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FIELD HEARING: THE ROLE OF ENTREPRENEURSHIP IN REDUCING THE WEALTH GAP

HEARING

BEFORE THE

COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP

OF THE

UNITED STATES SENATE

ONE HUNDRED NINETEENTH CONGRESS

SECOND SESSION

FEBRUARY 9, 2026

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MONDAY, FEBRUARY 9, 2026

UNITED STATES SENATE,
COMMITTEE ON SMALL BUSINESS
AND ENTREPRENEURSHIP,
Washington, DC.

The committee met, pursuant to notice, at 12:05 p.m., in 1st Floor Student Commons, Building 3 Academic Building, Roxbury Community College, 1234 Columbus Avenue, Roxbury, Massachusetts 02120, Hon. Ed Markey, presiding.

Present: Senator Markey [presiding].

OPENING STATEMENT OF SENATOR MARKEY

Senator MARKEY. Good afternoon, everyone, and thank you for being here today. The Senate Committee on Small Business and Entrepreneurship will come to order. We have a very important hearing today. I want to first turn it to Lauretta Siggers-Benton, the Chief Operating Officer for Roxbury Community College for an introduction. Lauretta.

Ms. SIGGERS-BENTON. Thank you, Senator. Good afternoon, Senator Markey and distinguished witnesses and guests. On behalf of the President Jonathan Jefferson, Roxbury Community College's Board of trustees, and our broader community, we want to welcome you here to Roxbury Community College today. Thank you for choosing RCC as the site for this important hearing on such a critical role that entrepreneurship plays in the closing racial wealth gap.

My name as he mentioned, is Lauretta Siggers-Benton. I'm the Chief Operating Officer here at the college. I'm also serving as an interim role right now for advancement. So, we're also raising money for our college, and I'm honored to represent the college today to share just a few ways that Roxbury Community College is supporting entrepreneurs across our service area.

Roxbury Community College is deeply committed to economic mobility, equity, and opportunity. Two of our key initiatives to do this through is through our Center for Economic and Social Justice. We call that the CESJ, and the Business Innovation Center, which is our BIC.

These initiatives are at the forefront of our work. Today we provide residents and students with the services, support, and connections to capital necessary for long-term success. Established in 2022, the Center for Economic and Social Justice focuses on preparing students to secure employment and develop their own small businesses and high growth industries such as green technology and healthcare.

The CESJ is also leading the implementation of Roxbury's new Learn and Earn model, which will ensure that every student has the opportunity to complete a paid credit bearing internship before graduating here from Roxbury Community College. This game changing approach removes the impossible choice many students face between working and staying enrolled here at the college.

We're creating a clear and efficient pathway to economic mobility. And I want to extend a special thank you to Senator Markey for securing the CDS funding that allowed RCC to begin transforming the historic David Dudley House into the future home of the Center for Economic and Social Justice. So, can I just give him a round of applause? It's because of him we received that funding.

We are continuing to raise funds for this capital project and look forward to welcoming you back to the campus for the groundbreaking when this is all complete. The Business Innovation Center, or the BIC, as I referred to earlier, supports aspiring entrepreneurs by providing practical knowledge, mentorship, and access to resources.

Since opening last year, we have served over 668 individuals, and they have utilized the center. And about, approximately one third of that is our own students, and then two thirds of that are people out in the community. And so, we're excited again that we have branched this out, not just to our students, but for those in the community as well.

The BIC offers one-on-one mentorship, and introductory business planning programs and informational sessions with key partners to provide them access. And we provide, as I mentioned, provide the access to physical space and technology essential for success.

To maximize the impact, the BIC has built strong partnerships with organizations, including many, I'll just name a few here just in essence of time. The U.S. Small Business Administration, Lawyers for Civil Rights, we connected with Suffolk University Seed Program, Boston Main Street, just to name a few. And we continue to align ourselves with other mission partners. This is what we've tried to do is continue to align ourselves with other opportunities that are out there.

Through the collaborations, the BIC has delivered a robust series of business focus workshops and resources on a rolling basis. So, this is happening now for both students and community entrepreneurs, where we are opening our doors to teach them how to own their own business through workshops.

Roxbury Community College is also proud to serve the SPARK Bill, which is fully aligned with the mission and work of the BIC. Together, the CESJ and the BIC will play central roles in implementing Roxbury's 2025 to 2030 strategic goals known as Roxbury 2030. The plan positions the college to lead with clarity, purpose, and impact, focusing transparency, belonging, and institutional accountability.

Grounded in the lived experiences of our students, the expertise of our faculty and staff, and the insights of our community and civic partners, the plan reflects both the urgency and the promise of this moment.

We look forward to continue collaboration with you, Senator Markey, representative Presley, and many others that have been there for Roxbury Community College, and every one of you in the room as we implement this plan, measure our success and expand opportunities for lasting economic mobility.

Thank you again for your continued support in joining us here today at Roxbury Community College.

Senator MARKEY. Beautiful. Thank you, thank you so much. And we're honored to be joined by leaders from the Boston City Council, but we're also joined by a champion on Beacon Hill, a fighter every day for economic equality, but breaking down the barriers to entering into this economic system. And she is joining us right now. Senator Liz Miranda, would you like to say a few words?

Ms. MIRANDA. Every time the Senator speaks, I feel like I should put Reverend in front of his name. Do y'all get that feeling as well? I'm happy to be here as the state senator, the second Suffolk district. I see three of my city council colleagues, I welcome you. And none of us can do this work without the relationship that we have with both the Federal, the State, and of local officials and the municipalities like Roxbury.

I'm not going to be long, but it's actually afternoon, right? I haven't finished my Dunkin Donuts yet. But as someone who's been born and raised and owns a home in Roxbury, it's always an honor to welcome you as partners and as leaders into this community, especially those who just don't talk about it. But folks that actually live and work toward equity every day, but they show up and they do the work alongside us.

Today, I'm proud to welcome my colleagues and my friend Ed Markey, back to Roxbury for the Senate Small Business Committee field hearing on the role of entrepreneurship in reducing the racial wealth gap. I know something about that as a former entrepreneur, and I guess you're always an entrepreneur, right? Once you start a business, regardless if you close it, you always be an entrepreneur.

And Senator Markey, I just want to thank you. We've been on this road to together supporting RCC and a lot of initiatives for the last eight years that I've been in the legislature, and you've always been present in our neighborhoods. You listen to small businesses and our families, and you show up early and you show up often, which I appreciate. And that consistency really matters when you want that from your leadership.

And it's important to ground ourselves in where we actually are though. We're gathered in a building that exists because the community fought back. More than 50 years ago, black leaders joined hands with leaders all throughout many communities and fought for eight lane highway to not exist in our communities. And there would be no Roxbury Community College if that group of people did not succeed.

And because of them, not only are we here, but we're still here, we're still rooted, and we're still building. We stand on these shoulders of all of our ancestors today, and it's our responsibility to fulfill the promises they actually fought for. Not just as elected officials, but as people in community as well.

So here in Roxbury, we know that talent is everywhere, but the opportunity is not. We have entrepreneurs, we have innovators, small business owners, and dreamers on every block. What they need is access to capital. They need contracts, and they need actual, real investment.

If we are serious about closing the racial wealth gap in the Commonwealth of Massachusetts, that is actually widening and the pay gender gap that is actually widening. If we're serious about doing that, we have to be serious about supporting minority- and women-owned businesses and creating the pathways to ownership and generational wealth.

I want to thank you because today is about solutions, and I'm grateful you chose to hold it right here in my favorite place in the city of Boston. Welcome back to Roxbury, Senator. We are glad you're here, and we are ready to get to work with you. Thank you.

Senator MARKEY. Thank you, thank you Senator so much. And we're joined by city councilor Enrique Pepen, who is sitting right here in the front row, city councilor Sharon Durkan sitting here in the front row, city counselor John Fitzgerald sitting right here in the front row, all here, front and center, trying to build this as a community issue. Would each of you like to get up on one minute and say something at the opening?

UNIDENTIFIED SPEAKER. Want to hear Senator, thank you.

Senator MARKEY. So, thanks to everyone for joining us here today. I'm honored to be holding this field hearing entitled, "The Role of Entrepreneurship in Reducing the Racial Wealth Gap," at RCC because of what this institution stands for, affordable quality education for everyone. And this is without question the key, because education and entrepreneurship go together like peanut butter and jelly, it's just that you need them both to make the sandwich work.

And if we're going to deal with these gaps in racial wealth, then it begins with this institution, along with all of the access to capital, which then accompanies people leaving here to go off into the world.

Roxbury Community College's Center for Economic and Social Justice and the New Business Innovation Center are breaking down barriers on a daily basis. And these programs offer the education, the skills, the mentorship opportunities to build wealth through entrepreneurship.

The Roxbury Community College has partnered with Jaylen Brown, Jrue Holiday, Lauren Holiday, to launch and support the Boston Creator Incubator and Accelerator. This collaboration supports creators from underinvested communities with the resources and the support which they need in order to thrive.

Their work builds on and relies on the research network and the capital that organizations like the Black Economic Council of Massachusetts BECMA, BDC Capital Corporation, We Are The Funders, and Boston Foundation provide. These witnesses are a shining example of what can happen when a community comes together, collaborates and centers community needs. That's what this hearing is all about.

It's about a whole of community approach bringing together government, higher education, research institutions, investors, and visionaries. It is only with a combination of these systems and intentional programs and policies that we will harness entrepreneurship of true potential to close the racial wealth gap.

For more than a decade, the Federal Reserve of Boston reported that median net worth of Boston's black neighborhoods was just $8, compared with more than $247,000 for white communities. That's a decade ago. An update to that report is expected later this year. But it doesn't take another report to know that we still have a lot of work to do.

The racial wealth gap has widened over generations because of unjust policies that exclude systematically and discriminate against and ultimately restrict people of color from the means to accumulate wealth. This is most evident in the challenges that black-owned businesses face when trying to get a loan to help their businesses succeed.

In Massachusetts, 68 percent of black-owned businesses are concerned about access to capital, double that of white owned businesses. I'll say that again. Twice as many black owned businesses have a problem with access to capital as white owned businesses.

That concern is well founded. About two thirds of entrepreneurs use personal or family savings to start a business. That means those without generational wealth start at a disadvantage. In fact, black-owned businesses are more likely to apply for financing, but twice as likely to be denied as are white businesses. And that is unacceptable.

It is our responsibility to support efforts to rectify historical injustices and offer real opportunities. So, I've been proud to fight with Senator Warren and Congresswoman Ayanna Pressley to secure funding for organizations across the Commonwealth like BECMA and RCC to support their efforts to close the racial wealth gap. Our work is more important than ever.

And this administration continues to turn back the clock on progress by dismantling the Minority Business Development Agency, the only Federal agency dedicated to helping minority owned businesses, attempting to shut down community development financial institutions, which largely deliver needed capital to underserved communities, and barring immigrants, including green card holders, refugees, and DACA recipients from receiving small business administration loans.

This is not America first. This is hate first. Hate directed at black and brown communities in our country who are seeking to become a part of this economic engine of growth, which is the envy of the world, but which has always had barriers to entry. And they're only trying to make it more difficult by what they have done just in their first year.

So, this is not progress. That's only propaganda. That's all we're hearing, and it's not opportunity for all. It's just an oligarchy for the few. We will not go backwards. We must reimagine a brighter and more inclusive future for everyone. One where we actually close the racial wealth gap. This gap isn't just a moral and policy failure, it robs us of our full potential as a society to not have everyone included in this economic opportunity, which we call the United States.

That is why I am introducing the SPARK Act. So, my bill, which supercharges the existing infrastructure with new grant dollars for entities like Roxbury Community College, and creates a new program that provides direct grants to underserved entrepreneurs, direct grants to those entrepreneurs. And that work mirrors the work that the groups here are already doing. That's what we're going to be talking about.

The SPARK Act would expand their work to reach entrepreneurs shut out from opportunity. This is important because a vision without funding is a hallucination. If we want to have all these barriers broken down, if we want more black and brown business people to be successful, we have to ensure they have the funding. That's what my bill will do. The SPARK Act is just the beginning, and I will continue to fight to reduce the racial wealth gap at the highest levels of government.

And while I won't be signing with the Celtics anytime soon, I'm proud to be on a team with Jaylen and everyone here today to uplift the next generation of underserved entrepreneurs and work to close the racial wealth gap here in the Commonwealth and across the country.

So, Jaylen's mother, Mechalle, who is here on behalf of Jaylen today, they work in partnership on these issues, said, "Who you are is measured by the mark you leave on the world." And to truly leave a mark on the world, you have to do the right things and speak out against the wrong things. And today, we are not agonizing, we're organizing to do the right things and to speak out against the wrong things.

So, we thank everyone for being here today. We have an incredible panel of experts who have joined us here today.

And I am the Senior Democrat on the Small Business Committee for the United States Senate. And with a little bit of luck, I'll be back here in January of next year as the chairman of the Small Business Committee in the United States Senate, and that's what we're going to work towards accomplishing. And then we're putting the SPARK Act right at the top of the small business agenda for the country.

So, I'm pleased to welcome our first panel of witnesses. Ms. Mechalle Brown is the president of the 7uice Foundation, an organization founded by her son, Jaylen Brown, that aims to bridge the opportunity gap for youth in underserved communities.

Mechalle is also an educator with experience as a professor at Cambridge College and is an activist. She is here today to testify both on her own behalf and on Jaylen's behalf as the founder of the Boston Xchange, which provides underserved entrepreneurs with resources, support, and opportunity for their vision for what they can accomplish.

And next, we're going to have Mrs. Lauren Holiday. She and Jrue Holiday, are the founders of JLH Social Impact Fund, which supports initiatives that focus on equitable outcomes for black and brown communities. JLH partners with local organizations and leaders in order to provide the support which they need to be successful, holistic support to minority communities.

And Ms. Lauren Holiday is also a former professional soccer player, two-time Olympic Gold medalist, FIFA Women's World Cup champion and is a Boston Breakers alum. And she is going to be joining us virtually. And we look forward to hearing Lauren from you in just a little bit. And thank you for all that you do.

So, let's then begin with you, Mechalle, thank you for all of your work. You and your son have helped to create incredible framework for how we have to move forward much more rapidly. And so, without further ado, welcome and whenever you feel comfortable, please begin.

STATEMENT OF MS. MECHALLE BROWN (ON BEHALF OF JAYLEN BROWN), PRESIDENT, 7UICE, WALTHAM, MASSACHUSETTS

Ms. BROWN. Ranking Member, thank you so much for having me. It's a pleasure to be here. As Senator Markey stated, my name is Mechalle Brown. I'm the president of the 7uice Foundation, which encompasses Boston Xchange and also Bridge programming. Jaylen who plays for the Boston Celtics is the founder of Boston Xchange and also the co-founder of the Boston Creator Accelerator.

So, I am here today on Jaylen's behalf, myself as well, to firsthand talk about why the SPARK Act matters. Not from just a policy perspective, but from what I've seen firsthand in the communities that we care about since living here for 10 years.

So, over the years, I've witnessed minority communities face challenges, not because people weren't talented or hardworking, but because the systems weren't built for us. Jobs disappear, businesses close, wealth continues to leave our neighborhoods instead of staying and circulating.

When Jaylen got to Boston, he wanted to do something different, not just a charity or a one-time donation. He wanted to build infrastructure, a platform where people could own, create, and build businesses that last. And that's why he founded Boston Xchange as well, to create pathways for entrepreneurs, artists, and creators to access the resources, networks, and support they need to succeed.

He knew that alone wasn't going to be enough. The founders need mentorship. They also need access to capital. They need partners who understand the barriers they're facing and to help them to try to navigate through those issues as well. That's why we partnered with Jrue and Lauren Holiday, MIT, Harvard Business School, and Suffolk University to create the Boston Creator Accelerator.

The beauty of the Boston Creator Accelerator is not just one organization doing everything. It's a big collaboration. MIT brought curriculum and technical expertise. Harvard brought investor and readiness training. Suffolk brought legal support. So, Jrue and Lauren brought learned experiences and funding, and also a national lens on this. Boston Xchange provided the platform and long-term commitment.

Together, we support the 10 founders over multiple years. Not a quick program, but sustained support. Those founders have also created jobs. They built real businesses, and they've done it in communities such as Roxbury and Dorchester communities that don't usually get this kind of investment.

What Jaylen and I have learned is that real economic power comes from ownership. Not just having a job, but owning the business, owning the building, and owning the block. When communities have those resources to build and capital circulates within the community, instead extracting it out, that's when you create generational wealth, not just jobs.

But here's the reality. Most communities don't have the infrastructure to make that happen. Founders are out here grinding, they're out here taking a leap into entrepreneurship because they have to, not because they want to, and we're asking them to do it without the support system that makes the business succeed.

The SPARK Act is about changing that. It would fund accelerators and incubators across the country, not just for six months, but for five years with the possibility of renewal. So, it would require that kind of partnership that we built in Boston: universities, lenders, community organizations working all together. And it will provide founders with access to capital, not just advice. That's how you turn survival into sustainability and necessity into ownership.

When you invest in people and give them the infrastructure to succeed, it begins not just to be a program, but real sustained support. They build businesses, they create jobs, wealth, and opportunity in their own communities. The SPARK Act would make that possible nationwide, not just in one city, but everywhere.

It is an honor to be included in this historic moment, and we eagerly anticipate stories that the SPARK Act will ignite. Thank you so much.

[The prepared statement of Ms. Brown follows.]

JAYLEN BROWN TESTIMONY

Ranking Member, thank you for having me.

My name is Jaylen Brown. I play for the Boston Celtics, but I'm here today as the founder of the Boston XChange and co-founder of the Boston Creator Accelerator.

I want to talk about why the SPARK Act matters, not from a policy perspective, but from what I've seen firsthand in the communities I care about.

Why I Started Boston XChange

Over the years I've witnessed minority communities face challenges, not because people weren't talented or hardworking, but because the systems weren't built for us. Jobs disappear. Businesses close. Wealth continues to leave our neighborhoods instead of staying and circulating.

When I got to Boston, I wanted to do something different.

Not charity or a one-time donation.

I wanted to build infrastructure, a platform where people could own, create, and build businesses that last.

That's why I founded Boston XChange, to create pathways for entrepreneurs, artists, and creators to access the resources, networks, and support they need to succeed.

But I knew that alone wasn't enough.

Founders need mentorship. They need access to capital. They need partners who understand the barriers they're facing and can help them navigate.

That's why we partnered with Jrue and Lauren Holiday, MIT, Harvard Business School, and Suffolk University to create the Boston Creator Accelerator.

What We Built Together

The beauty of BCA is that it's not just one organization doing everything.

It's a collaboration.

MIT brought curriculum and technical expertise.
Harvard brought investor readiness training.
Suffolk brought legal support.
Jrue and Lauren brought learned experiences, funding, and a national lens.
Boston XChange provided the platform and long-term commitment.

Together, we supported 10 founders over multiple years, not a quick program, but sustained support.

Those founders have created jobs. They've built real businesses. And they've done it in communities such as Roxbury and Dorchester, communities that don't usually get this kind of investment.

What I've Learned

Real economic power comes from ownership.

Not just having a job, but owning the business. Owning the building. Owning the block.

When communities have the resources to build and capital circulates within the community instead of extracting out, that's when you create generational wealth, not just jobs.

But here's the reality: most communities don't have the infrastructure to make that happen.

Founders are out here grinding, taking the leap into entrepreneurship because they have to, not because they want to.

And we're asking them to do it without the support systems that make businesses succeed.

Why SPARK Matters

The SPARK Act is about changing that.

It would fund accelerators and incubators across the country, not for six months, but for five years, with the possibility of renewal.

It would require the kind of partnerships we built in Boston: universities, lenders, community organizations, working together.

And it would provide founders with access to capital, not just advice.

That's how you turn survival into sustainability; necessity into ownership.

When you invest in people and give them the infrastructure to succeed, not just a program, but real, sustained support, they build businesses that create jobs, wealth, and opportunity in their own communities.

The SPARK Act would make that possible nationwide.

Not in just one city. Everywhere.

It is an honor to be included in this historic moment, and we eagerly anticipate the success stories that the SPARK Act will ignite. Thank you.

Senator MARKEY. Okay. Thank you so much. Great testimony. And now remotely we are going to hear from Lauren Holiday. Welcome. And whenever you feel comfortable, please begin.

STATEMENT OF MRS. LAUREN HOLIDAY, FOUNDER, JLH SOCIAL IMPACT FUND, LOS ANGELES, CALIFORNIA

Ms. HOLIDAY. Hi, everyone. Ms. Mechalle, I wish I was there to give you a hug. [Laughter.]

Ms. BROWN. So sweet. I miss you.

Ms. HOLIDAY. I miss you, too. Ranking Member, thank you for this opportunity. My name is Lauren Holiday. I'm here today to talk about why Senator Markey's SPARK Act matters, not just for Boston, but for communities across the country.

Over the past several years, through the Jrue and Lauren Holiday Social Impact Fund, we've had the privilege of supporting entrepreneurs in cities nationwide. Boston, New Orleans, Los Angeles, Milwaukee, Indianapolis, and beyond. What we've learned is this: entrepreneurs don't fail because of the lack of talent. They fail because the systems around them are fragmented.

And when you're building in underserved communities, those systems aren't just fragmented, they're often absent entirely. What we've seen work is we didn't start with a theory. We started listening to founders and asking, what do you actually need? The answers were consistent across every city.

Long term support and short-term grants. Founders don't need a check that disappears after six months. They need partners who commit for years, who are there when revenue is slow, when pivots are necessary, when the work gets hard. Trusted relationships, not transactional. Businesses grow when they're supported the way families support each other, with patience, trust, and genuine investment in their success.

Coordination across institutions, not isolated efforts. Not a single organization can provide everything a founder needs. But when universities, lenders, accelerators, and community partners work together, founders don't have to navigate alone.

Through our work in Boston, we supported an entrepreneur named Tracy, the founder of Little Cocoa Bean, a children's food business, rooted in community and culture. What got her across the finish line wasn't a single grant or program, but all of us together, wrapping around her, government partners, philanthropy institutions, customers, community members, operators, walking the journey with her.

That collective support helped Tracy open her newest location at the Boston Children's Museum at the Seaport. And in her own words, she could not have done this without people staying in it with her from start to finish. That's the model we've built through our work, through the Boston Creator Accelerator, in partnership with Jaylen's Brown Boston Xchange, MIT, Harvard Business School, and Suffolk University. And it's the model we've seen work in other cities when the right partners come together.

Why this needs to be national not just Boston. In Boston, we received over 2000 applications for 10 spots. In New Orleans founders told us the same story. Talent everywhere, infrastructure nowhere. In Los Angeles, in Milwaukee, and every city we've worked, the pattern is identical. Entrepreneurs are taking the leap, not because they have an innovative dream but because they have to feed their families.

Traditional employment is disappearing, industries are restructuring, corporations are moving their workforce offshore, and people are left with no other choice, but to bet on themselves starting businesses out of necessity, not aspiration. But survival without support leads to failure.

The SPARK Act recognizes that if we want entrepreneurship to be a viable path for everyone, not just those with access to wealth, and access to the elite networks and capital, we have to invest in the institutions that can provide that support at scale, not in one city. Everywhere.

What the SPARK Act gets right is this Bill reflects what we've proven works. Multi-year commitments, five-year funding with the possibility of renewal. That's what allows real relationships to form and businesses to grow sustainability. Required collaboration, the bill mandates partnerships between universities, lenders, accelerators, and community organizations. That coordination is what makes ecosystems function.

Place-based design. Every community is different. The bill recognizes that solutions have to be rooted locally, led by people who understand the context. Capital paired with support. The financing provision is critical. Founders need more than mentorship. They need resources. This bill provides both.

What's at stake? Community isn't transactional, it's transformational. When you love your community like family, you don't just write a check and walk away. You build systems that last. The SPARK Act is about building those systems nationwide so that every community has access to the infrastructure that makes entrepreneurs possible. Not as the privilege, as a path forward.

We've seen what happens when you invest in people and institutions the right way. Businesses grow, jobs are created, wealth stays local instead of extracting out. The SPARK Act would make that possible at a scale we can't achieve alone. Thank you.

[The prepared statement of Ms. Holiday follows.]

LAUREN HOLIDAY TESTIMONY

Ranking Member, thank you for this opportunity.

My name is Lauren Holiday. I'm here today with my husband Jrue to talk about why the SPARK Act matters, not just for Boston, but for communities across the country.

Over the past several years, through the Jrue and Lauren Holiday Social Impact Fund, we've had the privilege of supporting entrepreneurs in cities nationwide: Boston, New Orleans, Los Angeles, Milwaukee, Indianapolis, and beyond.

What we've learned is this: entrepreneurs don't fail because they lack talent. They fail because the systems around them are fragmented.

And when you're building in underserved communities, those systems aren't just fragmented, they're often absent entirely.

What We've Seen Work

We didn't start with a theory. We started by listening to founders and asking: What do you actually need?

The answers were consistent across every city:

Long-term support, not short-term grants.
Founders don't need a check that disappears after six months. They need partners who commit for years, who are there when revenue is slow, when pivots are necessary, when the work gets hard.

Trusted relationships, not transactional programs.
Businesses grow when they're supported the way families support each other, with patience, trust, and genuine investment in their success.

Coordination across institutions, not isolated efforts.
No single organization can provide everything a founder needs. But when universities, lenders, accelerators, and community partners work together, founders don't have to navigate alone.

Through our work in Boston, we supported an entrepreneur named Tracy, the founder of Little Cocoa Bean, a children's food business rooted in community and culture. What got her across the finish line wasn't a single grant or program, but all of us together wrapping around her, government partners, philanthropy, institutions, customers, community members, and operators, walking the journey with her.

That collective support helped Tracy open her newest location at the Boston Children's Museum at the Seaport, and in her own words, she could not have done this without people staying in it with her from start to finish.

That's the model we've built through our work with the Boston Creator Accelerator, in partnership with Jaylen Brown's Boston XChange, MIT, Harvard Business School, and Suffolk University.

And it's the model we've seen work in other cities when the right partners come together.

Why This Needs to Be National

Here's what we know: the need is everywhere.

In Boston, we received over 2,000 applications for 10 spots.
In New Orleans, founders told us the same story: talent everywhere, infrastructure nowhere.
In Los Angeles, in Milwaukee, in every city we've worked, the pattern is identical.

Entrepreneurs are taking the leap not because they have an innovative dream, but because they have to feed their families.

Traditional employment is disappearing. Industries are restructuring, corporations are moving their workforce offshore. And people are left with no other choice but to bet on themselves, starting businesses out of necessity, not aspiration.

But survival without support leads to failure.

The SPARK Act recognizes that if we want entrepreneurship to be a viable path for everyone, not just those with access to elite networks and capital, we have to invest in the institutions that can provide that support at scale.

Not in one city. Everywhere.

What the SPARK Act Gets Right

This bill reflects what we've proven works:

Multi-year commitments.
Five-year funding with the possibility of renewal. That's what allows real relationships to form and businesses to grow sustainably.

Required collaboration.
The bill mandates partnerships between universities, lenders, accelerators, and community organizations. That coordination is what makes ecosystems function.

Place-based design.
Every community is different. The bill recognizes that solutions have to be rooted locally, led by people who understand the context.

Capital paired with support.
The financing provision is critical. Founders need more than mentorship, they need resources. This bill provides both.

What's at Stake

Community isn't transactional, it's transformational.

When you love your community like family, you don't just write a check and walk away. You build systems that last.

The SPARK Act is about building those systems nationwide, so that every community has access to the infrastructure that makes entrepreneurship possible.

Not as a privilege. As a path forward.

We've seen what happens when you invest in people and institutions the right way. Businesses grow. Jobs are created. Wealth stays local instead of extracting out.

The SPARK Act would make that possible at a scale we can't achieve alone.

Thank you.

JRUE HOLIDAY TESTIMONY

Chairman, members of the Committee, thank you.

My name is Jrue Holiday, and I want to talk about why the SPARK Act matters from what I've seen on the ground.

Over the past several years, my wife Lauren and I have had the opportunity to work with entrepreneurs across the country through our Social Impact Fund, in Boston, New Orleans, Los Angeles, and other cities where we've lived and played.

What I've learned is simple: talent is everywhere. Opportunity is not.

The founders we work with aren't asking for handouts. They're asking for what everyone else gets: access to mentorship, networks, and capital that can turn an idea into a sustainable business.

But in underserved communities, those things are often missing entirely.

What We've Built

Through the Boston Creator Accelerator, in partnership with Jaylen Brown, MIT, Harvard, and Suffolk University, we've supported 10 founders over multiple years.

Not a six-month program. Not a one-time grant.

Multi-year, milestone-based funding paired with institutional support.

That model works because it reflects how businesses actually grow: slowly, with setbacks, and with people in your corner for the long haul.

These founders have created jobs. They've raised additional capital. They've built businesses that are thriving.

But here's what sticks with me: we received over 2,000 applications for 10 spots.

That tells you the need is massive, and one accelerator in one city can't meet it.

Why SPARK Matters

The SPARK Act would fund accelerators and incubators like this across the country.

It would require the kind of multi-year, partnership-based approach that we've proven works.

And it would pair ecosystem support with access to capital, because readiness without resources doesn't help anyone.

Entrepreneurship is the future of work. People are starting businesses not because they want to, but because they have to.

We can't keep asking them to build without the infrastructure to succeed.

The SPARK Act is about making sure every community, not just the ones with access to elite institutions and private capital, has the support system that makes entrepreneurship a real path forward.

Thank you.

Senator MARKEY. Beautiful. Thank you so much for your testimony. If I may, I'd just like to ask a couple of questions. First of all, why did you and Jaylen just focus on entrepreneurship? Why is that, from your perspective, the key that you have decided to put the spotlight on?

Ms. BROWN. Well, with being in the community Jaylen saw that same article that you spoke about earlier and wanted to give people, like I said, just not jobs, but the ability to own or to create their own. So, with that being said, entrepreneurship was what we talked about and how that would be successful, for if they had, you know, continued resources and funding to be able to create their own opportunity.

Senator MARKEY. Yes. Lauren, what drew you to this one issue, you, and Jrue?

Ms. HOLIDAY. It actually started during the pandemic when the guys were going to the NBA bubble, and I was pregnant with our son. And during the time, like George Floyd had just happened, all of these things just happened, and my husband was having a hard time figuring out why, or like what mattered, to go back to the bubble to play basketball when there was such a divide in our country of racial divide.

And we were brainstorming and I asked him what would make it worth it, and not going to the bubble, maybe would've made a stand, but it wouldn't have made an impact that we wanted. And so, he decided to donate the rest of his salary for that year, $5.3 million to support black-owned businesses and black-owned nonprofits, black and brown owned. And so that is really what inspired us. It was just seeing the need during a pandemic, during a time of social unrest that the black community was disproportionately affected.

Senator MARKEY. Yep. Beautiful. And do you have a story or two that each of you might want to bring to this issue that kind of sticks out in your mind? Someone you met, some opportunity that you really thought should be able to get help, but was denied that help? Do you have an example, Mechalle?

Ms. BROWN. Well, I have two, but Lauren talked about Little Cocoa Bean, which was one of them, I spoke at when they opened at the Children's Museum, but also the Sneaker launch, which was Sydney's project. And we just saw that once that was there with the support that, how it spiked his sales and able to help him gather what he needed, like being able to be a part of the cohort. And learn and grow what we saw what that was doing, and wanted to continue to be able to do that.

Senator MARKEY. Thank you. Lauren, do you have a story?

Ms. HOLIDAY. Yeah, I feel like we have so many stories. One that really sticks out to me. I told you about Tracy from Little Cocoa Bean, but a story from Milwaukee, actually. There was a woman that was teaching yoga in inner city schools to make sure that the kids had proper mechanisms to cope with the traumas that were around them and what was happening. And she was trying to open her own studio.

And through our JLH they were able to crowdfund almost or over $100,000, and she has been thriving ever since. And I feel like these stories just continue to happen. Like once the investment is there, they're able to thrive.

Senator MARKEY. Oh, excellent. So, what's the one message if you're going to sum up what your message is, what Jaylen's message is, you Lauren, what you and Jrue, what is your message to the community? What is your message to Washington in terms of what you think has to happen to unlock all this potential Mechalle?

Ms. BROWN. Sure. I believe that our vision, like you said, to unlock the potential for Boston Xchange would be to help rebuild what was stripped away. And this would be able to nurture a local economy rooted in innovation, inclusion, culture, and care. So, I think with that being the message that we need, the resources regarding to build up the communities again, that they were there at one time or not really, but we want to build those up. So that, I think would be our message, is to be able to come together and nurture the local economy.

Senator MARKEY. Okay. Thank you. Lauren, what's your, message?

Ms. HOLIDAY. I think the message that my husband and I always say is, "cause creates community, but contribution creates belonging." And in our communities, we need to contribute so that everyone feels like they belong. And I can use Boston as an example. Us going to Boston and being able to contribute, we still feel like Boston is home. We have created a family with Jaylen Brown, with Miss Mechalle.

We have been able to create a family with our Boston Xchange cohort. And that isn't possible if we didn't actually contribute to that. And so, I would say cause creates community, but contribution creates belonging. It is our job to contribute to our communities.

Senator MARKEY. Yes. Well, that's what you're doing. These two families have given us a vision for what is possible, for how we have to focus on the issue, but then work across all segments of the community in order to ensure that we see the progress, which we know can happen, right? It's just a stultification of human potential.

And unfortunately, once again, president Trump over the weekend in his insulting comments about Barack and Michelle Obama, have demonstrate how hard we have to work in over to overcome that historic bigotry which has led to this denial of access to the financial capital that unlocks human capital in the black and brown communities in our country.

So just this hearing is actually could not be on a better day than after what we just saw this weekend. It just says we have to work a lot harder and we have to win this year so that then we can pass the SPARK Act and have that funding be made available.

So, we can't thank you enough for all of the work, which the two of you have done. And maybe we could all just give a warm round of thanks to Mechalle and Lauren. Thank you for all of your great work. Thank you so much, and thank you for being here.

Ms. BROWN. Thank you.

Ms. HOLIDAY. Thank you.

Senator MARKEY. Now we're going to move to our second panel and we can we can hear from them and their comments reinforcing what Ms. Brown and Mrs. Holiday have already laid out for us. While we're waiting for that, I see actually Gladys Vega is here. Gladys Vega is the CEO of La Colaborativa, which is in Chelsea, but it just serves so many other communities in the greater Boston area. And she is here as just an incredible leader, incredible spokesperson for all of those in need, including entrepreneurs to get access to the Capitol, which they need.

And we're also joined by counselor Miniard Culpepper, who has joined us as well. We thank you for joining us today. And would you like to say a word before?

Mr. CULPEPPER. It's amazing. I didn't think he was going to give me the mic, but I thank Senator Markey for giving me two minutes. Senator Markey and I go way back when Ted Kennedy ran for president. That's when I first met Senator Markey. Some of you weren't even born.

And so, we've been working in the trenches. Remember, he was at the State House, and he went to Congress, and now he's a Senator. And the good news is that we've done some good things together. This is a great hearing because I think it connects with some, I just got off a conference call and what we talked about for city council next week, Senator, is we're having Black History Month.

And the thing for Black History Month that the city council has laid out is economic empowerment for our community. And so, Senator Markey is always on the right side of issues. When he's not you can always give him a call, but he stands with us and for us.

When I was running this summer, you know who I called, Ed Markey. And let me tell you what he did. Yep. He did something. He walked up Nazing Street. That was the first time a United States Senator had ever walked up Nazing Street in Roxbury in the history of this Commonwealth. And he knocked on doors and talked to folks. That's the kind of Senator he is. He goes into the neighborhoods where you'll never find a Senator.

So, I just want to thank you for inviting me to be with you today. And just give me a call. Just call my name. I'll be there. Thank you, Senator Markey.

[Applause.]

Senator MARKEY. Great. Thank you. And again, the SPARK Act, it's a big bill. It's $500,000 per year per organization for five years in a row, guaranteed. And so, it's a lot of money per organization. And then you seed it in community after community across the country then you can see the difference which it would make.

So now I'm excited to introduce our second panel of witnesses. Ms. Renee King is the CEO We Are The Funders. Ms. King works with Boston Xchange and JLH social Impact Fund to support minority entrepreneurs in Boston. Her work focuses on providing funding and other long-term support for black-owned businesses. So, welcome, Renee, whenever you're comfortable, please begin. So, whenever you're ready Ms. Renee King please begin. Thank you. Can you move the microphone in a little bit closer?

Ms. KING. How's that?

Senator MARKEY. Good. Beautiful.

STATEMENT OF MS. RENEE KING, CEO, WE ARE THE FUNDERS, NEW YORK

Ms. KING. Okay. So, Senator Markey and team, thank you for the opportunity to testify. Good afternoon, everyone.

So, my name is Renee King. And for the last several years I've worked alongside founders, institutions, community leaders supporting entrepreneurs who are building businesses because they had innovative ideas and they also had to. And the solutions they needed to support them didn't exist around to help them get to the final stage of where they're going.

And now, also, I'll echo the statement that jobs also don't exist too. So, a lot of these entrepreneurs, the future of work is entrepreneurship. That's the reality that we are in right now in this economy. And when we see traditional employment disappearing, entire industry is restructuring, and millions of like Americans in our communities they're taking this leap into business ownership. Not only because, you know, they have an idea, but also out of necessity.

We have a problem if we're asking them to jump in without a net, right? We have a huge problem at hand. And the problem is that we're leaving entire communities without the infrastructure to turn survival into sustainability, without the mentorship, the networks, the capital, the coordination that makes businesses succeed instead of fail.

And that result isn't just the inequity that we see in reducing the rate, this view in causing this huge racial wealth gap that we do see. But it's also economic loss for all of us, right? We are literally leaving tons of money on the table. We're leaving money on the table, talent on the sidelines, and capacity untapped.

Senator Markey SPARK Act is about stopping that loss. It invests directly on the ground ecosystem builders, the place-based community informed institutions that already know how to mobilize our communities into ownership, like guide them into entrepreneurship success.

These are the institutions that can scale support at the speed at the current moment right now demands and it pairs that ecosystem support with capital, with funding, because as ready as you are to be able to jump into becoming an entrepreneur, readiness without funding is just another barrier.

We can't afford to leave entire communities unresourced while the economy restructures around them. That's what I want to talk you through today. Over the last several years, I've had the opportunity to work with athlete led platforms like Jrue and Lauren Holiday, Social Impact Fund, community development institutions, corporate partners to support founders in not just Boston, but New Orleans, Kentucky, LA and so many cities beyond.

And what we've learned in that work is this: entrepreneurs do not fail because they lack the talent and the ideas, they fail because the systems around them are not connected. Too often the support is short term. The programs end just as the entrepreneur is experiencing momentum. Momentum builds, and the institutions that are here that are doing great work, sometimes we're doing this great work, but we're operating in silos and the capital arrives too late, or the support arrives too late or not at all for these entrepreneurs.

So, the gap between this readiness and access is where our businesses are dying. But when you resource to institutions that are rooted in community and culture, institutions that understand local context, that build long-term relationships with the businesses in the community that coordinate across sectors, entrepreneurs truly succeed.

They don't just survive, they succeed. They raise capital, they hire, they scale, and the wealth they create, it stays in the community, right? And that's what ecosystem building looks like when it's done right.

The SPARK Act matters because it reflects what actually works, which I love that. Like it's taken in a lot of input and insights from folks who are doing great work already. It recognizes that ecosystems are not short-term pilots. They require time, trust, and multi-year commitment. It prioritizes collaboration between accelerators, lenders, educational institutions, government, philanthropy, conscious consumers, and local partners.

Like, it pulls all this together and that mirrors how successful ecosystems actually function. And critically, it acknowledges that ecosystem support must be paired with capital funding. That's mission critical.

I want to specifically lift up the financing provision in the bill. From experience I've been ready to start a business. I've started multiple businesses and didn't have the capital and the funding stays, and then everything stalls and everything goes out the door. And without capital or funding, that's what happens. You stall the economic growth of a business that can totally grow and survive.

Founders can complete every program. They can build the plan, they can get investment ready and still hit a wall because they do not have funding, they don't have collateral, they don't have credit history, they don't have the right relationships, right? To give them the capital to fuel them to the next milestone, to the next step.

And that gap, yes, it is causing the racial wealth gap, but it's also causing a huge economic gap in just our U.S. economy period. So, the financing provision in the SPARK Act addresses this by pairing grants and also lower cost loans with trusted ecosystem operators who can get it out to these businesses and get them the fuel they need.

This is really important because it treats capital as being catalytic. It unlocks momentum, it covers the gap between idea and traction. And this is what's needed. This is what our entrepreneurs need to be able to sustain. And the success of this provision will depend on thoughtful implementation.

But its inclusion materially strengthens the bill by addressing a barrier entrepreneurs face every single day. So, I want to be really, really clear of what's at stake. The economy is restructuring automation. You have AI, you have industry consolidation, you have traditional employment pathways are disappearing faster than we're creating new ones.

Entrepreneurship is not only like just for those who have innovative ideas. It's not only a side option anymore. It's going to be how many of us are going to survive. That's it. Entrepreneurship is going to be the future. And we're not ready. We don't have the support systems ready to support the amount of entrepreneurs that are here right now, and that want the entrepreneurs to come. We're asking entire communities to build without the infrastructure to succeed.

So, the SPARK Act doesn't attempt to impose like a top-down solution and invest in the institutions that already know how to do this work. And it scales what is already working. This isn't as aspirational; this is economically necessary.

If we want an economy that actually works, that doesn't leave entire demographics on the sidelines while industries restructure around them, we have to resource, the institutions that can mobilize all communities into ownership, not just some communities. We are leaving too much money on the table with the current way that we're doing this work.

The SPARK Act is about stopping that loss and building the infrastructure this moment demands. And I'm really grateful to have the opportunity to testify and to support this and endorse this act. And I love the work that you all have done, and thank you.

[The prepared statement of Ms. King follows.]

RENEE KING TESTIMONY

Chairman, members of the Committee, thank you for the opportunity to testify.

My name is Renee King, and for the last several years I've worked alongside founders, institutions, and community leaders supporting entrepreneurs who are building businesses because they had to. The solutions they needed didn't exist. And now, the jobs don't exist either.

The future of work is entrepreneurship.

Traditional employment is disappearing. Entire industries are restructuring. And millions of Americans are taking the leap into business ownership not by choice, but out of necessity.

Here's the problem: we are asking them to jump without a net.

We are leaving entire communities without the infrastructure to turn survival into sustainability, without the mentorship, networks, capital, or coordination that make businesses succeed instead of fail.

The result is not just inequity. It is an economic loss.

We are leaving money on the table, talent on the sidelines, capacity untapped.

The SPARK Act is about stopping that loss.

It invests directly in the on-the-ground ecosystem builders, the place-based, community-informed institutions that already know how to mobilize communities into ownership. These are the institutions that can scale support at the speed this moment demands.

And it pairs that ecosystem support with capital, because readiness without access is just another barrier.

We can't afford to leave entire communities un-resourced while the economy restructures around them.

That's what I want to walk you through today.

What We've Learned From Practice

Over the last several years, I've had the opportunity to work with athlete-led platforms, community development institutions, and corporate partners to support founders in Boston, New Orleans, Kentucky, LA, and beyond.

What we've learned is this: entrepreneurs don't fail because they lack talent or ideas. They fail because the systems around them are fragmented.

Too often, support is short-term. Programs end just as momentum builds. Institutions work in silos. Capital arrives too late, or not at all.

The gap between readiness and access is where businesses die.

But when you resource institutions that are rooted in community, institutions that understand local context, that build long-term relationships, that coordinate across sectors, entrepreneurs succeed.

Not just survive. Succeed.

They raise capital. They hire. They scale. And the wealth they create stays local instead of extracting out.

That's what ecosystem building looks like when it's done right.

Why the SPARK Act Matters

The SPARK Act matters because it reflects what actually works.

It recognizes that ecosystems are not short-term pilots. They require time, trust, and multi-year commitment.

It prioritizes collaboration between accelerators, lenders, educational institutions, and local partners. That mirrors how successful ecosystems actually function.

And critically, it acknowledges that ecosystem support must be paired with capital.

The Financing Provision

I want to specifically lift up the financing provision in this bill.

From experience, readiness without capital or funding stalls economic growth.

Founders can complete every program. Build the plan. Get investment-ready. And still hit a wall because they don't have funding, collateral, credit history, or the right relationships.

That gap costs us economically.

The financing provision addresses this by pairing grants and lower-cost loans with trusted ecosystem operators.

This is important because it treats capital as catalytic. It unlocks momentum, covers the gap between idea and traction, necessity and sustainability.

The success of this provision will depend on thoughtful implementation. But its inclusion materially strengthens the bill by addressing a barrier entrepreneurs face every single day.

What's at Stake

Let me be clear about what's at stake.

The economy is restructuring. Automation, AI, industry consolidation, traditional employment pathways are disappearing faster than we're creating new ones.

Entrepreneurship is not a side option anymore. It's how millions of people will survive.

And we are not ready.

We are asking entire communities to build without the infrastructure to succeed.

The SPARK Act doesn't attempt to impose a top-down solution. It invests in the institutions that already know how to do this work, and scales what's already working.

This is not aspirational. This is economically necessary.

If we want an economy that actually works, that doesn't leave entire demographics on the sidelines while industries restructure around them, we have to resource the institutions that can mobilize all communities into ownership, not just some.

We are leaving too much money on the table.

The SPARK Act is about stopping that loss and building the infrastructure this moment demands.

Thank you.

[Applause.]

Senator MARKEY. Thank you, Renee, and great work. And thank you for your help in putting this together today, Renee. Absolutely indispensable. And I'm just going to lay out for you what the vision is in the SPARK Act because not just Renee, but the other witnesses are now going to go into the sub details of how then all of this would work.

And so, the SPARK Act will create two programs, the SPARK Program, and the SPARK Financing Program. Eligible organizations, which may include non-profits, community development finance institutions, CDFIs, which we will hear from, minority depository institutions, lenders, participating in small business administration programs, HBCUs, MSIs, and community colleges can apply for both or one of these two programs.

The SPARK program, let me go through that first. The SPARK program eligible organizations can apply to receive a minimum of $500,000 annually for an initial term of five years. So, it's a minimum of $2.5 million over five years to establish or expand accelerator or incubator services for underserved small businesses.

And this funding would be used for administrative, staffing, and other infrastructure needs associated with funding accelerator are incubator programs. The second program, the SPARK Financing Program. Eligible organizations can apply to receive either one up to $1 million annually if they also receive funding under the SPARK Program and up to $500,000 annually if they don't receive funding under the SPARK program.

This funding would be used to provide financing directly to underserved small businesses. Organizations that receive this funding can either provide grants of up to $20,000 are subsidized loans directly to underserved small businesses. So that's kind of the core idea that it's institutionalized. It's there. We have professional organizations and then we have the businesses that know where they can go to in the community in order to get the funding which they would need.

So that's the concept which I've built into the legislation, and I think it fits exactly what Boston is already trying to unleash.

So, we're next going to hear from Keith Mahoney, who is the Vice President for Communications and Public Affairs at the Boston Foundation, one of the nation's first and most impactful community foundations that aims to advance economic justice and equity in Massachusetts. And Mr. Mahoney manages the foundation's research and public policy initiatives. Welcome.

STATEMENT OF MR. KEITH MAHONEY, VICE PRESIDENT FOR COMMUNICATIONS AND PUBLIC AFFAIRS, THE BOSTON FOUNDATION, BOSTON, MASSACHUSETTS

Mr. MAHONEY. Thank you, Senator Markey for convening this field hearing and for your longstanding leadership on economic justice and opportunity. We're especially grateful for your work on the SPARK Act, which will make a real difference for thousands of Massachusetts small businesses.

As you said, my name is Keith Mahoney. I'm a vice president at the Boston Foundation, 111-year-old public charity with a simple but enduring mission: to improve lives and strengthen communities.

Philanthropy can often take risks and make investments that government is unable or unwilling to do. Hopefully, the work we have done here in Boston will demonstrate the wisdom behind the SPARK Act.

In 2020, as COVID laid bare deep racial inequities, and as the country reckoned with the murder of George Floyd, some hard data cut through the noise. A U.S. Department of Commerce report showed that businesses owned by people of color were denied loans at twice the rate of white owned businesses.

And when loans were approved, the interest rates were on average 22 percent higher. These disparities weren't new. But seeing them documented so clearly prompted many financial institutions to make public comments to support businesses of color. Too many of those commitments did not last.

As political climates change too often, resolve changes with them, and that's a problem because the small business community in Massachusetts is becoming more diverse every year. New businesses are far more likely to be black owned, Latino-owned, or woman owned than older ones. If we are serious about growing our economy, we cannot afford to ignore that reality.

For community foundations like ours, that is precisely when the responsibility becomes clearest. At the Boston Foundation, we believe that equity work must be durable, not fashionable. That belief is why we launched the Business Equity Fund in 2018, well before the 2020 National Reckoning.

The goal of the fund is straightforward: to help establish businesses of color, grow, create jobs, build we wealth and strengthen their communities. The fund provides patient flexible, low-cost capital to businesses that are already performing, but are too often locked out of traditional financing.

Here's what that's looked like so far. 7 businesses have received 2.3 million in loans. The fund has attracted nearly 6 million in additional investment, bringing total capitalization to 8.8 million. Early leadership funding came from Eastern Bank, alongside significant support from the foundation. And the Business Equity Fund doesn't operate in isolation. It's part of a broader ecosystem that recognizes simple truth. Capital alone is not enough.

That ecosystem includes the Business Equity Initiative, which provides grants to organizations offering technical assistance, professional networks, and industry specific expertise. And the Greater Boston Chamber of Commerce Pacesetters initiative, which encourages major employers to direct more procurement dollars to businesses of color. It's this coordination, capital, technical assistance, and market access that makes the work effective and scalable.

At a moment when we talk rightly about trillions of dollars in national investment, the Business Equity fund offers a lesson in how smaller targeted interventions can deliver outsized returns when they are trusted, locally rooted, and built for the long haul.

Let me give you one example. OutKast Electrical Contractors, a growing black-owned firm based in Dorchester was at a crossroads in 2024. The company employed 60 local union workers when its financial partners abruptly closed its line of credit, leaving bankruptcy as the only apparent option. LEAF, the Local Enterprise Assistance Fund, and a Boston Foundation grantee stepped in, helping OutKast navigate out of bankruptcy, stabilize operations, and build a more secure future. This is only one story among many. innovative companies in overlooked communities that can now not only survive, but grow and thrive.

Senator Markey, if we're serious about closing the racial wealth gap and strengthening the Commonwealth's economy from the ground up, we must invest in models that endure political shifts, center lived experience, treat equity as a permanent commitment, not a temporary response.

That's why we're so excited about the SPARK Act. It reflects common sense policy that extends a lifeline to small businesses and strengthens our economy. Patient equitable capital can work. We have shown that locally the SPARK Act will bring that to scale. The Boston Foundation stands ready to continue this work and to partner with leaders who understand that economic justice is not optional infrastructure. It's essential. Thank you.

[The prepared statement of Mr. Mahoney follows.]

Testimony of Keith A. Mahoney

The Boston Foundation
U.S. Senate Field Hearing – Chaired by Senator Edward J. Markey

Thank you, Senator Markey, for convening this field hearing, for your long-standing leadership on economic justice and opportunity, and for your work on the SPARK Act which will help thousands of Massachusetts small businesses.

My name is Keith A. Mahoney, and I am here on behalf of The Boston Foundation, a 111-year-old public charity with a simple but enduring mission: to advance equity and opportunity for the people and communities of Greater Boston—especially when the political winds shift and the need is greatest.

The Problem We Cannot Ignore

In 2020, as the COVID-19 pandemic exposed and intensified longstanding racial inequities—and as the nation confronted the murder of George Floyd—important data cut through the noise.

A report from the U.S. Department of Commerce revealed that **businesses owned by people of color were denied loans at twice the rate of white-owned businesses**. And when loans were approved, **the interest rates were, on average, 22 percent higher**.

These disparities were not new. But seeing them documented so clearly prompted many large financial institutions to make public commitments to support businesses of color. Unfortunately, many of those commitments have not endured. As political climates change, too often so does resolve.

If we are serious about growing our economy, we cannot ignore the fact that the Massachusetts small business community is growing more diverse as new businesses across the state are much more likely to be Black, Latino, or women-owned that older businesses.

For community foundations like ours, that is precisely when our responsibility becomes most clear.

A Model That Works: The Business Equity Fund

At The Boston Foundation, we believe equity work must be **durable**, not fashionable. That belief is why we launched the **Business Equity Fund (BEF)** in 2018—well before 2020 forced the nation to confront these issues more publicly.

The goal of the Business Equity Fund is straightforward:
to help established businesses of color **grow, create jobs, build wealth, and strengthen their communities**.

The Fund provides **patient, flexible, low-cost capital** to businesses that are already performing well and are positioned for growth—but are too often locked out of traditional financing.

To date:

- **Seven businesses** have received **$2.3 million in loans**
- **Every one of them survived the COVID crisis**
- The Fund has attracted **nearly $6 million in additional investments**, bringing total capitalization to **$8.8 million**
- Early leadership funding came from **Eastern Bank**, alongside significant support from The Boston Foundation

These results matter—but how they were achieved matters just as much.

An Ecosystem, Not a Single Intervention

The Business Equity Fund does not operate in isolation. It is part of a broader ecosystem that recognizes capital alone is not enough.

That ecosystem includes:

- The **Business Equity Initiative**, which provides grants to organizations who provide businesses with technical assistance, professional networks, and key industry insights and data
- The **Greater Boston Chamber of Commerce's Pacesetters Initiative**, which encourages major employers to direct more procurement dollars to businesses of color

It is the **strength and coordination of this ecosystem**—capital, technical assistance, and market access—that makes the work effective and scalable.

Learning During Crisis: Pausing to Preserve Progress

The Business Equity Fund was intentionally designed to be **regenerative**. Loans are repaid and recycled to support the next generation of businesses.

But during the economic free-fall of 2020, we recognized a hard truth:
Rigid repayment in a frozen economy could undo the very progress the Fund was created to achieve.

So we made a deliberate choice.

The BEF offered an **immediate six-month deferral of all loan payments** for portfolio companies—covering April through September 2020. The logic was simple and humane: if we could relieve business owners of that burden, they could focus on what mattered most—**keeping workers employed and keeping their doors open**.

What is even more impressive is that about a third of the portfolio companies provide opportunities for worker ownership.

This was not charity.
It was **strategic flexibility in service of long-term impact**.

Why This Matters Now

At a time when we rightly talk about trillions of dollars in national investment, the Business Equity Fund offers a lesson in **how smaller, targeted interventions can deliver outsized returns**—especially when they are trusted, locally rooted, and built for the long haul.

The point of the Business Equity Fund has never been simply paying loans back.
It is **paying opportunity forward**—for workers, families, and neighborhoods that have been systematically excluded from capital and stability.

I want to give an example of this: OutKast Electrical Contractors Inc, a growing Black-owned electrical contracting company based in Dorchester, was at a crossroads in 2024. Employing 60 individuals, all local union members, the company's existing financial partners prematurely and seemingly without notice closed their line of credit, effectively leaving bankruptcy as the only course of action.

L.E.A.F, the Local Enterprise Assistance Fund and a TBF grantee, was able to step in and support the company on its path out of bankruptcy and enabled OutKast to stabilize its operations and help create a more prosperous future for the company.

This is just **one** story among many – companies doing innovative work in our most forgotten areas who now can not only continue doing their work, but they can grow and thrive.

Closing

Senator Markey, if we are serious about closing racial wealth gaps and strengthening the Commonwealth's economy from the ground up, we must invest in models that:

- endure political shifts,
- center lived experience,
- and treat equity as a permanent commitment, not a temporary response.

This is why we are especially excited for your SPARK Act legislation. It is filled with common sense policies that not only will extend a lifeline to struggling businesses, but it will add to our economy and will send a message that the American dream is for **all of us.**

The Boston Foundation stands ready to continue this work—and to partner with policymakers who understand that **economic justice is not optional infrastructure. It is essential.**

Thank you for the opportunity to testify.

Senator MARKEY. Okay. Thank you, Mr. Mahoney. We're going to hear from Nicole Obi. Nicole is the President of the Black Economic Council of Massachusetts. BECMA is a nonprofit organization that builds black wealth across Massachusetts by supporting and empowering businesses and removing barriers to opportunity and prosperity for the community.

Ms. Obi is an entrepreneur and serves on the Governor's Advisory Council on Black Empowerment. Congresswoman Presley and I and Senator—we were able to give $1 million to BECMA a couple years ago to help with their structure. We were able to add $700,000 this year to further augment that work, which you do inside of the community. Your organization's kind of a beacon for plaque entrepreneurship, and we thank you so much.

So, whenever you're comfortable, please begin.

STATEMENT OF MS. NICOLE OBI, PRESIDENT, BLACK ECONOMIC COUNCIL OF MASSACHUSETTS, ROXBURY CROSSING, MASSACHUSETTS

Ms. OBI. Thank you, Ranking Member Markey, and thank you for the opportunity to testify today. And thank you for your leadership on behalf of America's Small Businesses.

BECMA, we are a statewide member-based nonprofit focused on closing the racial wealth gap by helping black-owned businesses, 700 to date in the last four years. We help them to start, grow, and scale, and by strengthening the economic ecosystem that supports them.

And I appreciate the committee's focus on uplifting minority entrepreneurs, because as we've heard, the challenges they face today are not abstract. They're structural, compounding, and increasingly shaped by Federal policy decisions.

Black and minority entrepreneurs are more likely to start businesses, yet less likely to access adequate, affordable capital, professional support, or growth stage opportunities. Even the profitable firms are denied financing at higher rates. And when support does exist, it's often short term, fragmented or disconnected from the places where entrepreneurs actually operate.

At the same time, these longstanding barriers are colliding with new pressures. Tariffs and supply chain disruptions have raised the cost of goods and materials, and inclusive procurement pathways are narrowing as agencies and private and public companies pull back amid legal and political uncertainty. Immigration enforcement actions, even when not directed at a specific business, are destabilizing local label markets and reducing foot traffic in entire neighborhoods. So, fear alone has economic consequences.

For black owned businesses, which are more likely to operate with thinner margins and less access to flexible capital, these pressures don't just slow growth. They force businesses to freeze hiring, reduce hours, delay expansion, or exit the market altogether. And this is not anecdotal. It's a predictable pattern we are seeing playing out across many sectors, and that's why the SPARK Act is so important and why its timing matters.

What distinguishes Senator Markey's SPARK Act is that it does not treat entrepreneurs as isolated actors who simply need more advice or resilience. It recognizes that successful businesses grow with strong local ecosystems, and that those ecosystems require sustained investment. The SPARK Act invests in incubators, accelerators, and community-based lenders that provide trust, on the ground support in underserved communities.

And just as importantly, it pairs technical assistance with flexible financing, that helps to reduce collateral barriers and steers entrepreneurs away from predatory alternatives, and this combination is critical. From our experience at BECMA, this integrated approach is what actually changes outcomes. When entrepreneurs receive coordinated support, business advice, access to capital and pathways into procurement and job creation, businesses last longer, they hire locally and create wealth that circulates within their communities.

So, the SPARK Act also gets accountability right. By requiring reporting on capital access, job creation, wages, and participation by race and geography. It ensures that public dollars are tied to real economic outcomes, not just activity. And at a moment when data transparency is eroding, this commitment matters.

In Massachusetts, we've seen how fragile progress becomes when ecosystem funding is short term or disconnected from local realities. The SPARK Act offers a durable national framework that scales what works, while allowing communities to tailor solutions to their unique challenges.

Senator Markey's leadership on this legislation sends a clear message: Minority entrepreneurs are not a niche concern. They are central to America's economic resilience. And when black and other underserved entrepreneurs succeed, families stabilize, wealth is created and regional economies grow stronger.

So, on behalf of BECMA and the entrepreneurs, we have one here, in the communities we represent, I urge this committee to advance the SPARK Act and continue investing in policies that make entrepreneurship a viable pathway to stability growth, and wealth building. Thank you.

[The prepared statement of Ms. Obi follows.]

BECMA
BLACK ECONOMIC COUNCIL
of MASSACHUSETTS

Senator Markey,

Thank you for the opportunity to testify today, and thank you for your leadership on behalf of America's small businesses.

My name is Nicole Obi, and I serve as President and CEO of the Black Economic Council of Massachusetts, known as BECMA. We are a statewide, member-based nonprofit focused on closing the racial wealth gap by helping Black-owned businesses start, grow, and scale, and by strengthening the economic ecosystems that support them.

I appreciate the Committee's focus on uplifting minority entrepreneurs, because the challenges they face today are not abstract. They are structural, compounding, and increasingly shaped by federal policy decisions.

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BECMA
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Senator Markey's leadership on this legislation sends a clear message: minority entrepreneurs are not a niche concern. They are central to America's economic resilience. When Black and other underserved entrepreneurs succeed, families stabilize, jobs are created, and regional economies grow stronger.

On behalf of BECMA and the entrepreneurs and workers we represent, I urge this Committee to advance the SPARK Act and continue investing in policies that make entrepreneurship a viable pathway to stability, growth, and shared prosperity.

Thank you for the opportunity to testify. I look forward to your questions.

Nicole Obi
President & CEO

Senator MARKEY. Thank you so much. Beautiful. And now, we're going to hear—and this is a key piece of testimony here because Karim Hill represents people who are already doing it right now. He's the president of BDC Community Capital, which is a Community Development Financial Institution, or CDFI, an SBA Community Advantage lender, and an affiliate of the New England Certified Development Corporation, a leading SBA 504 lender in Massachusetts.

And Mr. Hill has extensive experience as a lender and was president and the CEO of the New England Business Association. So, we welcome you and whenever you feel comfortable, please begin.

STATEMENT OF MR. KARIM HILL, PRESIDENT, BDC COMMUNITY CAPITAL CORPORATION, WAKEFIELD, MASSACHUSETTS

Mr. HILL. Thank you, Ranking Member Markey. And I want to thank you for all the work you have continued to do. And one thing I'll say about the Ranking Member is six years ago when I was running the New England Business Association, you did an interview with me before you actually went for this new term.

So, I really appreciate the fact that you are always accessible and you find a way to get down to the brass tacks of helping small business owners. So, thank you for all the work you have continued to do, and thank you for inviting me back to speak for this testimony today.

Again, as the Senator said, I'm Karim Hill. I'm the President of BDC Community Capital, and I'm the inaugural president. What that means is we actually started this program. I started this program in 2021. I was fortunate enough to get an investment from BDC Capital, which is the larger organization of half a million dollars in equity, and a line of credit of $5 million to lend out to minority business owners.

Once I received that, my job was to then go and find a way to make us U.S. Treasury certified, which is not an easy thing to do, right? It took us almost two years to go through all the steps to be U.S. Treasury certified. And then once we accomplished that in 2022, we started making our first loans.

Now, as I said, we had a $5 million line of credit. I had my own separate board. We're a 501(c)(3), and within the first year, we exhausted that $5 million line of credit. So now I had to go back to the banks and ask for more money, which we all know is not fun, right?

But as a former banker, I knew the words to say, I knew how to approach them, and we're able to secure a larger line of credit. Today, since 2022, we've made 185 loans and lent out more than $25 million to minority based small businesses throughout the New England region.

Now, the proudest piece of that is 92 percent of those loans have fit our target market. What's our target market? Every CDFI has to have a designated target market. Ours are African American small businesses, Hispanic-owned small businesses, and any small business in a low to moderate income area.

Ninety-two percent of our $25 million has gone to an entity in those target markets. And that's really why we're here. We're here to make sure that access to capital gets down to where it needs to be.

So, we at BDC Community Capital, we fully support the SPARK Act. And I want to read this appropriately because it deserves to be read. The reason we support the SPARK Act is because it allows the expansion of our personal efforts to underserved entrepreneurs. And it focuses on spurring economic growth to underserved communities. It encourages collaboration between the SBA and organizations that serve low to moderate income areas in minority and rural communities.

This is critical to supporting the local entrepreneurial ecosystem. Fostering and using the rails that already exist is critical. To get something what happens in a lot of areas and Boston's no different. We have well hearted people, people that have great ideas, great energy, they create something. But when you're not using the rails that already exist, it's hard for it to sustain.

Senator, I'm so proud that you're doing this the way you're doing it, because you're using the SBA, which already exists, that's important. And you're also using the SBA 504 program, which is critical. For those who don't understand what the SBA 504 program is, it is vital to reducing the racial wealth gap. And here's why.

The 504 is a primary lender, lends out a bank or credit union lends out 50 percent loan to value on that project. The 40 percent is done by a CDC or ACDFI. Like us, we come in and do the 40 percent that leaves a 10 percent equity slug that the small business owner must provide.

We have gone out and created our own SBA 504 down payment program where we will give you up to $100,000 to fulfill that 10 percent equity piece. That is critical. It's critical because it takes a small business owner who is currently running his or her business very, very well, and allows them to truly build, close the racial wealth gap by owning their building.

That sustainability is key to minority business owners. We started this two years ago. I got the blessing of my board to do it. We had no grant funding to do it. My board just allowed us to go out and do this. We've now made 11 loans for just over $1.1 million.

And the best part about it, not a single default, no issues. It's testing and proving the fact that these small business owners know how to run their businesses, and they just need a little bit of more support to move forward. This is a critical component, and this SPARK program will allow us to enhance that with the funds you were talking about, Senator.

So, we are fully behind you on what you're trying to accomplish. And we're out in front trying to bring access to capital to those who truly need it.

Lastly, I want to make sure that everyone understands that this work cannot be done without my peers here. The work that these wonderful people do, they prepare small businesses for us, meaning my group, to actually provide the funding. What happens a lot is we will teach people what to do, but if you can't secure that funding, that knowledge is not going to get you where you need it to be.

Other CDFIs like myself, we are here and committed to making sure we get those funds to where they need to be. Senator, we fully support the efforts you're doing with the Spark program. I'm honored to be here and can't wait to answer any questions you may have.

[The prepared statement of Mr. Hill follows.]

BDC COMMUNITY CAPITAL
CONNECT AND GROW

Good afternoon, Ranking Member Markey. Thank you for the opportunity to speak with you today.

My name is Karim Hill; I am the President of BDC Community Capital Corporation. Prior to my time at BDC Community Capital, I spent more than 20 years working in the financial services industry. I had the pleasure of leading teams for some of the largest banking institutions in the country such as Wells Fargo, Bank of America, Capital One, and locally at Citizens Bank. I also served as President and CEO for the Smaller Business Association of New England. Currently I am a member of Governor Healey's SDO Diverse and Small Business Advisory Board. These experiences have provided me with a very keen insight into the challenges facing entrepreneurs within low-income, majority minority, and rural communities.

BDC Community Capital Corporation is a US Treasury Certified CDFI loan fund based in Wakefield, Massachusetts, with a focus on small businesses that have been denied financing by a traditional lender such as banks or credit unions. We are an SBA Community Advantage lender, and we are affiliated with CDC New England, who is the #3 SBA 504 lender throughout the New England Region. Our product suite ranges from $500 loan reserves to $2MM term loans and lines of credit.

Since our creation in 2021 we have closed 185 loans totaling more than $25 million to small businesses throughout the New England Region. The most important fact is 92% of these loans were provided to small businesses that are in low-income areas or minority owned.

BDC Community Capital truly believes in the importance of uplifting underserved and minority entrepreneurs. We approach this work by focusing on collaboration between public and private sources of capital. One example of this is BDC Community Capital's role as the grant administrator for the City of Boston's SCALE Grant Program. The SCALE Grant Program is the City of Boston's $5MM grant and incubator program for underserved small businesses located within the city limits. This program received applications from 189 small businesses, and 27 small businesses were accepted into the program. The program started with each participant receiving a $50k grant which allowed the business owners to attend a 6-month technical assistance training session. The task was to create a strategic plan and a 3 year budget with guidance from subject matter expert. Once complete, the technical assistance provider assisted the entrepreneur in creating a proposal focused on strategies to grow their business, which was then submitted to a committee that decided on additional grant funding. We then provided the businesses with an additional grant up to $150k.

Following this, my organization created a $10MM Growth Loan Fund, which focused on providing these companies with the financing needed to execute their strategic plans, through a public-private partnership with the City of Boston, our CDFI, and bank partners, The program ended in January of 2026, and we are currently underwriting lines of credit for 2 of the small businesses within the program who were previously denied by traditional funding sources.

Another example of collaboration to provide access to entrepreneurs within low-income, majority minority, and rural communities is our SBA Down Payment Program. This program is a partnership between our CDFI, CDC New England, and a bank partner to make the SBA 504 Program more available to underserved small businesses. Our program provides up to $100,000 to assist in the required 10% equity requirement for the small business owner to acquire the building. This program addresses one of the most pressing issues for underserved small businesses. Underserved and minority entrepreneurs often do not come from generational wealth and despite running successful businesses, can struggle to meet down payment requirements. To date, we have executed 11 of these loans for just over $1MM dollars. We truly believe this program will reduce the racial wealth gap, sustain jobs in low-income areas, and increase capital levels for these business owners.

BDC Community Capital supports the SPARK Act because the bill would allow us to expand our investments in underserved entrepreneurs. It focuses on spurring economic growth in underserved communities, it encourages collaboration between the Small Business Administration and organizations that serve low-income, minority, and rural communities. This is critical to supporting local entrepreneurial ecosystems.

In summary, I truly believe collaboration between public, private, and philanthropic partners is the only sustainable way to close the racial wealth gap, make capital truly accessible to all, and to grow jobs in all communities within our economy. My hope is, with the help of the SBA, Congress, and all entities within the financial sector, that we can truly make capital accessible to all small business owners.

Thank you for allowing me to attend this hearing, and I look forward to answering any questions you may have.

Senator MARKEY. No, thank you. Great question. Great testimony. And again, this question of access to capital is throughout the entire system. So, the state of Massachusetts decided three years ago to make community college free.

So, you've got kids who come from the kind of communities that I came from when I went to Boston College, it was affordable. You could earn the tuition working during the summer. You could take out a small amount of student loans in order to do it. To go to Boston College or Boston University to go to any of these schools, now it's $90,000 a year. Who has that kind of money in the same streets that kids used to be able to say, I can earn that funding.

So free community college has meant here in Roxbury Community College, there's now more students here than there were before the pandemic, because they don't have to think about access to capital for their educational opportunities. And there's been a dramatic rise in those students all across the entire community college system, the entry level.

And so that's again, a smart business plan for Massachusetts, which should be replicated across the whole country. You know, we're not just the Bay State, we're the brain state too. We're looking ahead, thinking about the issues that everyone should have to deal with from an economic perspective. And that's what the SPARK Act is intended to deal with that issue when it comes to small businesses, to entrepreneurs graduating from the school.

The data though, Mr. Mahoney, let's lay out, if you can quickly. What's the data that you developed in terms of the racial wealth gap that has locked minority members out of that entrepreneurial world that then creates generational wealth?

Mr. MAHONEY. So, I think there are a few different data points. Senator, you mentioned earlier the 2015 Color of Wealth study. And that is going to be redone this year. The Federal Reserve Bank of Boston with the Boston Foundation, Bar Foundation, Eastern Bank Foundation, and Greater Boston Chamber of Commerce are supporting that study.

And that is you know, going to look at economic conditions across the state. You know, the number may be different than the one that was burned into the brains of most Bostonians 10 years ago. But it will show that gap continues.

The other data point that I think is important is around the major legislation that passed earlier this year. The so-called Big Beautiful Bill Act, which is not only going to increase the deficit, but it's doing so by extending tax cuts to favor the wealthy and scaling back the social safety net, increasing border and security and defense funding.

The analysis from experts across the ideological spectrum, including the CBO, the Yale Budget Lab, Urban Institute, Brookings, all reached the same conclusion. The law will tilt heavily towards the highest income households.

According to the CBO families in the bottom 10 percent of the income gap lose about $120,000 a year, while those in the top percent gain roughly $13,600. So that is going to exacerbate not close the racial wealth gap in the years to come.

Senator MARKEY. And again, you're talking about access to educational healthcare, food benefits for those families, correct?

Mr. MAHONEY. Correct. When families that can't afford it are paying more for healthcare or paying more for housing, or paying more for education to cover tax cuts for families that quite frankly, can afford healthcare education and the like, and housing, own homes already. That's where that comes in.

And the other, you know, home ownership is an important aspect of this, because that is a root of what is wealth as opposed to income. Income gaps may close as earnings change, but wealth is what gets passed down from generations. And wealth is what allows someone to start a small business, to afford higher education. When you own your house and you can put the equity in that to helping the next generation purchase their house, that is what has created the wealth gap over time. And that is a result of deliberate policies like redlining, discrimination on home loans and zoning decisions that were made over decades and decades.

Senator MARKEY. Yes, and my father drove a truck for the Hood Note Company, and I'm sitting here as a United States Senator, right? So that's what we have to provide for everyone. Well, no matter how they want to use their God-given abilities that they can kind of dream and become that.

But not if you're taking away funding, which is what the big ugly bill did beginning last July. Then people don't have the discretionary capital. They have to pay more in healthcare, more for education, more for food, more for everything.

And then that extra 20, 50, 100 grand that they might have put into a business, it's just not there, you know, because they just have to try to survive. So, Ms. King, access to opportunities and networks and capital are significant barriers for underserved entrepreneurs looking to start and run their businesses. How do organizations that you run provide an approach in supporting entrepreneurs? And why is this approach even more effective?

Ms. KING. So, there was a lot of points, really great points that everybody set on here.

Senator MARKEY. Can you move the microphone down just a little?

Ms. KING. Oh yes. There was a lot of great points that everyone said on here. And I don't know, I'm going to quote the African proverb where many of you probably have heard this, where it's like, "it takes a village to raise a child." Have you heard that proverb?

It also takes a village to grow an entrepreneur, to grow a business, right? And the village has to be connected, right? And this is what you're seeing. Here is the village, right? We're all the village.

So, when we've built entire systems, when you think around, like, we kind of have like a pre-K to college system for like, if you want to go to school, this is the flow. But like when it comes to entrepreneurship, we don't really have that flow completely put together and coordinated, right?

We have folks who are doing it in the village who are doing different siloed approaches of it, but we don't have it completely through it. So, when someone starts a business, we tell them, go figure it out. Go find the resource, go piece the support together, piece the guidance you need together, even though we already have institutions right here who can collaborate, who can work together to ping pong around folks.

And that's what we're saying what I love about the SPARK Act starts to facilitate. Like, how do you make it even easier for all of us in the village? We already talk to each other. We already circulate and bounce entrepreneurs between each other because we know each other and can text each other and be like, hey, look at the Little Cocoa Bean, or look at this business.

But now imagine if that got strengthened to the point of where it's like a pre-K to college system, right? It's like strengthened and we have the resources that we need so that we can build that even better, because as Karim said, like he needs folks to be prepped before they get to him, right? And also, the folks in that prep, they need capital and resourcing right before they can get to him.

So, the gap is what happens with this gap. And they kind of call this kind of like the valley of death, I think is one of the things, you can look it up. In this gap, when we don't have us, all talking together and all the whole entire village activated, not just us, but also customers, government, philanthropy, everybody activated around this one entrepreneur and making sure she survives, she's successful to get where she is.

So, I'm going to give you another example of that. It's when you don't have that, then the entrepreneur fails. But what it looks like when you do have that is that when an entrepreneur comes, they have this product, it has demand already. Then you have like, MIT helps them build their technical capacity. Harvard preps him for investor conversations. Suffolk chimes in with legal support. RCC has done stuff with us too to support that entrepreneur.

And then you have Jrue and Lauren Holiday supporting them with their networks and funding. And Jaylen Brown is creating space and also pouring in his funding and opening up his networks. And they don't just operate during this one specific time, they're staying with them, right? They're part of the family of like; we're going to stay with this entrepreneur to get you through because maybe in about eight months you have a problem that you didn't even know was coming. So here it comes.

Now you're in this problem. So, then MIT comes back in and says, let me create this war room of all of our successful, like entrepreneurs who've been through your problem. Like, let them sit with you and get you through the problem.

Then you have a barrier in month eight, where it's like, okay, well Jrue is like, let me make a call to like, can we walk you in to get this partnership? This is what it looks like, right? It looks like we all have to be all-hands-on-deck for these businesses in our communities who need us, not just as customers, but they need us to also be the opener for all the next things that they need for them to survive.

And there were a couple data points that were like floated. I think we talked a lot. One thing why it's really important for the businesses in our communities to really thrive is because they're the first ones to pour back into the community.

There's a lot of data that shows that. Especially as black and brown business owners, when they reach and sell or get to the point of where they're like on shelves or they're IPO-ing or what-ever it is, they're the first ones to turn back into an angel investor and double down and invest in the next business.

They're the first ones to give to the different solutions that need help on the ground in their community. So, if we don't support them, then the community, that's another gap you see of like the person who knows exactly what the community needs can't come back and resource their community that they love.

So, it's really important around that. One other data point I wanted to add in, and I was trying to find this to pull it. I think sometimes when we speak about this, and like we speak about this as like our black businesses, our brown businesses, they don't get access to capital, right? They don't get access to all these resources. We gave you all that data.

The other side of it, for you to intentionally not give the capital to black and brown businesses is wild. Because what other data point to know is that black businesses, with that little bit of resourcing that you give, they're shown to produce more revenue than other businesses who are well resourced. That's what the data shows.

There's been CFIs that we've spoken to where they'll tell us, you know, who doesn't default on the loan? Black businesses, and we're not giving them loans. Why? Like, you're intentionally blocking the economy. You're intentionally saying like, this is what you're doing.

So, this village, this is what we do. One of the things we were very intentional with Jrue, Lauren and Jaylen was like, we already knew there were folks right here in Boston intentionally building from like governors, mayors, Nicole, everybody was already building.

So, it wasn't for us to duplicate it, it was to come in and say, well, where do we fit in? How do we like ping pong things together and let's flow this together. And then like, now let's also invite the community and the customers in too, so that we have this beautiful wrapped around village, around the entrepreneur. And that's when you're going to see more success.

Where we're like, hands on everybody. It's like you have to treat them like family and we all have to be coordinated around this. Because if wherever you want to live, you want to see it thrive and grow, it depends on this, it depends on those businesses who are creating innovations to live right in your communities.

Senator MARKEY. Fabulous. Thank you. So, Nicole Obi, how do you interact with organizations like Boston Xchange and BDC Capital? What is the role that you play?

Ms. OBI. Our role is while we focus on black entrepreneurs, and as I mentioned, we've touched 700 of them directly. We also partner with other organizations that are also supporting small businesses. I often say that not all small businesses are black and brown, but almost all black and brown businesses are small.

And so, we partner, you know, it's the same challenges that we often face. So, we partner with Latino, Asian and LGBT communities as well. And we find that to be really important. I would say that last year we did a study of our member base and we found that 70 percent of the survey respondents said that we were the only source of support that they received. And so, a lot of times those are our earliest stage businesses or those that just haven't gotten any support quite yet.

And so, they are sort of the tip of the spear, the top of the funnel. And what we are really trying to do in partnership with others, including the folks here, is move people through different stage gates.

While we do provide grants, because that's a great way to start, for those businesses that are trying to get through those initial milestones, we too have offered loans and like Karim and like Renee just said, we've done 10 loans for a total of $850,000 and all of those loans are current or have been repaid. Those are very safe bets. And that's what we are really trying to make sure that traditional lenders understand.

A success to us is being able to spin those businesses out to traditional lenders and other CDFIs. And so, we've been able to accomplish that. Something else that we work on, and especially in partnership with other. So, Karim sits on a board that I chair for the state around procurement.

We know that grants are not going to sustain businesses indefinitely, but they are a great start. But it's really procurement that we think is an important next step in helping our businesses get and sustain themselves. And what we've found just in BECMA over the last few years, that it usually takes a couple of deals for our businesses to be able to sustain themselves at this new level. So, we really look to try to get them to that third deal mark.

But in the meantime, there's more support that we get from our partners, whether it's capital or professional services or advice. And so, there's a lot of ways that we are connected to each other. We happen to see a lot of the businesses maybe earlier stage, but to us, success is being able to have them advance and get support from others and having them take it to the next level.

Senator MARKEY. Fabulous. And Mr. Hill, we're going to give you the last word here. Bring it all together for us. 504 Community Advantage program. Everything that you see here in terms of how it could all funnel into you out into the economy, businesses opening.

Mr. HILL. Yes. So, a lot of acronyms when you talk about the SBA, right? So, you've got 504, you've got community advantage. So how, how do those programs fit into the ecosystem of getting access to capital to minority owned businesses? Well, I'll give you one from each category.

The Community Advantage program, the reason it's so important is it allows a lender like me to make a loan to a company that's under two years in existence. Very few banks, if any, will do a loan for a business that's under two years in existence. The only way they will do it is if you have an exorbitantly high net worth because they're really not banking on the business. They're banking on you, right?

So, if you don't have a high net worth and your business is under two years in existence, there's really no place for you to go for financing except to a lender that has a Community Advantage tag.

Now, what would we do with the SPARK funds with that community advantage? How does that help? We can take a SPARK line of $1 million that Senator Markey was talking about and leverage that five times. So, $1 million can turn into $5 million in lending.

That goes out in Community Advantage. Why? Because the SBA guarantees us 75 percent on every Community Advantage loan.

So, it allows us to leverage those dollars in a way that has true impact. So that's the first way on Community Advantage. The SBA 504, as I said earlier, with our down payment program, we can take a million dollars of SPARK funding and leverage that five times when it comes to that.

So, it allows us then to go out and reach to put $5 million out on the street, divide that by a hundred thousand. That's a lot of loans you can do. That's a lot of loans that can be put out to individuals who could not receive that. Here's the one data point I'll give you on the 504 piece. Here's why it's important. 504 money it's fixed. It's a fixed rate for 25 years.

If you run your business today, I can guarantee you one thing, your rent will not be the same for 25 years. Can guarantee that. If you do a 504 loan, your rent will be the same for 25 years. That's how it allows that business owner to grow. It allows them not only to have the asset, but it gives them certainty on the expense side.

Certainty is critical when you're running your own business. So that's how these programs, Senator Markey, can really help and really drive this racial wealth gap that we talk about so often.

Senator MARKEY. You're great. Thank you so much. Thanks to this incredible panel. Can we just give them a warm thanks for their incredible work.

[Applause.]

Senator MARKEY. We're at the center of kind of the economic revolution right here. I was able to put in $4 million for Roxbury Community College a couple of years ago, and they're renovating the Dudley House, which is right next door, which is going to become the Center for Economic and Social Justice.

And we were just able to put in $2 million into the Federal budget for Roxbury Community College for internships to learn and earn. So, we're seeding those programs right here at the school, and with this expert panel, we can see that these really, really smart, ambitious young people walking the curb, looking in are all wanting to maximize their God-given abilities. So that's what this is going to be all about.

This has been an incredible hearing today. I'm taking all of this back to Washington. My goal is to build a more equitable future for everyone to ensure that black and brown communities are fully integrated into our economy.

For anyone who is watching or would like to submit testimony, you have 14 days to submit testimony. It will be included in the congressional record, okay. So that we will have all of your testimony to help us to develop this program in a way that beginning next January will begin to really augment all of the funding that should be available for young, black, and brown entrepreneurs in our country.

With that, thank you all for being here, and this hearing is adjourned. Thank you.

[Whereupon, at 1:39 p.m., the hearing was adjourned.]

CENTER FOR ENTREPRENEURIAL OPPORTUNITY

WRITTEN STATEMENT FOR THE RECORD

U.S. SENATE COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP

"THE ROLE OF ENTREPRENEURSHIP IN REDUCING THE WEALTH GAP"

February 9, 2026

Imani Augustus

Director, Center for Entrepreneurial Opportunity

Dear Chair Ernst, Ranking Member Markey, and members of the Committee:

The Center for Entrepreneurial Opportunity is a national partnership between Third Way, a leading think tank committed to modern policy solutions, and the National Urban League, a historic advocacy organization focused on economic empowerment for underserved communities. Together, we are working to cultivate an economy where disadvantaged communities are full participants and beneficiaries, able to build generational wealth and financial stability through business ownership. We commend the Committee for examining this critical issue and stand ready to support federal policies that unlock entrepreneurial opportunity across America.

Business ownership remains one of the most powerful wealth-building tools available to American families. In this statement, we will demonstrate how entrepreneurship creates pathways out of poverty through four key mechanisms: first, by generating jobs and wage growth that raise living standards; second, by building individual wealth; third, by retaining capital in communities rather than losing it to corporate consolidation; and fourth, by creating opportunities that break the cycle where existing wealth is a prerequisite for success.

I. Entrepreneurship as a Catalyst for Job Creation and Wage Growth

New businesses serve as the primary engine of American job growth. Companies less than one year old have created an average of 1.5 million jobs annually over the past three decades, accounting for roughly 20% of gross job creation nationwide.[1] Yet their impact extends far beyond these numbers: high-growth firms generate 50% of all new jobs in the economy.[2] This entrepreneurial activity proves especially vital for disadvantaged communities, where self-employed individuals often earn as much as or more than traditional employees.[3] These business owners also provide critical local employment in neighborhoods underserved by larger employers.

The broader economic benefits are equally significant. When entrepreneurial dynamism declines, wage growth stagnates. Conversely, robust business formation creates a natural "churn" that enables job-to-job mobility—a key mechanism through which workers secure higher paychecks over time.[4] Simply put, an economy that supports new business creation is one that delivers both jobs and rising wages for working families.

II. Bridging the Wealth Gap through Individual Ownership

Business ownership represents one of the most direct pathways to building substantial personal wealth in America. Self-employed households have a median net worth of $380,000—more than four times the $90,000 median for families headed by traditional wage earners.[5] This wealth-building power proves especially transformative for communities facing historic economic disadvantages. Black entrepreneurs possess 12 times the net worth of their peers who work for employers, making business ownership a critical tool for closing persistent racial wealth gaps.[6]

For many entrepreneurs, their business represents not just a source of current income but their primary retirement asset. A substantial proportion of business owners plan to fund 60-to-100% of their retirement through the eventual sale of their company.[7] This exit strategy transforms years of sweat equity into liquid wealth that can support owners and their families for decades. Exit plans like sales to competitors or private equity and transfers to family members or employee stock ownership plans can generate windfalls ranging from hundreds of thousands to millions of dollars, providing retirement security that would be difficult to achieve by saving wage income alone. With proper guidance and planning, business equity can serve as a forced savings vehicle, with owners building tangible assets that appreciate over time and can be transferred to future generations.

III. Building and Retaining Community Wealth

Local business ownership creates a multiplier effect that keeps wealth circulating within communities. Firms often reinvest earnings back into their communities through local hiring, procurement from nearby suppliers, and purchasing facilities to expand operations.[8] This proves particularly critical for communities of color, where decades of underinvestment have systemically depressed wealth creation opportunities.[9]

Economic development strategies that prioritize minority entrepreneurs can deliver staggering results. If people of color owned businesses at the same rate as white founders, the US economy would gain 1.1 million additional employer firms and approximately 9.5 million more jobs.[10] These numbers represent what is left on the table when opportunity is locked away by barriers to business formation and sustained growth. By supporting entrepreneurship as a pathway to wealth in underserved communities, policymakers can reverse the wealth extraction that has hollowed out neighborhoods and instead build durable wealth that compounds over generations—funding local schools, strengthening civic institutions, and creating the economic foundation for inclusive and broad-based prosperity.

IV. Overcoming the Barriers to Entry and the Wealth Cycle

Despite entrepreneurship's proven wealth-building power, access to business ownership remains deeply unequal—with existing wealth serving as the primary gatekeeper. Personal and familial wealth are among the strongest predictors of whether an individual can start a business. Those in the top 1% of the wealth distributions are disproportionately self-employed or business owners.[11] This creates a troubling cycle: wealth begets business ownership, which begets more wealth. All the while, those without initial capital remain locked out.

This barrier cuts a stark divide across communities. Many white entrepreneurs launch their ventures using "friends and family" capital—informal investments from personal networks that require no credit checks or collateral.[12] Black entrepreneurs, by contrast, often lack access to these social financing channels and simultaneously lack the collateral necessary to secure traditional banks loans.[13] The consequences are measurable: households with low initial wealth struggle to borrow enough to start firms of viable size. The typical white small business owner holds 2.5 times the liquid wealth of the typical Black owner during the critical first four years of operation.[14]

Undercapitalized businesses face higher failure rates, slower growth, and diminished wealth-building potential. Breaking this cycle requires intentional policy interventions that provide alternative pathways to capital.

IV. The Role of Federal Policy

Businesses across the country are calling out for real, lasting change. We urge Congress to make business ownership a cornerstone of its economic opportunity agenda. There will be no economic plan that is complete without a robust push to make starting and scaling businesses easier for more people. What is needed are visible champions who demonstrate they understand the value of business ownership to our economy and to individual wealth and are prepared to act. Congress needs a new blueprint for action that goes beyond short-term interventions and limited bursts of support. The conversation must turn to the entire lifecycle of a business, ensuring entrepreneurs have the conditions needed to start, grow, and succeed at every stage. Congress should also focus on modernizing support systems, streamlining complex procurement processes, and strengthening local entrepreneurial ecosystems.

Legislation like the *Strengthening Place-based Access, Resources, and Knowledge (SPARK) Act* should be a part of that agenda since it provides the targeted entrepreneurial development assistance that disadvantaged small businesses need. Not only would it empower local organizations to expand their staffs and back-end operations to amplify their services to businesses, but the bill also meets the capital needs of firms through low- to no-cost grants and loans. We commend Ranking Member Markey for his leadership in drafting this legislation and urge the Committee to bring it up for immediate consideration.

V. Conclusion

Business ownership is a fundamental pathway to wealth creation and shared prosperity. Entrepreneurship drives job creation, builds family wealth at rates unmatched by traditional employment, retains capital within communities, and offers a proven mechanism for closing racial wealth gaps. Yet unequal access to capital continues to lock millions of Americans out of this opportunity. The Center for Entrepreneurial Opportunity stands ready as a committed partner in building a comprehensive blueprint for action. We thank you for your leadership on this critical matter and look forward to working together to make business ownership an accessible pathway for all Americans.

Sincerely,

Imani M. Augustus

Imani Augustus

Director

Center for Entrepreneurial Opportunity

Third Way

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