

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Small and Local Business Development



FY23 Budget Oversight Hearing

Department of Small and Local Business Development

Kristi C. Whitfield
Director

Before the
Committee on Business and Economic Development
Kenyan McDuffie, Chairman

Virtual Meeting

March 24, 2022
9:00 AM



Good morning, Chairman McDuffie, members of the Council, residents of the District of Columbia, and the local business community. My name is Kristi C. Whitfield and I have the privilege of serving as the Director of the Department of Small and Local Business Development, also known as DSLBD.

As a staunch advocate of shopping local, shopping small, and supporting our local businesses overall, I am so grateful for the opportunity to testify today on the key investments included in Mayor Bowser's Fiscal Year 2023 Fair Shot Budget that will further contribute to the recovery, progress, and cultivation of our District-based businesses and entrepreneurs.

This Budget furthers the shared goals of both the Executive and the Council by expanding access to opportunities and pathways to success for every single District resident. As you may recall, during last month's Performance Oversight hearing, I talked about how DSLBD is expanding opportunities by disrupting the status quo. And I noted that one way we are achieving this is by focusing on how to best equip citizens from traditionally marginalized populations with the tools they need through innovative programming and expanded resources.

The investments made in the Mayor's \$19.5 billion Budget supports the continuance of this essential work and drives forward the agency's mission to support the growth of local entrepreneurs, the retention of District-based businesses, and the revitalization along our economic corridors while focusing on tailored supports and services for our most vulnerable entrepreneurs.

The Mayor's FY23 Budget for DSLBD includes \$21.4 million in local operating funds, \$500,000 towards capital improvements, and \$553,000 in federal grant funds. I would like to take the time to highlight a few of the equity-focused investments today.

The FY23 Budget underscores the need to support the District's returning citizens with an enhancement of \$175,000 to restore total Aspire program funding to \$250,000. Aspire provides direct support to returning citizen-led small businesses and entrepreneurs. With this increased funding, the Department can provide more financial and technical assistance to our justice-involved residents. Such funding is critical because we know that to break a cycle of recidivism, returning citizens need gainful employment. This is why Aspire is so impactful; residents reentering society face unique challenges to job security and launching one's own business can empower participants to overcome this challenge. I am happy to report that, today, there are 103 Aspire alumni. If you are a returning citizen and interested in starting, growing, or maintaining a business in the District, please consider applying for this year's Aspire cohort by the April 1 deadline.

Mayor Bowser also continues to place an emphasis on supports for microbusinesses east of the river. Her FY23 Budget invests an additional \$300,000 into the Dream Grants program for a total of \$500,000 because when our neighborhood entrepreneurs and community businesses succeed, our residents succeed. To date, DSLBD has awarded more than 70 small businesses in Wards 7 and 8, a total of \$700,000 in grants, and we are currently accepting applications until April 1 from this year's prospective grantees.

Additionally, the Mayor's Budget includes \$300,000 to continue the District's equity cannabis initiatives, designed to support District residents, particularly returning citizens and veterans, wishing to enter the competitive, high-barrier legal cannabis industry. In thinking about how to best administer this year's funding to maximize impact and advance equity, DSLBD engaged over 500 residents, entrepreneurs, and community stakeholders along with agency partners, notably ABRA, through a series of salons. These salons informed the Department's work going forward in how to best make inroads for

residents wishing to not only enter this industry but also how to best sustain in this competitive market. Chairman, I very much look forward to working with you throughout the remainder of this fiscal year to advance our goal and discuss ways we can work together to use these funds to realize a shared vision of wealth building for those who were previously foreclosed from such opportunities in this market.

And I would be remiss if I didn't mention specific investments in our retailers. To further accelerate the recovery of our retailers citywide, **the Mayor's FY23 Budget invests \$500,000 in dedicated local funds to support DSLBD's popular Robust Retail grant program** which will guarantee that the Department can extend this form of support to businesses along the corridors as we continue to recover. We know that COVID-19 caused dramatic shifts in pre-pandemic retail spending trends. Nevertheless, our retailers remained resilient. DSLBD established the Robust Retail Grant Program in 2019 to assist businesses in combating the detrimental effects of the federal government shutdown. Since, DSLBD pivoted its use, and the grant program became a lifeline to many retailers battling the disruption caused by the pandemic. To date, the Department has awarded more than \$1.7 million to nearly 200 different retail establishments and with this infusion of local funds, DSLBD looks forward to maximizing its financial assistance to local retailers.

And the fact is that Robust Retail, which traditionally relied on fines levied on non-compliant primes, would not have come into existence without the diligence, attention to detail, and enforcement of DSLBD's compliance staff. **The Mayor's FY23 Budget supports two (2) necessary, additional FTEs in this division to further support the dynamic work that DSLBD's Compliance and Enforcement Division has undertaken in past years.** I know that compliance and enforcement has been a priority for Council, and it remains a priority for the Executive as well. When I first assumed the role as Director of DSLBD over four years ago, I heard from District businesses that were skeptical of the Certified Business Enterprise (CBE) Program because they believed that non-bona fide local enterprises could get certified. Additional FTEs will continue to ensure that these concerns are ameliorated and that the Department can continue its transformational work of strengthening the integrity of this program.

But compliance is only as strong as the laws it can enforce. Therefore, we need to also couple more FTEs with updated laws that close current loopholes. I understand that no law is perfect, and as bad actors find ways to skirt the rules, there is always a need for improvement. As I continue to converse with business community members and stakeholders, I hear positive things about Mayor Bowser's proposed CBE amendments to make these needed fixes and understand that CBEs want, and deserve, permanent solutions such as those that B24-46, the "Supporting Local Business Enterprises Amendment Act of 2021" offers. This is why I very much look forward to working with Council to solidify ways to tighten the letter of the law and close these gaps so that the CBE program aligns more closely with the spirit of helping genuine, local businesses. I urge the Council to move this bill forward as soon as possible.

Lastly, the Mayor's Budget makes \$500,000 in capital improvements towards the finalization of the District Enterprise System. This System will ultimately support the work of all of DSLBD's divisions, namely Certification and Compliance, and will allow our agency to continue its momentum in strengthening the integrity of the CBE Program for the District and the over 1,980 participating businesses as well as overall programmatic grant administration.

I know I say it often, but I cannot say it enough. I'd like to thank the staff at DSLBD for their continued commitment to the small and local business community and, of course, Mayor Bowser, for her leadership and for proposing these impactful investments in DSLBD's programs.

Also, again, I look forward to working in partnership with the Council in ensuring the sustainability and continued growth and successes of our local businesses.

And I would like to assure members of the public that the District government remains open for business and ready to serve you.

In closing, thank you, Chairman McDuffie, for the opportunity to testify today. I am happy to answer any questions about Mayor Bowser's FY23 Budget at this time.