

Nadia Hasan, City Councilor
Beaverton / Washington County resident

Oregon State Legislature
900 Court St. NE
Salem, Oregon 97301

April 14, 2021

Chair Steiner Hayward, Chair Johnson, Chair Rayfield, Members of the Joint
Committee on Ways and Means,

My name is Nadia Hasan and I proudly serve the city of Beaverton as a City
Council member but I am writing this testimony on behalf of myself and
other BIPOC and rural communities.

Want vs. need - it's a big part of teaching personal finance. It was my favorite
part of being a high school teacher: helping students understand the
nuances of personal finance in the real world.

We would talk about loans, buying a car, banking and even our funerals so
we could make plans for the future.

In my heart of hearts, I always felt this education was going to help level the
economic gap in this country. I realize now how wrong and misguided I was.

Understanding personal finance will not and does not address the economic
starvation that too many of our communities have been plagued by long
before COVID-19.

**The road to recovery must center the equitable distribution and
capitalization of communities who have existed on the margins for far too
long: communities in our rural core and communities of color in our urban
centers.**

As the state moves forward in its relief and recovery efforts a diverse
community of Oregonians statewide are proposing equitable and reparative
measures to ensure our communities long-term resilience.

We are proposing you utilize 150 million American Rescue Plan Act dollars

to: 1. Provide Seed funding for a network of community lending institutions, 2. Accelerate community-led community development , 3. Create a plan for the formation of a State Bank.

1. Provide Seed funding for a network of community lending institutions

The Brookings Institution 2018 Small Business Credit Survey found that large banks approve around 60 percent of loans sought by white small-business owners, 50 percent of those sought by Latinx small-business owners, and just 29 percent of those sought by Black small-business owners. The COVID-19 economic crisis only compounded this problem as evidenced by the initial failures of the PPP program. A network of community lending institutions across Oregon specializing in providing small business loans to BIPOC business owners under \$1 million dollars will serve these communities in ways that private banking has refused to.

Today we know that if the number of people-of-color firms were proportional to their distribution in the labor force, people of color would own 1.1 million more businesses with employees, and these firms would add about 9 million jobs and about \$300 billion in workers' income to the economy. However, these gains cannot be realized until we invest in these communities and create a targeted path for them to access capital.

2. Accelerate community-led community development

Oregonians in our rural core and BIPOC communities in our urban centers need access to capital to purchase community assets. Their ability to participate in shaping their community, will foster the growth and development of small scale local developers— individuals or organizations— entrenched in the community with the foresight to anticipate that specific community's needs. This network of community lending institutions will provide these targeted communities with the capital to purchase real estate, build affordable housing, and own the goods in their community commons.

3. Create a plan for the formation of a State Bank

The creation of a state bank would serve to bolster the efforts outlined above by supporting these community lending institutions in their mission to provide local businesses with greater access to capital. This bank would also provide a source of revenue for the state general fund, and could support existing community banks, especially in rural areas, by augmenting their lending capacity.

A state bank would also have the ability to emphasize loans and investments that serve a social purpose but that the private sector would find too risky. It could also help counties and cities meet their fiscal needs by financing government projects and investing in municipal bonds.

It has become increasingly clear that private industry banking has created a market failure in which the under capitalization of communities of color and rural communities is costing our economy jobs and revenue.

Government action is justified when private markets produce suboptimal results.

This proposal for the creation of specific community based lending institutions is this body's opportunity to right systemic wrongs, and fill the seismic gap private banking has created.

Without a generative change of this magnitude, we will continue to task this body with filling these gaps for generations to come.

In close, a quote: We'll be remembered more for what we destroy than what we create. Let's take this opportunity and create something.

Thank you,
Nadia Hasan
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