

GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF SMALL AND LOCAL BUSINESS DEVELOPMENT



Fiscal Year 2021-2022 Performance Oversight Hearing for:

Department of Small and Local Business Development

Statement of
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Director

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

Virtual Hearing

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9:00AM

Good afternoon, Chairman McDuffie, members of the Committee, Council staff, 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. I am grateful for the opportunity to testify at today's Performance Oversight hearing.

The past 22 months have been dominated by disruption. Regrettably, we, as a planet, a nation, a region, and a city, have become all too familiar with the health and financial disruptions caused by COVID-19. These disruptions have been painful and taxing on us all.

But not all disruption is adverse; sometimes it can be advantageous. The coronavirus exemplifies this paradox. While it triggered an unprecedented health crisis, it also acted as a catalyst that motivated us as an agency to further disrupt the status quo in pursuit of greater progress.

As a lifelong entrepreneur, I find that progress is often born out of challenge. So, throughout the pandemic, I challenged my staff to abandon the "we've always done it this way" mindset and to conceive new and inventive ways of thinking, operating, and advocating on behalf of our local businesses in a world forever changed. Simply stated, I challenged my staff to disrupt business-as-usual. And the team at DSLBD rose to the challenge.

In the last year alone, we disrupted inequities by equipping vulnerable populations with new programming and more resources; we disrupted barriers to capital by helping the unbanked and underbanked bypass traditional bank lending hurdles; we disrupted the ways we support our local makers by activating corridors citywide and awarding targeted grants; we disrupted perceived limits on local spending with small business enterprises by working with sister agencies to break record-setting goals; we disrupted existing loopholes in the CBE law by proposing sweeping changes to benefit bona fide local businesses; and we disrupted traditional service delivery models by adapting to more accessible virtual platforms.

And through it all, we disrupted while standing firm to those pillars that drive the Department's mission forward which include expanding growth opportunities for equity participants; amplifying the work of local makers and creatives; supporting corridors and retailers; strengthening the CBE Program; and keeping more local dollars local.

Access to capital remains an obstacle for many from traditionally marginalized populations. This obstacle was the impetus behind DSLBD's May 2021 launch of the DC Kiva Hub in partnership with nonprofit Kiva U.S. Through the Hub, applicants, particularly those entrepreneurs and business owners who struggle with the traditional bank lending process, can apply for no-barrier crowdfunded loans as well as access extensive technical assistance. During FY21, from May through September, prospective applicants and borrowers received over 250 hours in technical assistance and submitted over 100 micro-loan applications through the Hub.

We also reimagined our WeAspire programming to better support returning citizens. The most recent cohort-based program trained 40 justice-involved entrepreneurs in business planning, registration and licensing, and marketing; and in FY21, the Department infused an additional \$25,000 into the program to provide one-on-one financial planning and financial projection services to cohort members. In August 2021, WeAspire culminated in the inaugural Aspire Pitch competition with 33 graduating participants, all receiving at least \$2,000 and four winners receiving \$10,000 each.

In October, we launched our Just Cannabusiness equity initiative aimed at reducing entrepreneurial barriers to access in the legal cannabis industry, namely for returning citizens and veterans. To date, the

Department has engaged with close to 500 community stakeholders on the topic of equitable access to the cannabis market with the goal of fostering inroads in direct and ancillary industry opportunities for District residents and aim to stand up a robust grant program in the coming months.

Understanding the pandemic's unique impact on the performing and visual arts community, DSLBD expanded Mayor Bowser's District's Art All Night festival from a one-night, single Main Street event to a two-night, District-wide festival with 19 neighborhoods, 16 Main Streets, two BIDs and the newly renovated MLK Library participating. Coming off the heels of 2020's all-virtual Art All Night, this year's in-person event exceeded expectations with over 100,000 residents and visitors showing up and showing out in support of DC's creative economy and over 1,000 local businesses experiencing up to a 165 percent increase in sales.

Beyond Art All Night, DSLBD connected local makers to available ground floor pop-up spaces through the Golden Triangle BID's Grow Golden initiative, helping to build back the economy in the heart of the business district. Currently, eight makers are leasing spaces through Grow Golden and the Department has been actively working to connect the BID to others. The Department also awarded over \$200,000 in the first-of-its-kind Made in DC Market Access grants to support 32 certified Made in DC makers operating home-based businesses.

In addition to our makers, we continue to support our retailers by working with a growing number of Main Street and Clean Team programs across all 8 wards to revitalize our economic corridors. From FY21 to date, DSLBD has assisted with the start-up development of four new Main Street programs across three wards and six new Clean Team programs across three wards. Moreover, last February, in direct response to the pandemic, the agency collaborated with the BIDs and Main Streets to deliver a second round of PPE kits to over 1600 merchants. And, that same month, we awarded \$800,000 in a third round of Robust Retail grants to 106 businesses helping retailers both on and off the corridors curb the financial impacts caused by COVID-19.

And I would be remiss if I did not highlight the ways in which we continue to open doors to opportunities for our CBEs, also. Since the District legalized sports betting in 2018, DSLBD and the Office of Lottery and Gaming have established a strong capacity building program to support the shared goal of helping District-based businesses obtain sports wagering licenses as well as procurement contracts with licensees. This past August, Grand Central, a CBE, became DC's first Class B operator. And, to date, 13 CBEs have secured contracts with the District's four sportsbook operators. As a result of fostering relationships between these operators and CBEs, one Class A licensee is now utilizing the services of CBEs to support its operations in nine other states. Thinking ahead, DSLBD will keep ensuring that more CBEs are afforded substantive subcontracting opportunities that will allow them to grow their capacity and thrive.

For those CBEs seeking local and federal government contracts and procurements, DSLBD continues to think of innovative ways to help identify capacity-building opportunities by means of new partnerships and initiatives. Currently, we are an active participant with DMPED in the city's collaboration with the Coalition for Nonprofit Housing & Economic Development by helping to identify qualified CBEs to participate in the DC Community Anchor Partnership, an initiative of prominent institutions committed to leveraging their operations to advance equitable economic development in the District. We also continue to offer one-on-one counseling services to help clients secure local and federal contract opportunities. In FY21, we helped CBE clients secure over \$5M in federal contract awards, as well as over \$6M in federal contract awards in FY22, to date.

And as the Bowser Administration commits to spending more with CBEs year after year, DSLBD remains available to help businesses find work and to help agencies meet their local business spending

goals. In FY20 and FY21, we worked closely with sister agencies to achieve over \$1 billion spent with SBEs and, in December, Mayor Bowser announced her commitment to spend at least \$1.1 billion with SBEs this current fiscal year, making what was once regarded as an unlikely goal by some naysayers, now the minimum standard to meet going forward.

Lastly, I'd like to reiterate the agency's commitment to equity. In FY21, we successfully integrated the Equity Impact Enterprise CBE designation into the agency's certification processes and, in FY22, we added ethnicity and gender classification fields into the system with the hopes of capturing more accurate data on minority and women-owned business enterprises. And as a member of the cross-agency Racial Equity Pilot, along with 11 other District agencies, DSLBD looks forward to participating in the development of a vision and strategy to help the District move forward in its equity objectives.

In closing, I'd like to say "thank you" to the local business community, which has shown incredible resilience throughout the public health crisis and adhered to those safety measures that protect those who live, work, and play in the District.

I would also like to express my appreciation for the staff at DSLBD. Despite the flux caused by the pandemic, your commitment to help small and local businesses remains fixed. From the maker left awe-stricken because they had the opportunity to showcase their products for the first time in a brick-and-mortar space, to the entrepreneur who obtained the line of credit they thought would be denied, to the established business owner who closed on her very first commercial property after decades in business, do not forget to celebrate the inconspicuous wins and the deep personal impact your work has on those we serve. And let's continue to disrupt!

Last, but not least, I would like to thank Mayor Bowser whose leadership continues to navigate us through the uncharted territory of an evolving pandemic. Her governance, candor, firmness of purpose, and resolve will see us through this tough time.

Again, I appreciate the opportunity to testify before you today. I look forward to answering your questions.