the Department
24 of Small Business Services, SBS. I am joined today my
25 colleagues Sherri Lane, Assistant Commissioner for

2 Capital Access and Business Programs, and Je'Nean
3 Jones-Seo, Assistant Commissioner for Workforcel. We
4 are pleased to be here today to speak to this
5 Committee about Intros 263, 969, and 1103. These
6 three bills each address SBS and the services we
7 provide to small businesses and jobseekers.

8 SBS' mission is to unlock New York
9 City's economic potential and create economic
10 security for all New Yorkers by connecting them to
11 good jobs, creating stronger businesses, and
12 building thriving, vibrant neighborhoods. We are
13 pleased to work with this Committee, and the City
14 Council more broadly, to deliver on the vision of
15 Mayor Eric Adams' Blueprint for New York City's
16 Economic Recovery, through outreach and education
17 in your districts, support for local neighborhood
18 institutions, and by working one-on-one with local
19 businesses to access SBS' free resources and
20 services. We view the legislation before us today
21 as proof of our shared goals.

22 Small businesses are at the heart of New
23 York City's economy. According to the New York City
24 Economic Development Corporation, EDC, firms

2 employing fewer than 50 workers make up about 94
3 percent of all private firms in the city.

4 Intro. 969 seeks to provide minority,
5 immigrant, and women-owned business owners with
6 the information they need to find and connect with
7 capital opportunities through a network of
8 Community Development Financial Institutions,
9 CDFIs, while Intro. 1103 seeks to complement our
10 current information sharing practices by requiring
11 instructional materials on banking services for
12 small businesses be present on our website. CDFIs
13 play a crucial role in maintaining the vibrancy of
14 our business community because they have a mission
15 to serve low- to moderate-income and minority
16 communities that have been historically left out
17 of traditional banking and investing options. The
18 Division of Business Services at SBS works daily to
19 help small businesses launch, grow, and thrive.
20 Through SBS' Capital Access program, we provide
21 free one-on-one assistance to help businesses
22 understand which financial product is best suited
23 for their needs. If a loan is right for their
24 business, we review and put together documents,
25 calculate loan repayment terms, and finally connect

2 them to multiple lenders, including banks, credit
3 unions, non-profit lenders, CDFIs, and the U.S. Small
4 Business Administration, SBA.

5 In addition to visiting one of our
6 Business Solutions Centers for this information,
7 we are pleased to report to the Committee that SBS
8 is currently working on a Capital Marketplace
9 powered by Next Street that features CDFI
10 financing products, one of the many public/private
11 initiatives announced by Vice President Kamala
12 Harris as part of the Economic Opportunity
13 Coalition. We are building this marketplace into
14 the overhaul of the My City Business Portal to
15 ensure that small businesses have an easy-to-use
16 site to access both City resources and information
17 on local financing options. The marketplace, which
18 allows users to customize their search or ask for
19 recommendations, will not only provide essential
20 information about local CDFIs but will also connect
21 users to one-on-one assistance from SBS staff. This
22 platform will meet the requirements of Intro. 969 as
23 it is currently written. We intend to launch in the
24 near term, and SBS will focus our public awareness

2 campaign on minority, immigrant, and women-owned
3 businesses throughout the five boroughs.

4 While the Division of Business Services
5 at SBS focuses on our city's small businesses, the
6 Workforce Development Division oversees a broad
7 workforce development program, from job connections
8 to job training. The third bill being considered,
9 Intro. 263, would require SBS to provide annual
10 reports to the Mayor and City Council on activities
11 at our 18 Workforce Career Centers.

12 At SBS, we pride ourselves on offering
13 an array of employment opportunities. More than
14 80,000 New Yorkers enter our Workforce system
15 each year. When they do, we don't just hand them a
16 list of openings, we work intensively to prepare
17 them for their next career move. In Fiscal Year
18 2022, we connected over 25,000 job seekers with
19 employment, 88 percent of which were full-time
20 opportunities. Each person who walks into one of
21 our centers is supported through the entirety of
22 their job search, cover letter assistance, resume
23 tips, interview preparation, and more. We even help
24 New Yorkers take the next step in their career
25 journey through occupational training in technology,

2 healthcare, food service, manufacturing, media and
3 entertainment, and other industries. Roughly 6,000
4 New Yorkers are enrolled in training programs during
5 a fiscal year, which not only helps to ensure our
6 workforce matches the need of industry but prepares
7 New Yorkers for higher paying jobs.

8 We also provide pathways to a variety of
9 apprenticeships and other programs designed to bring
10 essential workers, like foreign-born nurses, into New
11 York City's workforce. This work is valuable, and we
12 are always looking for new ways to improve upon how
13 we deliver this vital service.

14 In closing, SBS supports the intent of
15 these bills. We look forward to working with this
16 Committee on the final product and welcome any
17 questions you may have for us. Thank you.

18 CHAIRPERSON MENIN: Thank you so much. I
19 first of all want to recognize we've been joined by
20 our Colleague, Majority Whip Selvena Brooks-Powers.

21 Now, I'm going to ask a number of
22 questions and the invite my Colleagues to ask
23 questions as well.

24 First of all, thank you so much for your
25 testimony on these three bills. I would like to go

2 through each of them one-by-one. In terms of Intro.
3 263, are there any obstacles to, I know you testified
4 in support of all three bills, which we greatly
5 appreciate, are there any obstacles to implementing
6 this bill?

7 ASSISTANT COMMISSIONER JONES-SEO: Hi,
8 good morning. How are you?

9 In general, we absolutely support the
10 intention of this bill. I think the one aspect we
11 would love to continue to work on with your office is
12 really the retention rate. That's currently not a
13 data point which we capture, but I do want to share a
14 little bit in terms of what our process does look
15 like.

16 We do validate each one of the hires that
17 comes through our Centers so we've placed about
18 25,000 individuals per year. Each of those are
19 validated either through the employer or through a
20 paystub. Upon entering into our Workforcel system,
21 you do get access to our Intro. to Services, which
22 gives you access to understanding all the services
23 that are available to you throughout the Center,
24 throughout your career period. With that, we do a
25 brief triage and we do assess you to better

2 understand the needs and the specific skillsets that
3 we need to continue to work on and provide additional
4 supports to you. Again, really throughout that
5 engagement, we're really working with you to not only
6 work on your short-term goals but also your long-term
7 goals, and there is a consistent and constant re-
8 engagement with individuals to ensure that they do
9 get to their set destination so, even after
10 placement, we do consistently re-encourage
11 individuals to touch and connect base with us to
12 ensure that we can connect them to the next step
13 within their career.

14 CHAIRPERSON MENIN: In terms of metrics,
15 what are the data metrics by which SBS determines the
16 efficacy of the Workforce1 Centers?

17 ASSISTANT COMMISSIONER JONES-SEO: Yeah,
18 so there's a number of metrics that we utilize on a
19 daily basis. We look at obviously hires in
20 connections to job opportunities. We look at wages.
21 We look at the number of new registrants we have
22 within the system. We look at the number of
23 individuals that are served and by services provided.
24 We do look at the number of employers that we've
25 engaged, how many job opportunities we do fill with

2 each of those. We pay close attention to the sectors
3 and occupations that we are connecting and placing
4 individuals into. We utilize a number of different
5 metrics, specifically to the Centers themselves, in
6 terms of referral rates, referral to hire
7 initiatives, the overall quality of the service
8 delivery as well.

9 CHAIRPERSON MENIN: How many employers are
10 the Workforce1 Centers working with currently?

11 ASSISTANT COMMISSIONER JONES-SEO: Yeah,
12 so we have about 768 that we've worked with at this
13 point within this year, and, again, those
14 organizations can span all across New York City so,
15 for example, if you were working with Target or a
16 specific food establishment that has openings or
17 opportunities across the system, they are counted as
18 one so that's 768.

19 CHAIRPERSON MENIN: Is SBS working with
20 the New York City Partnership because I think that
21 could be a very fruitful way to try to expand the
22 number of employers?

23 ASSISTANT COMMISSIONER JONES-SEO: Yes, we
24 do work with a number of different ways and through
25 various marketing efforts to ensure that employers do

2 know that we are available to them. We've work with
3 our SBAs to ensure that we're engaging small
4 businesses. We have NYC Hire which is a direct
5 reference to ensure that we are able to follow up and
6 meet the hiring needs and commitments, and we do host
7 a number of recruitment events in which we are kind
8 of out knocking on doors, making sure that employers
9 are aware of our services throughout that process.

10 CHAIRPERSON MENIN: Okay, and that's
11 great. I still think the New York City Partnership,
12 though, could be very fruitful so if you could follow
13 up with them I think that would be great because they
14 represent all the large employers in the city, and I
15 think it could help maybe expand the universe of
16 employers.

17 What languages are the services available
18 in?

19 ASSISTANT COMMISSIONER JONES-SEO: Within
20 each of our Workforcel Centers, we have a Language
21 Access Coordinator who is responsible for maintaining
22 a database of all the employees that work within the
23 Workforcel Centers as well as the languages that they
24 speak so at any given time if someone were to come in

2 we can ensure that they have accurate services to
3 them.

4 In addition to that, if someone is not
5 available, we have access to Language Line, which is
6 an interpretative service that we ensure that
7 candidates can connect with as well.

8 CHAIRPERSON MENIN: Okay. According to NYC
9 Maps' website, there are 18 Workforce1 Career Centers
10 across the five boroughs, four located in the Bronx,
11 four in Brooklyn, three in Manhattan, five in Queens,
12 two in Staten Island. Are these numbers accurate?

13 ASSISTANT COMMISSIONER JONES-SEO: That's
14 correct.

15 CHAIRPERSON MENIN: Okay, and does SBS
16 include the locations anywhere on its own website?

17 ASSISTANT COMMISSIONER JONES-SEO: We do
18 have them on our website. In addition to that, there
19 is an assessment that jobseekers can take to better
20 identify which services that they might need and then
21 we direct them to the most appropriate Center to
22 them.

23 CHAIRPERSON MENIN: Okay. Last question on
24 the bill. Does 3-1-1 receive calls requesting help
25 accessing a Workforce1 Center?

2 ASSISTANT COMMISSIONER JONES-SEO: Yes.

3 CHAIRPERSON MENIN: And how many calls per
4 year approximately are received on that?

5 ASSISTANT COMMISSIONER JONES-SEO: That
6 number I don't have available to me..

7 CHAIRPERSON MENIN: Okay, if you could
8 just get that to the Committee, that would be great.

9 All right, I'm going to move to Intro.
10 969. Obviously, again, you testified in favor of
11 that, which we appreciate, but what are the
12 obstacles, if any, to implementing the bill?

13 ASSISTANT COMMISSIONER LANE: Good
14 morning. Thank you so much. As Deputy Commissioner
15 Chan mentioned, we're very supportive of this bill
16 and look forward to moving forward with the
17 initiative.

18 In order to successfully implement the
19 platform that we mentioned, really it requires
20 partnership with the local CDFIs that we already work
21 closely with and, of course, continued outreach into
22 the community to make sure that there's awareness of
23 the new services, which we're confident that the
24 partnerships that we have and the outreach strategies
25 that we have in place will help us achieve this goal.

2 CHAIRPERSON MENIN: Can you talk a little
3 bit about the collaboration and work now that you're
4 doing with CDFIs?

5 ASSISTANT COMMISSIONER LANE: Sure,
6 absolutely. SBS constantly with CDFIs in a couple of
7 key ways. Through our Business Solutions Centers, we
8 have individuals that provide one-on-one assistance
9 directly to small businesses to help them connect to
10 financing that is the most appropriate fit for their
11 businesses. Our mission aligns directly with CDFIs in
12 that CDFIs are targeting communities that are
13 traditionally underserved so oftentimes our Small
14 Business Solutions Centers will connect businesses
15 directly with these CDFIs. In fact, the majority of
16 the businesses that we connect throughout the year
17 are to Community Development Financial Institutions
18 to successfully get them capital.

19 CHAIRPERSON MENIN: Okay, and what
20 obstacles exist regarding M/WBEs and their access to
21 CDFIs?

22 ASSISTANT COMMISSIONER LANE: Sure. As we
23 all know, the data shows that M/WBEs often have a
24 more difficult time accessing financing, and that
25 applies across the board. We are committed to working

2 closely with all local lenders to increase those
3 rates, including CDFIs. However, CDFIs have a shared
4 mission to us in that many of them have an official
5 target market that aligns with this gap in the
6 marketplace and so we are aligned in our efforts to
7 try and decrease that gap.

8 CHAIRPERSON MENIN: Okay. Great. Before I
9 move on, I just want to say we've been joined by our
10 Colleague, Council Member Marjorie Velazquez.

11 Does 3-1-1 receive calls requesting help
12 accessing CDFIs?

13 DEPUTY COMMISSIONER CHAN: Thank you very
14 much for that question. Yes, they do, but also we
15 wanted to, I'm sure you're aware, that in June 2020
16 in response to the pandemic SBS launched the Small
17 Business Hotline. To date, we've received over
18 104,000 calls.

19 CHAIRPERSON MENIN: How many are related
20 to the CDFIs of that data?

21 DEPUTY COMMISSIONER CHAN: We don't have
22 that data...

23 CHAIRPERSON MENIN: Okay.

24 DEPUTY COMMISSIONER CHAN: What we do, the
25 Hotline connects them to our Business Solutions

2 Centers where they can actually meet with account
3 managers from each of our Business Solutions Centers
4 or industrial business service providers to get one-
5 on-one business consultations.

6 CHAIRPERSON MENIN: Do we know, going back
7 to 3-1-1, I know there's a hotline, but on 3-1-1, do
8 we know how many calls to 3-1-1 are on CDFIs?

9 DEPUTY COMMISSIONER CHAN: No, we don't.

10 CHAIRPERSON MENIN: Okay. Is that possible
11 to get that data or is that not something then that
12 3-1-1 is collecting?

13 DEPUTY COMMISSIONER CHAN: We will find
14 out and circle back with you.

15 CHAIRPERSON MENIN: Okay, that would be
16 great. That would be great because, again, I think
17 sometimes for so many small businesses are not aware
18 of this opportunity so just want to make sure that
19 the City is doing everything possible to make them
20 aware.

21 Do you have any sense, speaking about
22 awareness of CDFIs, of the lack of awareness, is
23 there any data tracking that, and what we can do to
24 then improve that?

2 ASSISTANT COMMISSIONER LANE: I will say
3 it's not a specific data point that we're tracking.
4 However, every small business that comes in to our
5 Business Solutions Centers are provided with an
6 assessment that essentially helps us understand would
7 that small business qualify for a traditional banking
8 product or would a CDFI be a better fit, and, if the
9 latter, we will certainly educate them on the option
10 of a local CDFI that would help connect them with
11 funding.

12 CHAIRPERSON MENIN: Okay. Now, we're going
13 to move to Intro. 1103. Thank you, again, for
14 testifying in favor of this bill. Are there any
15 obstacles to implementing the bill?

16 ASSISTANT COMMISSIONER LANE: Thank you so
17 much for the question. As mentioned, we're certainly
18 in support of the intent of further educating small
19 businesses on all things financing and financial
20 institutions. We're doing this already in a couple of
21 key ways, and we're looking forward to making sure we
22 can maximize those ways to continue to get
23 information out that would be relevant as they're
24 making these important decisions. What we want to
25 make sure we avoid is posting any information that

2 could become stale quickly so making sure that we are
3 finding channels that are dynamic in a way that can
4 keep the information up-to-date for our small
5 businesses such as our weekly webinars where we offer
6 education to small businesses around their financing
7 options including some of these key points into those
8 webinars we think would be a great solution.

9 CHAIRPERSON MENIN: Yeah, I mean I think
10 this is such an important issue, and I say this as
11 someone who used to own and operate a small business,
12 is that some of the banking information is incredibly
13 confusing, it's in the fine print in terms of charges
14 that small businesses are being assessed. Certainly,
15 we saw with some of the banking collapses around the
16 country, many small businesses had their funds in
17 there, and we don't want a situation where our small
18 businesses are being hurt so anything that SBS, and
19 that was really the intent behind the bill is to
20 provide this key guidance from SBS to small
21 businesses about banks, not saying pick this bank
22 over that bank but really more these are the various
23 services that these banks are offering, this is how
24 to interpret what these services are and so we can

2 really be as supportive as possible for our small
3 businesses.

4 ASSISTANT COMMISSIONER LANE: Absolutely.

5 CHAIRPERSON MENIN: In terms of SBS
6 offering small business owners any form of assistance
7 or counseling regarding questions related to banking,
8 what is the Agency doing currently?

9 ASSISTANT COMMISSIONER LANE: Sure. Thank
10 you so much for the question. In addition to what
11 I've mentioned around our Small Business Solutions
12 Centers providing that one-on-one assistance with any
13 access to capital whether it is through a CDFI or
14 through a bank, and that assistance can be more than
15 just a connection. It's help with the application
16 process, it's navigating any online digital
17 platforms, and, in addition, when we partner with
18 organizations like CDFIs, the staff at those mission-
19 driven organizations also provide handholding around
20 banking, around having a bank account, other key
21 details that are necessary to run a business and be
22 active in the capital world.

23 CHAIRPERSON MENIN: Does SBS know how many
24 small businesses in the City are unbanked or
25 underbanked?

2 ASSISTANT COMMISSIONER LANE: SBS and our
3 Business Solutions Center network works closely with
4 DCWP's Office of Financial Empowerment, which also
5 runs financial empowerment centers around the city
6 dedicated to help businesses and consumers with these
7 efforts, and I believe they have put out some recent
8 studies. We can get back to you with some of the
9 details.

10 CHAIRPERSON MENIN: Yeah, I think that
11 would be great, and I think really the more that SBS
12 can partner with the Office of Financial Empowerment
13 and the various financial empowerment centers that
14 Consumer Affairs is running, the better. When I was
15 Consumer Affairs Commissioner, we did a lot of work
16 around trying to help small businesses, but my
17 concern is now with this new banking collapse that
18 happened that is affecting some of our small
19 businesses what is OFE doing and are they
20 collaborating with SBS and in what fashion so I think
21 that would be great.

22 Last question before I turn it over to my
23 Colleagues. I'm curious about if a small business
24 does not have a bank account, are they still eligible

2 for financial assistance programs that SBS offers
3 like the Opportunity Fund?

4 ASSISTANT COMMISSIONER LANE: Sure. Thanks
5 for the question. As I mentioned, we are constantly
6 connecting businesses to a variety of different
7 financial institutions, including Community
8 Development Financial Institutions, which we're
9 partners through the Opportunity Fund as you know.
10 Most of those lending institutions are going to
11 require a bank account. However, if the business does
12 not have a business bank account, it will not, for
13 most of them, particularly the mission-driven
14 organizations, not be an immediate disqualifier.
15 However, they would have staff dedicated to help a
16 business understand how could they take that step for
17 their business, how could it help them not only to
18 get funds safely and securely, but also to
19 operationalize and be organized with the financials
20 of their business on a day-to-day basis.

21 CHAIRPERSON MENIN: Okay. Wonderful. My
22 Colleague doesn't have... Okay, so I have a couple more
23 questions before we turn to the public.

24 I'm curious if you're aware of what other
25 cities are doing to help small businesses around

2 banking because obviously this is not a New York City
3 specific issue that's happened recently. Are there
4 any best practices that other cities are doing, and I
5 know OFE, in particular, has done a lot of
6 partnerships with other cities so I'm curious if
7 there's something that we could learn from what other
8 cities are doing that we should perhaps adopt here in
9 New York City.

10 ASSISTANT COMMISSIONER LANE: Absolutely.
11 Thank you. One example, in the design of the
12 Opportunity Fund, we worked closely with nine
13 Community Development Financial Institutions. The
14 eight lenders that are lending here locally are all
15 based in New York City. Some of them also have
16 networks in other cities, and so through the co-
17 design of that program we were able to learn some
18 best practices that were successful, particularly
19 during the pandemic. That's just one example of how
20 we're constantly collaborating with nationwide
21 organizations to make sure that we're providing the
22 best services to New York City's small businesses.

23 CHAIRPERSON MENIN: Okay, wonderful. That
24 is the end of my questions. Do we have...

2 One last question on language access, in
3 what languages will the planned campaign for this be
4 available?

5 ASSISTANT COMMISSIONER LANE: Of course.
6 Our Business Solutions Center staff in-person speak a
7 variety of languages, and they will be connected
8 directly through this platform. Languages include
9 Spanish, French, Albanian, German, Haitian Creole,
10 Chinese among others, and, as my colleague mentioned,
11 they also have access to Language Line for additional
12 interpretive services.

13 CHAIRPERSON MENIN: One last question,
14 going back actually to all the various programs that
15 we were speaking about, we talked about language
16 access but when a small business is trying to make an
17 appointment with SBS or with any staff member or on
18 the Workforcel Centers, if someone needs to make an
19 appointment, are those actual appointments available
20 in different languages? In other words, is language
21 access staff available?

22 ASSISTANT COMMISSIONER JONES-SEO: Yeah,
23 if someone were to come into a Workforcel Center and
24 needed assistance in terms of language access, we're
25 coordinating with the staff within the Workforcel

2 Centers to make sure that person is sitting directly
3 with that individual, and, again, for some reason if
4 there's a language that we do not speak that's when
5 we would make sure that we're using Language Access,
6 and we would provide services directly then and
7 there.

8 CHAIRPERSON MENIN: Okay. All right,
9 wonderful. That is the end of my questions.

10 Seeing no other questions, we're going to
11 turn it over to members of the public for their
12 comments. Thank you.

13 COMMITTEE COUNSEL CATA: Thank you, Chair
14 Menin, and thank you very much for your testimony.

15 We will now turn to public testimony. We
16 will be limiting public testimony today to three
17 minutes each.

18 For in-person panelists, please come up
19 to the table once your name has been called.

20 For virtual panelists, once your name is
21 called, a Member of our Staff will unmute you and the
22 Sergeant-at-Arms will set the timer and give you the
23 go-ahead to begin. Please wait for the Sergeant to
24 announce that you may begin before delivering your
25 testimony.

2 We will now hear from Rachel Neches.
3 Thank you very much and please feel free to begin
4 when you're ready.

5 RACHEL NECHES: Good morning. My name is
6 Rachel Neches, and I am the Data Researcher at the
7 Center for an Urban Future, an independent research
8 organization focused on building a stronger and more
9 equitable New York City. I'll be testifying today on
10 behalf of the Center's Editorial and Policy Director,
11 Eli Dvorkan. Thank you to Chair Menin and the Members
12 of the Committee for the opportunity.

13 I'd like to begin by commending the
14 Committee for shining a light on the need for better
15 data on the services provided by the City's
16 Workforce Centers and to help more small businesses
17 learn about the banking system. However, I'll be
18 focusing on the enormous opportunity to better
19 harness the City's CDFIs to serve significantly more
20 entrepreneurs. Our research at the Center for an
21 Urban Future outlined in a recent report titled
22 "Bolstering Minority and Immigrant-Owned Businesses
23 by Scaling Up CDFIs" reveals the enormous impact
24 CDFIs have on supporting businesses and under-
25 resources communities. Marked by individualized

2 attention and built on trusting relationships with
3 entrepreneurs, CDFIs are uniquely positioned to
4 connect the City's smallest, most vulnerable
5 businesses to affordable capital and hands-on
6 professional support. Often the only place for first-
7 time entrepreneurs and those with limited credit
8 histories can access financing, CDFIs have proven to
9 be vital partners in minority small business
10 development. This matters more than ever as New York
11 City experiences a real entrepreneurial boom. New
12 York City saw 168,000 new business applications in
13 2021 alone, a 30 percent increase from 2019, but
14 without access to affordable capital and technical
15 assistance, it's far from clear if many of them will
16 be able to survive and grow. Despite the growing need
17 for these services, our research has shown that CDFIs
18 are currently meeting only a small fraction of the
19 demand. While New York City has around 36 CDFIs that
20 focus on small business lending, only 10 to 12 of
21 them make at least 50 loans per year with even the
22 largest typically making fewer than 350 loans. For a
23 city that's home to more than 64,000 minority-owned
24 employer businesses and thousands more micro-
25 entrepreneurs, this is really just a drop in the

2 bucket. One challenge is that too few of the City's
3 small business owners are aware of the services that
4 CDFIs can provide. Intro. 969 can help change this by
5 creating a central portal for entrepreneurs to learn
6 about CDFI services and launch an educational
7 campaign to raise the visibility of the key
8 institutions.

9 In addition to boosting the profiles of
10 CDFIs, we encourage the City Council to help expand
11 the operational capacity of CDFIs themselves through
12 a citywide CDFI Capacity Building Fund. Our research
13 shows that the biggest challenge facing CDFIs is
14 insufficient operating dollars for staff, technology
15 updates, marketing, all of which would help expand
16 their reach and impact.

17 Thank you for the opportunity to testify
18 today and for bringing attention to the key role of
19 CDFIs in bolstering New York's diverse small
20 businesses.

21 CHAIRPERSON MENIN: Thank you very much.

22 COMMITTEE COUNSEL CATA: Thank you so much
23 for your testimony.

24 We have now heard from everyone who was
25 signed up to testify. If we inadvertently missed

2 anyone who would like to testify in-person, please
3 visit the Sergeant's table and complete a witness
4 slip now.

5 If we inadvertently missed anyone who
6 would like to testify virtually, please use the raise
7 hand function in Zoom, and I will call on you in the
8 order of hands raised.

9 Seeing no one else, I would like to note
10 that written testimony which will be reviewed in full
11 by Committee Staff may be submitted to the record up
12 to 72 hours after the close of this hearing by
13 emailing it to testimony@council.nyc.gov.

14 Now, I would like to turn it back over to
15 Chair Menin.

16 CHAIRPERSON MENIN: Thank you very much.
17 We are now going to close this hearing. [GAVEL]

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C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date July 5, 2023