

Q&A: St. Louis Hispanic Chamber Official Talks Community Resources and Resiliency

June 01, 2021

By [Ana Hernández Kent](#)

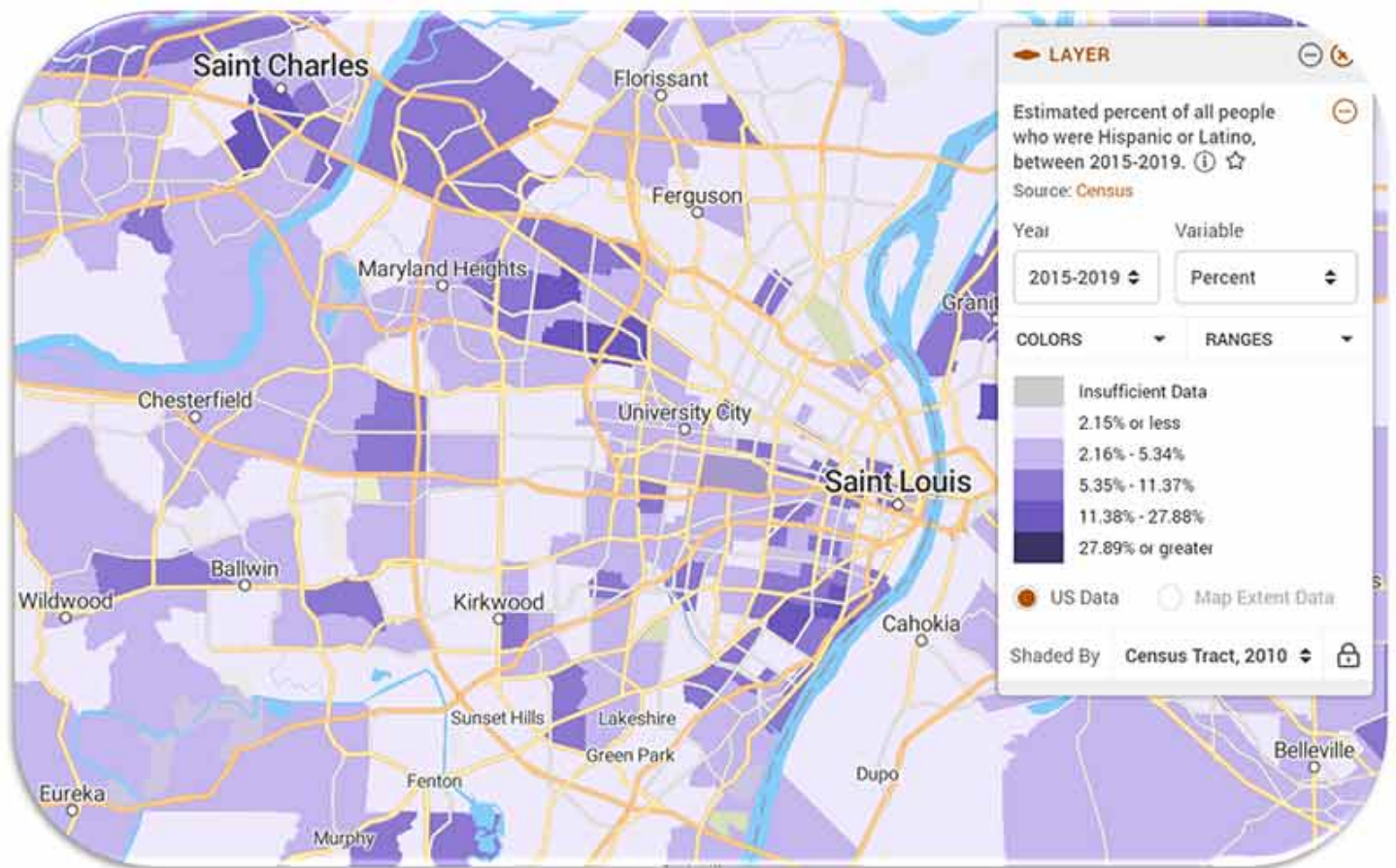
As a senior researcher within the [Institute for Economic Equity](#) at the St. Louis Fed, I have documented that Hispanic families typically have [lower family wealth](#), fewer economic resources and lower incomes than non-Hispanic, white families.¹ Near the start of the COVID-19 pandemic, Hispanics had the highest level of unemployment in April 2020 at 18.9%, and continue to have elevated unemployment as of the most recent estimates. Furthermore, despite their share of the population, Hispanics [owned only 3%](#) of total household wealth in 2019.

Yet, Hispanic Americans have been an incredibly [fast-growing](#) group over the past half century and represent one of the largest ethnic groups in the U.S. (18.5%) today, second only to non-Hispanic whites. In the St. Louis area, Hispanics are woefully underrepresented, making up just 3% of the larger metropolitan area.² Population share by census tract area can be seen in the figure below.



Alejandro Santiago, membership manager for the Hispanic Chamber of Commerce of Metropolitan St. Louis, gives his take on the economics of St. Louis' Hispanic community.

Share of Hispanic or Latino³ People in the St. Louis Region



SOURCE: 2015-19 American Community Survey.

NOTE: Map created using PolicyMap.

To discover the challenges underrepresentation poses to the Hispanic community and economic growth, I interviewed Alejandro Santiago, the membership manager at the Hispanic Chamber of Commerce of Metropolitan St. Louis. Our conversation gave me an enlightened view of the struggles and opportunities Hispanic business owners face in the region, as well as an increased knowledge about the available resources in the area and the strength of St. Louis' Hispanic community.

Responses were edited for length and clarity.

Question: Hispanics make up only 4% of St. Louis city's population and a little less than 3% of the county's. What types of hardships does that underrepresentation present to the people that you're serving, including business owners and entrepreneurs?

Alejandro Santiago: Because of the minority of the population that we are, there aren't many resources available to the community at large. Not necessarily only Hispanic businesses, but also families. What I'm seeing is there isn't a lot of information available in Spanish coming from other organizations. The biggest hurdle is language access. The community here in the St. Louis area is also very scattered; there isn't necessarily a place where most of the community is, like in California or Chicago.

Question: Given those hardships, what kinds of resources does the Hispanic Chamber of Commerce offer to help small businesses?

Santiago: Here at the Chamber, we help business owners from point zero: helping them register their organization, getting a tax ID number, navigating their marketing campaigns, helping determine their menu, prices and business location, etc. The resources that we have are very wide. Businesses may also be looking to hire workers, expand to other markets or network with similar companies. We have a business counselor who helps guide our members through any stage in their business journey.

Question: Are you hearing about positive trends in the community and opportunities for growth?

Santiago: Last year during the pandemic, we saw growth in new businesses and new memberships. The Chamber has helped so many business owners grow, connect and continue to stay open during the pandemic—including how to navigate the many pandemic-related funding resources available. We translated the rules into Spanish to make it easier for members to navigate the information. There has been a really positive impact in the St. Louis region. Unemployment is slightly lower in our communities, and it's really great to see that. There are a lot of great stories, but that doesn't mean there aren't people in need, which is why we partner with other organizations.

Question: Would you say that the increase in new members has been due to an increase in the entrepreneurial spirit during the pandemic?

Santiago: The Hispanic community is very oriented to being entrepreneurs. There are small businesses that are starting from kitchens, where people are making pastries, donuts and churros in their homes to sell to the people that they can. The entrepreneurial spirit really shows in our community.

“If we want to see change, we can create that change ourselves.”—Alejandro Santiago

Question: In addition to representation and population, there are also gaps in income, wealth and employment. How might closing these types of gaps between Hispanic families and others in St. Louis help the area be more prosperous?

Santiago: The Hispanic situation involves education, whether or not you are an immigrant, the income your household has, and the place where you live. Change doesn't come from one day to another. Leaders have the power to change, but it is important that we as a community put ourselves in positions of leadership. Representation in places of power is very little for us here in Missouri. One of the ways we can change that is by putting ourselves into positions of power— If we want to see change, we can create that change ourselves.

“In order to see change, you have to act now. It's important for the betterment of our community today, but also for the ones who are coming.”—Alejandro Santiago

Question: Those are really powerful words. Why is it important to address those types of gaps today?

Santiago: In order to see change, you have to act now. It's important for the betterment of our community today, but also for the ones who are coming. Every generation tries to create a better world for the ones who are coming. At the Chamber, our mission is to help families. Behind the business, there's always a family they're supporting. When we're helping a business, we're helping a family, and when we're helping a family, we're

helping a generation. Business can be a source for them to have an education, or to have a home for them to enjoy life and create a better region here in St. Louis. When one side of the population is doing great, the whole region really benefits from it. We are really working to make the region better for everybody.

Despite great underrepresentation in the St. Louis area, the Hispanic community is vibrant and innovative. Many new businesses are being formed, and great resilience is evident. To find out more about the [Hispanic Chamber of Commerce of Metropolitan St. Louis](#). To learn more about the Institute for Economic Equity's work related to Hispanics and economics, see the resources below.

Resources

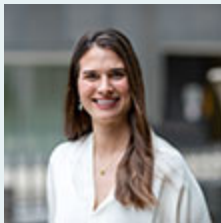
[Five Trends in Hispanic Families' Financial Health](#)

[Wealth Gaps between White, Black and Hispanic Families in 2019](#)

[The "She-Cession" Persists, Especially for Women of Color](#)

1. [FRED](#) and the [Current Population Survey](#).
2. Hispanics may be of any race. Using the 2015-2019 [American Community Survey](#) and author's calculations.
3. People of Hispanic or Latino ethnicity may be of any race.

About the Author



Ana Hernández Kent

Ana Hernández Kent is a senior researcher with the Institute for Economic Equity at the Federal Reserve Bank of St. Louis. Her research interests include economic disparities and the role of systemic biases and historical factors in wealth outcomes. [Read more about Ana's research.](#)

Resource: 2021 Report on Firms Owned by People of Color

June 01, 2021

The issues firms of color face persisted through—and in some cases were exacerbated by—the pandemic, according to the Fed’s 2020 Small Business Credit Survey. Compared to white-owned businesses, firms owned by people of color saw steeper declines in sales and employment and reported weaker financial conditions. For example, 90% of Asian-owned firms reported a decrease in revenue, the most of any group of business owners.

When seeking emergency funding or applying for credit, firms owned by people of color also struggled to access the capital needed to survive the pandemic. In fact, Black- and Hispanic-owned firms were half as likely to be fully approved for financing as white-owned firms, the survey indicated.

The findings also highlighted significant differences in the experiences of Black-, Asian-, and Hispanic-owned firms compared to white-owned businesses. Understanding these differences can help policymakers better address the unique needs of these subsets of small businesses as they implement programs to support economic recovery post-pandemic.

[Read the full 2021 Report on Firms Owned by People of Color.](#)



Key Ways to Grow Early Childhood Education Offerings in St. Louis

June 01, 2021

By [Saras Chung](#), [Nishesh Chalise](#), [Rachel Matsumoto](#), [Ellen O'Neill](#)

Investing in early childhood education (ECE) can create upward economic mobility for children in poverty for generations (as noted in the Perry Preschool Project¹ and works by James Heckman²). Many communities are ramping up investments to expand ECE, but the question leaders must reckon with is: *How do we grow access while maintaining quality and ensuring equitable outcomes?*³

Scaling growth in ECE is not simple. Achieving these goals while minimizing negative unintended consequences require an understanding of the interconnected nature of the ECE system. In St. Louis, we explored how to expand quality seats by using system dynamics (a method using system maps and computational simulation) to understand a system and the outcomes it produces.⁴



To Understand System Dynamics, Listen to the People at the Center

Mapping a system from a researcher's or policymaker's perspective paints an incomplete picture of the system. As statistician George Box noted, "All models are wrong, but some are useful." To create a more robust model of ECE, we engaged in deep community listening to learn from families experiencing poverty by asking, "What does your child do during the day? What has been your experience with the early childhood system in St. Louis?"

We learned that families don't enroll in ECE just because there is a seat and subsidy available. Additionally, centers offering financial support have trouble recruiting children. Some school districts even developed teams to recruit families through street outreach. Why? In a system that already offers subsidies and care, families of small children shared the following barriers:

- Nearly all said ECE was too expensive and that subsidies for childcare had to be considered with other needs. One mother said, "Once you start to receive childcare, they reduce your food stamps."
- Parents were also fearful of abuse and neglect, especially for children with limited communication abilities. "A lot of times, they

[ECE teachers] leave them. On TV and in the media, you see the teachers are mistreating the kids—when they are little, they don't know how to say that they are treated well,” said one mom.

- Other parents talked about their preference to keep kids at home with family. A mother noted, “If you have so many incidents at a site, you think, ‘It’s better to leave them at grandpa’s, who’s 87 and in a wheelchair, and his buddies come over at noon every day to play cards.’”

In addition to parents, we also reached out to teachers and ECE center directors, who weighed in with the following:

- Small subsidies are not enough to cover curriculum development, quality learning materials and opportunities for career advancement.
- Teachers experience burnout and said that they loved the kids but were unable to keep working due to the lack of work benefits and low salary.

Map the System and Develop Insights on Resources and Constraints

These narratives shared from the lived experiences of parents, caregivers and teachers provide a deeper understanding of how the ECE system is structured (these stories are illustrated in the video below). Using the systems map as a starting point, [we developed a system dynamics simulation model](#) and tested interventions suggested by practitioners, such as expanding care by creating new seats.

Transcript

The early childhood education system, or ECE, is limited by capacity for families attempting to enroll their children.

If there are no available seats in a program, families cannot enroll.

However, increasing the number of open seats by expanding classrooms and opening up new programs does not necessarily result in more families enrolling their children.

Word of mouth plays an important and often overlooked role in families' decisions to seek out early childhood education.

When children are thriving in high-quality environments, other families are more likely to enroll their children. When children have negative experiences, families tell members of their communities, making others less likely to enroll.

This word-of-mouth cycle also impacts whether programs have access to the resources required to provide high-quality care.

Families experiencing environments where staff are highly trained and compensated, children have safe and exciting places to learn, and food and materials are high-quality.

They see and share the benefit of high-quality early childhood education.

Then others are more likely to enroll, resulting in more dollars for staffing and high-quality learning environments.

Programs with limited dollars may experience the vicious side of this cycle. Already challenged to secure staff and resources, they struggle to attract families. Without children enrolled, programs cannot fund what it takes to provide higher quality care, which further drives families away.

Thus, opening or expanding programs that are not providing high-quality ECE will not entice more families to enroll.

By better understanding the ways interconnected structures such as these create limitations and drive behavior in early childhood education, we can better understand how to truly change the system.

In testing this scenario using a computational simulation model, we gained two important but counterintuitive insights:

- Increasing access to ECE is limited by the number of seats and available teachers. This is further constrained by operational resources. Additionally, with a small pool of specialized teachers in early childhood, only so many seats can be created.
- When the hiring pool of prepared teachers is small, trying to fill centers to meet quotas for growing classrooms becomes a constraint—leading to the hiring of people who may be underprepared for early childhood care and education. Based on our qualitative interviews with ECE directors serving communities with high concentrations of poverty, family experiences with underprepared teachers foster distrust in the ECE system. Word of mouth about the quality of ECE fosters the belief that keeping kids at home or with family is safer than sending them to centers, further decreasing the percentage of eligible children accessing ECE over time.

Conclusion

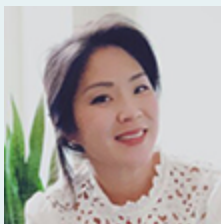
Approaching early childhood expansion must be done with a clear understanding of how the current system is structured. Educational institutions have failed families in poverty for generations. We must challenge our assumption that people will enroll children in ECE because there are available seats.

At every step, we should ask ourselves how we can design systems that acknowledge the traumatic experiences, fears and preferences of families who would most benefit from ECE. With scarce dollars and the promise of community transformation, it is important to understand the effects of system solutions—both intended and unintended.

Endnotes

1. Lawrence J. Schweinhart; Helen V. Barnes; and David P. Weikart. "Significant Benefits: The High/Scope Perry Preschool Study through 27." *Ypsilanti, MI: High/Scope Press*, 1993.
2. Heckman, James; Rodrigo Pinto; and Peter Savelyev. "Understanding the Mechanisms through Which an Influential Early Childhood Program Boosted Adult Outcomes." *American Economic Review*, 103 (6): 2052-86.
3. [COVID-19's Ongoing Effects on Early Childhood Education](#) highlights equity related issues in ECE in St. Louis and how the challenge has been exacerbated by COVID-19. See [The First Step to Equity STL ECE - Detailed Methodology](#) for equity-related challenges and opportunities in St. Louis.
4. Richardson, George P. "Reflections on the Foundations of System Dynamics." *System Dynamics Review* July-September 27.3 (2011): 219-43.
5. On the diagram, a plus (+) sign indicates both variables moving in the same direction and a minus (-) sign indicates variables moving in opposite directions. Reinforcing feedback loops that demonstrate vicious or virtuous cycles are labeled "R," whereas balancing feedback loops that demonstrate constraining behavior are labeled "B."

About the Authors



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Yes, We're Open: Eighth District Small Businesses Forge Ahead

June 01, 2021

By [Lisa J. Locke](#)

Historically, small businesses (defined by the U.S. Small Business Administration (SBA) as enterprises with 500 or fewer employees) have played a significant role in the American economy. According to the SBA, these companies represent 99.7% of all firms, employ about half of all private sector employees and generate 64% of net new jobs. While job markets grew at the end of 2019, the beginning of 2020 saw the market come to a sudden stop with the onset of COVID-19. As the pandemic made its way throughout the country in March 2020, it caused small businesses to face unprecedented disruptions. Over the course of the next year, many activities ceased or pivoted because of stay-at-home orders and calls to socially distance, resulting in tough decisions for small-business owners.



Small Business Credit Survey

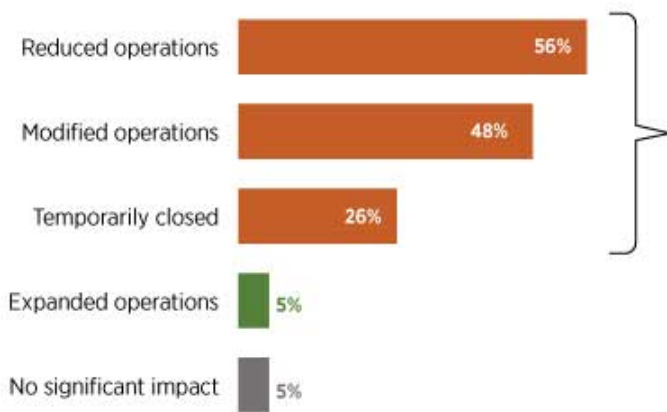
Since 2016, the Federal Reserve System has administered the [Small Business Credit Survey](#) (SBCS) to better understand the credit landscape for small businesses. This national survey is conducted annually to assess the financial needs of small businesses. Due to the pandemic, the 2020 survey was conducted from Sept. 9 to Oct. 31, 2020, to gather information about the credit needs and challenges facing small-business owners. Responses were received from 9,693 employer firms and 4,531 non-employer firms. Nearly 1,000 responses were received from businesses that were either preparing to open or taking steps to close permanently.

Overall, [national survey results](#) showed the economic impact to microbusinesses (those with one to nine employees), Black-owned businesses and women-owned firms was dire. Surprisingly, 41% of Black-owned businesses permanently closed since April 2020. Black-owned firms noted that access to credit was a major concern over the next year. Microbusinesses also faced challenges accessing emergency assistance via the first round of the SBA's Paycheck Protection Program (PPP) funding.

Nearly all firms' operations were affected by the pandemic

Effects of the Pandemic on Business Operations

(% of employer firms)



Drivers of Operational Changes during the Pandemic

(% of employer firms)



SOURCE: 2021 Small Business Credit Survey

NOTE: The image above outlines the effects the pandemic had on small-business operations, as well as root causes for operational changes.

Across the Eighth District, results from the 2020 SBCS aligned with national survey figures. Notable findings included:

- The primary financial challenges facing small businesses included operating expenses (61%) and making payments on debt (39%). Many business owners used their personal funds to meet these financial challenges.
- 50% of firms reported their financial conditions as poor or fair, while the remaining 50% reported conditions as good, very good or excellent.
- COVID-19 caused a reduction in business operations for 50% of firms, while 39% of businesses were able to stay open with modifications.
- Business owners expected COVID-19 to continue to impact sales with anticipated declines of 10% to 50%.

A Long but Hopeful Road Ahead for Small Businesses

The Arkansas Small Business and Technology Development Center (ASBTDC) has been a participating partner of the SBCS since 2016.

“Our organization appreciates the value of the survey. It allows us to take a pulse of our clients’ credit needs, obstacles, trends and challenges,” said Michael Singleton, state associate director of the ASBTDC.

During the pandemic, the ASBTDC spent numerous hours assisting clients applying for PPP funds and the Economic Injury Disaster Loan. Although COVID-19 placed a strain on many businesses, ASBTDC’s clients have continued to operate and are excited that business began picking back up during the first quarter of 2021. Singleton noted that although business operations are not at pre-pandemic levels, the current numbers are encouraging indicators that point to signs of recovery.

Deeper Dive

Findings from the 2021 SBCS report on [firms owned by people of color](#) are now available. Additional information on the Fed's SBCS can be found at <https://www.fedsmallbusiness.org/about>.

About the Author



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Lisa J. Locke is a community development advisor, specializing in small business and entrepreneurship, at the St. Louis Fed.