



NATIONAL
ASSOCIATION FOR
LATINO
COMMUNITY
ASSET
BUILDERS

February 2, 2024

U.S. Department of Commerce
1401 Constitution Avenue NW
Washington D.C., 20230

Re: Docket Number: 231121–0276

To Whom it May Concern:

This letter is in response to the November 29th, 2023, Request for Information (RFI) by the U.S. Department of Commerce regarding the draft Business Diversity Principles (BDP). Given the importance that diversity, equity, and inclusion efforts have on the economic growth and mobility of underinvested communities, development of such principles is both timely and necessary. NALCAB appreciates the opportunity to weigh in on initiatives aimed at driving innovation, equity and economic prosperity.

NALCAB, the National Association for Latino Community Asset Builders, is a U.S. Treasury-certified Community Development Financial Institution (CDFI) that represents and serves over 200 diverse nonprofit community development and asset-building organizations across the country. Approximately one third of our members are certified CDFIs. Our members uplift predominately Latino communities of color by strengthening access to quality affordable housing, safe financial products, and successful entrepreneurship. Many of the people served by the NALCAB Network are low- to moderate-income individuals who are first- or second-generation immigrants.

Diversity and equity are vital for a healthy democracy and prosperous economy. In 2021 and 2023 NALCAB was encouraged when President Biden signed [Executive Order 13985](#), Advancing Racial Equity and Support for Underserved Communities through the Federal Government and [Executive Order 14091](#), Further Advancing Racial Equity and Support for Underserved Communities through the Federal Government. These initiatives reflect a whole-of-government approach to racial equity and support for underserved communities into all aspects of Federal decision-making, a key pillar of President Biden's economic agenda. Since 2021, the economy has seen an increase in job creation, a decrease in unemployment, and a boost in overall gross domestic product- there is no question that efforts to promote diversity are key to fully unleashing the economic potential of Latinos in the American economy.

In today's climate strengthening diversity, equity, and inclusion initiatives are particularly important given the hostility towards racial and ethnic minorities, and immigrants. Following [the Supreme Court's June ruling ending affirmative action](#) in college admissions - we see a growing number of lawsuits taking aim at programs intended to advance equity. Lawsuits have targeted a wide array of diversity initiatives, anti-bias training and contract programs for minority-owned businesses. Specifically, the U.S. Small Business Administration's 8a program, a program created to help socially, and economically disadvantaged business owners compete in the American economy was recently stripped of its ability to target resources by race and ethnicity. Diversity is the greatest strength of our multinational democracy. Leading American companies indicate that employing a diverse workforce gives them a competitive advantage in the global economy. For

this reason, 82 corporations and businesses [submitted a brief](#) to the Supreme Court in support of upholding affirmative action and equal access to higher education.

Efforts to combat the weakening of inclusive initiatives and strengthen diversity like those undertaken by the U.S. Department of Commerce in promoting the BDP helps build prosperous communities across the country. Latinos make up 18% of the labor force but only 4.3% of executive positions in the U.S.¹ Looking at representation in the federal government, while Latinos account for nearly 20% of the population, they only represent 5% of federal employees at the senior executive level². Regarding equity of accessibility, Latino owned businesses (LOBs) obtain financing at 50% the rate of White owned businesses (WOBs).³ Across these examples and more, DEIA initiatives are necessary to creating a level playing field for the Latino population and capturing the full potential of Latinos as drivers of the economy.

NALCAB applauds the commitment of the U.S. Department of Commerce in developing the Business Diversity Principles (BDP) Initiative with the goal of promoting inclusive capitalism and equitable economic growth for all Americans. Included in the BDP are the following six principles aimed at promoting equity and economic development in key facets of an organization;

Executive Leadership: Strive for diverse c-suites and corporate boards by developing clear strategies to increase diversity among the organization's executive ranks. Understand and break down barriers to executive roles for internal and external candidates. Ensure leaders model equitable and inclusive behavior and possess key competencies, such as empathy, cultural competence, and inclusive leadership. Ensure leaders have the necessary resources to drive business diversity efforts, such as toolkits, research, and access to DEIA professionals.

Organizational Strategy: Use comprehensive assessments to evaluate the current state of Business Diversity within the organization, including demographic data across all levels and departments, company policies, practices, and workers' perceptions. Develop and maintain DEIA councils, which oversee the implementation of Business Diversity initiatives and ensure alignment with overall company objectives. Regularly share progress updates to promote transparency and accountability.

Workforce Development: Cultivate and maintain a diverse talent pipeline by partnering with educational institutions and community organizations and allocating resources for workforce development initiatives and accommodations. Remove barriers to entry, using demographic data to understand workforce composition, identify gaps, and shape organizational strategy. Equip workers, including those from underserved communities, with the necessary skills for advancement.

Human Resources: Prioritize the promotion of internal talent, regularly review promotion data to identify barriers, provide senior leader sponsors for workers from underserved communities. Establish and maintain employee resource groups for workers from underserved communities.

¹ University of Massachusetts Amherst. "Race, States, and the Mixed Fate of White Men | Center for Employment Equity ." <https://www.umass.edu/employmentequity/race-states-and-mixed-fate-white-men>

² Office of Personnel Management. "Government-Wide DEIA: Our Progress and Path Forward to Building a Better Workforce for the American People." <https://www.opm.gov/policy-data-oversight/diversity-equity-inclusion-and-accessibility/reports/DEIA-Annual-Report-2022.pdf>

³ Small Business Credit Survey: 2021 Report of Firms Owned by People of Color, <https://www.fedsmallbusiness.org/medialibrary/FedSmallBusiness/files/2021/sbcs-report-on-firms-owned-by-people-of-color>

Clearly communicate potential internal career paths and advancement opportunities. Foster work-life balance through HR policies, such as flexible working arrangements, comprehensive parental leave, support for caregivers, and inclusive benefits packages.

Business Opportunities: Create an inclusive supply chain that expands opportunities for entrepreneurs from underserved communities at all levels, from food service to construction to financial and consulting services. Invest in mentorship and training programs that help companies navigate industry challenges, build capacity for procurement opportunities, and enhance skill sets. Facilitate access to capital for companies through strategic partnerships and other innovative approaches. Provide networking opportunities for entrepreneurs from underserved communities and encourage recognized certifications to enhance visibility and credibility. Implement inclusive request for proposal processes that eliminate barriers and ensure transparency and accountability.

Community Investment: Invest in capacity building and innovation within communities and ensure the organization's community investment initiatives are accessible to all and promote economic mobility. Use scholarships, incubator programs, and other community-based initiatives to break down barriers and expand opportunities for people from underserved communities to access employment and business opportunities. Understand the organization's target communities' needs and barriers to access. Set measurable goals to track the success of these initiatives.

The BDP Principles provide a robust framework for promoting economic growth through equity and are aligned with our organization's current practices. NALCAB is dedicated to fostering a respectful, safe, and inclusive work environment where every team member is valued for their unique talents and backgrounds. We embrace and uplift our *comunidad* by extending the table to welcome more *familia* through our commitment to equity, diversity, and inclusion. We believe that the diverse backgrounds of our team enhance our work environment; reflect our members and the communities we serve; and strengthen our capacity to make a meaningful impact on our network and communities, thereby creating a culture of respect, belonging, and appreciation for all.

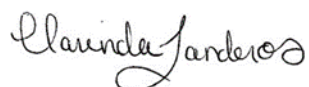
While the BDP Principles provide a path towards greater equity they would be enhanced by providing clear metrics and key performance indicators for each principle to assess progress. We also recommend there be an understanding of the limited resources and capacities that many small firms, particularly those that are minority led, face therefore it is important to ensure the recommendations listed in each of these principles are achievable by all firms of all shapes, sizes and capacities. It is imperative that these initiatives are inclusive towards any business and all stakeholders and reinforce the whole of government focus on equity mandated throughout this administration.

Additionally, in promoting business diversity the U.S. Department of Commerce and other federal agencies can support private sector business diversity efforts by helping to promote the need and value of DEIA initiatives. It is also important to recognize that writing a plan is not where the work ends – we urge the agencies to be committed to seeing outcomes from DEIA initiatives, developing a mechanism for measuring the impact of the agency plans, and making that information public. In 2010 the Dodd-Frank Act (P.L. 111-203) created Offices of Minority and Women Inclusion (OMWI) for the Federal Reserve System and other federal financial regulators. We commend the establishment of these offices and others like it such as the U.S. Department of Treasury's Office of Racial Equity and U.S. Small Business Administration's office of Diversity, Inclusion and Civil Rights. The federal government must continue to dedicate resources and focus specifically to the mission of diversity, equity, inclusion and accessibility.

The U.S. Department of Commerce can also make regularly updated resources and training available to help firms looking to increase their DEIA efforts or in the case of intermediaries to help them provide support for additional organizations to promote business diversity. A key outcome from such actions is economic growth. For example, Latino entrepreneurs could generate, if they had access to the same resources as their White counterparts, an additional \$2.3 trillion in revenue, and 735,000 new businesses could be created supporting 6.6 million new jobs.⁴ Ensuring equity means a stronger, more competitive economy.

Lastly, NALCAB applauds the Biden-Harris Administration for intentionally working to build an inclusive economy and invest in communities where Federal public policy has historically obstructed equal opportunity. The Administration has worked in ways that mitigate displacement, expand access to capital and build community wealth. We look forward to continuing to work together with the U.S. Department of Commerce and the Biden-Harris Administration to uplift and strengthen economic opportunities for this nation's 63 million Latinos.

Sincerely,



Clarinda Landeros
Director of Public Policy

⁴ Pérez, Lucy, Bernardo Sichel, Michael Chui, and Ana Paula Calvo. 2021. "The Economic State of Latinos in America: The American Dream Deferred | McKinsey." <https://www.mckinsey.com/featured-insights/sustainable-inclusive-growth/the-economic-state-of-latinos-in-america-the-american-dream-deferred>.