



U.S. Small Business Administration



MILKEN INSTITUTE

Partnerships for Lending in Underserved Markets (PLUM)

Frequently Asked Questions

What is the PLUM Initiative?

The PLUM Initiative is a joint effort by the U.S. Small Business Administration and Milken Institute to identify and implement practical recommendations to increase lending to underserved markets. The initiative will focus on piloting efforts to enhance access to capital for minority-owned small businesses in two markets. The Baltimore pilot initiative, in particular, will focus on African-American-owned small businesses, while the Los Angeles initiative will focus on both African-American and Hispanic-owned small businesses. Both demographics, in particular, suffered greatly during and after the recent financial crisis and small business lending to underserved markets in Baltimore and Los Angeles, indeed nationally, has yet to recover.

Where will the initial pilot take place?

The PLUM Initiative will take place in *two* cities: Baltimore, Maryland and Los Angeles, California. The formal launch of both initiatives will take place on September 26 and October 27, respectively. The selection of these two pilot cities was made during a June 2016 White House meeting hosted by the SBA to identify two cities where not only the unmet need was significant but also where there were some activities to provide fertile ground for the pilots, as well as provide lessons learned for national scale up.

How long will the initiative last?

Both pilots are taking place over a two-year period. While the formal launch for the two pilot initiatives will take place in September and October, the first PLUM convening occurred on June 19, 2016 at the White House. Since then, the SBA and Milken Institute have been preparing for the formal launch of each PLUM Initiative, including the formation of a Task Force for each initiative, as well as preparatory materials.

During the two-year pilot, participants will conduct initial analysis of the various issues affecting small business lending to underserved markets, and the various challenges and potential opportunities they bring. Leveraging the recommendations that surface from the initial discussions, the Milken Institute intends to convene a number of Financial Innovation Labs to flesh out opportunities that address the various challenges to accessing capital, as well as to identify recommendations for the local, state, and federal-levels that can be acted upon to open up the capital access pipeline to underserved small businesses. Culminating from the various discussions and labs will be the release of a final report from the Task Force that prioritizes the proposed recommendations and provides an outline for implementing a new ecosystem for small business lending in Baltimore and Los Angeles.

What is the role of the Task Force?

The Task Force is the face of the initiative. Participants will include small businesses; local, state, and federal officials; academics; trade groups; banks (large, regional, community), community development financial institutions, alternative finance platforms and data providers; technical assistance providers, and commercial developers.

In Baltimore, Task Force participants were given the option of joining one of three working groups: Regulatory Working Group, Lender Working Group, and the Economic Development Working Group. Each working group was led by a selection of PLUM Baltimore Steering Committee members as determined by the Steering Committee itself. Following the initial launch on September 26th, participants in the working groups are regularly engaging with their respective peers in coming up with practical recommendations to alleviate the frictions that small business

owners in underserved areas face when it comes to accessing capital. Output from each working group meeting will be shared with the broader Task Force.

In Los Angeles, Task Force participants will have the option of joining one of four working groups: Regulatory Working Group, Lending Working Group, Economic Development for Emerging Sectors, and Economic Development for Established Sectors. As in Baltimore, each Working Group will be led by a selection of PLUM Los Angeles Steering Committee members.

Task Force members have the option of joining more than one working group as working group discussions will generally not occur at the same time following the launch of the PLUM Initiative. That said, Steering Committee members will have final say when it comes to allowing Task Force members to attend other working groups based on demand.

There is no requirement that Task Force members participate in the working groups, however that is where the bulk of the discussions will take place and recommended solutions will emerge from. Task Force members outside the select working groups will have limited opportunity to revise output from the three working groups.

Whether or not you're involved in the working groups, we encourage Task Force members to remain committed and engaged throughout the life the initiative.

If I join either the Baltimore or Los Angeles Task Force, does that mean I'm also expected to engage with the task force in the other pilot city?

Participants will receive an invitation directing them to the appropriate Task Force. Some participants may be involved in both initiatives. It is not a requirement for participants to be engaged with both Task Forces.

What does success look like?

Success does not just mean an increase in the number and value of loans to minority-owned businesses in Baltimore and Los Angeles, but rather an increase in the number of successful small businesses in these markets. This means small business appropriately capitalized to grow. Additional factors may potentially be analyzed and considered and could include the initiative's impact on job growth, contribution to GDP at the local and state level, revenue-generated by firms benefitting from the follow-on implementation of the initiative's proposed recommendations, and firm sustainability.

Why are the SBA and Milken Institute co-sponsoring this initiative?

The U.S. Small Business Administration (SBA) was created in 1953 as an independent agency of the federal government to aid, counsel, assist and protect the interests of small business concerns, to preserve free competitive enterprise and to maintain and strengthen the overall economy of our nation. SBA recognizes that small business is critical to our economic recovery and strength, to building America's future, and to helping the United States compete in today's global marketplace. Although SBA has grown and evolved in the years since it was established in 1953, the bottom line mission remains the same. The SBA helps Americans start, build and grow businesses. Through an extensive network of field offices and partnerships with public and private organizations, SBA delivers its services to people throughout the United States, Puerto Rico, the U. S. Virgin Islands and Guam.

The Milken Institute is a nonprofit, nonpartisan think tank determined to increase global prosperity by advancing collaborative solutions that widen access to capital, create jobs and improve health. At the heart of MI's work is the idea that societies prosper if they have an educated, healthy workforce; open and efficient capital markets; and effective social institutions. It achieves its mission through independent, data-driven research, action-oriented meetings and meaningful policy initiatives.